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Zengame Technology Holding Limited

禪遊科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2660)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors of Zengame Technology Holding Limited is pleased to announce the interim results and the interim condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2025, together with the comparative figures for the six months ended 30 June 2024. These interim results have been reviewed by Ernst & Young, the auditors of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee.

FINANCIAL HIGHLIGHTS

	For the six months ended		
	30 June		Year-on-Year Change*
	2025 (RMB'000) (Unaudited)	2024 (RMB'000) (Unaudited)	
Revenue	709,141	934,315	(24.1)
Gross profit	364,065	492,901	(26.1)
Gross profit margin (%)	51.3	52.8	—
Profit for the period	182,763	309,844	(41.0)
Profit (%)	25.8	33.2	—
Non-HKFRS adjusted net profit**	204,900	324,733	(36.9)
Earnings per Share (expressed in RMB per Share)	0.18	0.31	(41.5)

* Year-on-Year Change % represents a comparison between the current reporting period and the corresponding period of last year.

** Non-HKFRS adjusted net profit was derived from the unaudited profit for the period excluding Share-based compensation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, the trend of high-quality development in the gaming industry remained steady. Both the sales revenue and user base of the PRC gaming market reached new record highs. Under policy-driven industry standardization, the development of premium games by game developers, innovation in AI technology, and global expansion strategies have emerged as key drivers of industry growth. As market competition becomes intense, game developers have increasingly sought product breakthroughs and new revenue streams.

During the reporting period, the Group focused on the iteration and enhancement of its core businesses—board and card games as well as casual games—while continuing to strengthen our capabilities in the development of premium games. Leveraging the long-term operation of our flagship games, the Group supported the stable growth and continued innovation of domestic board and card games. In parallel, the Group actively explored the integration of our business with artificial intelligence (AI) technologies, accelerating AI deployment to improve efficiency across research and development, product launches, operations, and corporate management.

The Group continued to strengthen the long-term operational capabilities of its flagship products and to advance the integration of traditional Chinese culture into its business offerings. During the reporting period, the Group’s flagship board game, Fingertip Sichuan Mahjong (指尖四川麻將), remained highly popular among players and consistently ranked among the top five on the iOS desktop game bestseller List in China. In terms of content innovation, the Group continued to iterate and launched a new gameplay mode, “Journey to the West (西遊行)”, for Fingertip Sichuan Mahjong (指尖四川麻將), which integrates characters from the classic Journey to the West mythology into the scoring combinations, offering a creative reinterpretation of the traditional Chinese cultural intellectual property (IP). In addition, the Group introduced themed in-game holiday events, such as a summer celebration, designed event mechanisms to help players efficiently acquire in-game items and exclusive cosmetic resources. The event also featured a new limited-time premium character, “White Snake (白蛇)”, which combined elements of Chinese mythology with engaging visual effects to enhance the overall entertainment value, support long-term player retention, and promote steady and sustainable game operations.

Subsequent game versions underwent frequent iterations and continued to contribute to the Group’s revenue. While actively advancing gameplay innovations in board and card games, the Group also maintained consistent investment in the version updates and content development of its casual game Fishing Master (捕魚神手). During the reporting period, the Group introduced a broader range of themed gameplay modes and launched a greater variety of boss-level fish species. The Group also experimented with diverse visual styles, incorporating more dynamic scenes and enhanced graphics. By continuously refining content updates, in-game events, visual design, and music effects, the Group revitalized the product and significantly enhanced the overall player experience. As a result, Fishing Master (捕魚神手) received widespread recognition from players during the reporting period, which in turn contributed to increased user engagement and a higher revenue.

In addition, the Group places strong strategic emphasis on the development and deployment of big data and AI technologies. During the reporting period, the Group further invested in AI research and application, integrating cutting-edge technologies across the full value chain of product development, operations, and organizational management. These efforts have effectively enhanced user experience and game appeal, improved product development efficiency, strengthened operational decision-making, and optimized organizational collaboration. For example, in product development, the Group has promoted AI-powered art creation tools throughout the Company and collaborated with the art team in depth to explore efficient drawing techniques, significantly improving the efficiency of visual resource output in the Group’s games. Core functions such as real-time painting, image-based 3D and image-based video-assisted animation have greatly optimized the art design process and enhanced the visual quality and player immersion. In terms of game operations, the Group has created AI opponents in the Group’s board game products to validate the numerical design of the game through the high-level and personalized match data provided by AI, in order to enhance player engagement. At the corporate management level, the Group gradually introduced AI assistants into project management, daily administrative tasks, and digital workflows to optimize resource allocation, with the aim of ultimately enhancing work efficiency and the accuracy of decision-making.

The following table sets forth the key operational highlights of the Group for the periods/year indicated:

	For the six months ended		For the year
	30 June		ended
	2025	2024	31 December
	(’000)	(’000)	(’000)
MAU	20,756	25,207	23,636
DAU	3,814	4,468	4,316
MPU (Virtual items)	450	525	502
ARPPU of virtual items (<i>RMB</i>)	253	271	256

As at 30 June 2025, the Group had 50 self-developed games and six third-party games, among which 43 are board and card games, and 13 are casual games.

In terms of financial performance, due to a decrease in the number of paying users and the ARPPU for board and card games, the overall revenue of the Group decreased from approximately RMB934.3 million for the six months ended 30 June 2024 to approximately RMB709.1 million for the six months ended 30 June 2025, representing a decrease of approximately 24.1%. At the same time, primarily due to the combined effects of a decline in revenue, a decrease in channel and new media costs, and an increase in information service costs, the cost of sales decreased from approximately RMB441.4 million for the six months ended 30 June 2024 to approximately RMB345.1 million for the six months ended 30 June 2025, representing a decrease of approximately 21.8%. With the decline in the Group's revenue, the Group's net profit has decreased from approximately RMB309.8 million for the six months ended 30 June 2024 to approximately RMB182.8 million for the six months ended 30 June 2025, representing a decrease of approximately 41.0%. The Group's adjusted net profit, excluding the Share-based payments, decreased from approximately RMB324.7 million for the six months ended 30 June 2024 to approximately RMB204.9 million for the six months ended 30 June 2025, representing a decrease of approximately 36.9%.

In terms of game industry regulation, the Company has always attached great importance to the compliance management of game operations. By continuously improving the internal content compliance and risk control systems, and implementing various compliance measures, the Company ensures consumer rights protection and strictly prevents risks. The Company has established a strict review system for protecting user rights, account management, personal information protection, and identification and handling of issues. In terms of anti-addiction measures, the Company has fully integrated real-name authentication systems and anti-addiction notifications into its game products. In accordance with the latest regulations, the Company has strictly enforced restrictions on the gaming duration, playtime, and spending for minors, while also developing supplementary measures such as facial recognition. Additionally, reasonable requirements are also set for adults regarding anti-addiction and spending limits. In terms of user information security protection, the Company has upgraded and improved its system for preventing personal information leaks, optimized management policies for protecting user privacy, and created a clear and healthy online environment for every user.

FUTURE PROSPECTS

In the second half of 2025, the Group will mainly focus on the following strategies to expand its business and growth:

- Uphold the strategy of long-term operation of premium games to revitalize products and deliver a richer experience for players;
- Further strengthen the AI talent development framework to foster a new generation of versatile, innovative, and application-oriented AI professionals;
- Stay at the forefront of AI technological advancement by building a fully integrated AI-enabled framework for game development and operations, thereby enhancing overall business and corporate management efficiency; and
- Build upon the Group's core domestic board and card and casual game businesses while accelerating the expansion of the Group's overseas operations and continuously exploring new growth opportunities.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group operated self-developed games and third-party games. All of the games used a Free-to-Play model and the Group generated revenue through the sales of virtual items and in-game information service.

Sales proceeds of virtual items were initially recorded as contract liabilities on the Group's interim condensed consolidated statement of financial position and were then recognized as revenue in accordance with the Group's revenue recognition policies. Revenue collected from the paying players of third-party games and the in-game information service is shared between the Group and the third-party game developers and the platforms based on a pre-determined rate in accordance with the relevant agreements. The revenue generated from the sale of virtual items from third-party games and the in-game information service are both recognized on a net basis when the relevant services are provided.

The following table sets forth a breakdown of the Group's revenue by business model for the periods indicated:

	For the six months ended 30 June				Year-on-Year
	2025		2024		Change
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
	(Unaudited)		(Unaudited)		
Sales of virtual items	676,048	95.3	894,395	95.7	(24.4)
— Self-developed games	673,282	94.9	889,134	95.2	(24.3)
— Third-party games	2,766	0.4	5,261	0.5	(47.4)
In-game information service	33,093	4.7	39,920	4.3	(17.1)
Total	709,141	100.0	934,315	100.0	(24.1)

The following table sets forth a breakdown of the Group's revenue by game category for the periods indicated:

	For the six months ended 30 June				Year-on-Year
	2025		2024		Change
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
	(Unaudited)		(Unaudited)		
Board and card games	606,316	85.5	895,074	95.8	(32.3)
Casual games	102,825	14.5	39,241	4.2	162.0
Total	709,141	100.0	934,315	100.0	(24.1)

For the six months ended 30 June 2025, the Group's total revenue was approximately RMB709.1 million, representing a decrease of approximately 24.1% as compared with approximately RMB934.3 million for the six months ended 30 June 2024. This decrease was primarily due to a decrease in the number of paying users and a drop in ARPPU. The Group's revenue derived from the sales of virtue items decreased by 24.4% from approximately RMB894.4 million for the six months ended 30 June 2024 to approximately RMB676.0 million for the six months ended 30 June 2025. On the other hand, the Group's revenue derived from in-game information service decreased by 17.1% from approximately RMB39.9 million for the six months ended 30 June 2024 to approximately RMB33.1 million for the six months ended 30 June 2025. The decrease in revenue derived from in-game information service was mainly due to a decrease in the in-game information service market. The increase in revenue from casual games was primarily driven by higher revenue from the casual game Fishing Master (捕魚神手).

Cost of Sales

The following table sets forth a breakdown of the Group's cost of sales by nature for the periods indicated:

	For the six months ended 30 June		Year-on-Year Change
	2025 (RMB'000) (Unaudited)	2024 (RMB'000) (Unaudited)	%
Channel costs	165,187	264,142	(37.5)
Information service costs	111,937	89,406	25.2
New media costs	59,676	78,395	(23.9)
Others	8,276	9,471	(12.6)
Total	345,076	441,414	(21.8)

The cost of sales decreased by 21.8% from approximately RMB441.4 million for the six months ended 30 June 2024 to approximately RMB345.1 million for the six months ended 30 June 2025. The decrease in the cost of sales was mainly attributable to (i) a decrease in revenue; (ii) a decrease in channel and new media costs; and (iii) a significant increase in information service costs resulting from enhanced promotional efforts for casual and board games.

Gross Profit and Gross Profit Margin

Gross profit decreased by 26.1% from approximately RMB492.9 million for the six months ended 30 June 2024 to approximately RMB364.1 million for the six months ended 30 June 2025. The gross profit margin decreased from 52.8% for the six months ended 30 June 2024 to 51.3% for the six months ended 30 June 2025.

The following table sets forth the Group's gross profit and gross profit margin by business model for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	Margin	Margin	Margin	Margin
	RMB'000	%	RMB'000	%
	(Unaudited)		(Unaudited)	
Sales of virtual items	335,476	49.6	456,455	51.0
— Self-developed games	332,710	49.4	451,194	50.7
— Third-party games	2,766	100	5,261	100.0
In-game information service	28,589	86.4	36,446	91.3
Total	364,065	51.3	492,901	52.8

Other Income

Other income increased by 20.6% from approximately RMB47.2 million for the six months ended 30 June 2024 to approximately RMB56.9 million for the six months ended 30 June 2025. The increase was primarily due to the increase in exchange gains and bank interest income.

Selling and Distribution Expenses

Selling and distribution expenses increased by 76.7% from approximately RMB41.3 million for the six months ended 30 June 2024 to approximately RMB73.0 million for the six months ended 30 June 2025. This increase was primarily attributable to an increase in advertising and promotion expenses.

Administrative Expenses

Administrative expenses decreased by 8.1% from approximately RMB56.2 million for the six months ended 30 June 2024 to approximately RMB51.6 million for the six months ended 30 June 2025. This decrease was primarily due to a decrease in management salaries, partially offset by an increase in office renovation expenses.

Research and Development Expenses

Research and development expenses decreased by 1.3% from approximately RMB67.2 million for the six months ended 30 June 2024 to approximately RMB66.3 million for the six months ended 30 June 2025. The decrease was primarily due to a reduction in salary expenses for research and development personnel.

Other Expenses

Other expenses decreased by 53.2% from approximately RMB5.4 million for the six months ended 30 June 2024 to approximately RMB2.5 million for the six months ended 30 June 2025. The decrease was primarily due to lower exchange losses and a decrease in impairment on equity investments.

Finance Costs

Finance costs increased by 235.2% from approximately RMB0.2 million for the six months ended 30 June 2024 to RMB0.5 million for the six months ended 30 June 2025. The increase was primarily due to an increase in office lease liabilities.

Income Tax Expense

The income tax expense decreased from approximately RMB56.7 million for the six months ended 30 June 2024 to approximately RMB41.0 million for the six months ended 30 June 2025, representing a decrease of approximately RMB15.7 million or approximately 27.7%. This decrease was mainly attributable to a decrease in pre-tax profit resulting from lower sales revenue.

Profit for the six months ended 30 June 2025

As a result of the above factors, the net profit of the Group was approximately RMB182.8 million for the six months ended 30 June 2025, representing a decrease of approximately 41.0% as compared with RMB309.8 million for the six months ended 30 June 2024. This decrease was mainly attributable to a decrease in revenue from the sales of virtual items and a corresponding decrease in gross profit.

Non-HKFRS Measures — Adjusted Net Profit

The adjusted net profit for the six months ended 30 June 2025, adjusted by excluding the Share-based compensation, was approximately RMB204.9 million, decreasing by 36.9% as compared to approximately RMB324.7 million for the six months ended 30 June 2024.

The following table sets out the adjusted net profit and the calculation process based on non-HKFRS for the periods indicated:

	For the six months ended	
	30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	182,763	309,844
Add:		
Share-based compensation	22,137	14,889
Adjusted net profit	<u>204,900</u>	<u>324,733</u>

Liquidity and Capital Resources

The Group's total bank balances and cash decreased from approximately RMB831.6 million as at 31 December 2024 to approximately RMB517.5 million as at 30 June 2025. This decrease in total bank balances and cash during the six months ended 30 June 2025 was due to the reallocation of a portion of the Group's funds to time deposits with maturities of less than one year and the purchase of low-risk, liquid wealth management products.

As at 30 June 2025, current assets of the Group amounted to approximately RMB2,471.2 million, primarily consisting of time deposits with a maturity of over three months of approximately RMB1,137.9 million and financial assets held for trading of approximately RMB648.7 million. Current liabilities of the Group amounted to approximately RMB302.1 million, primarily consisting of contract liabilities of approximately RMB70.5 million, other payables and accruals of approximately RMB58.3 million, and dividend payable of approximately RMB141.4 million. As at 30 June 2025, the current ratio (the current assets to current liabilities ratio) of the Group was 8.2, as compared with 8.8 as at 31 December 2024.

As at 30 June 2025, the Group had no borrowings (31 December 2024: nil). The gearing ratio is calculated by dividing total debt (being interest-bearing bank borrowings) by total equity. As at 30 June 2025, the gearing ratio was nil (31 December 2024: nil).

Capital Expenditures

The capital expenditures decreased from approximately RMB11.2 million for the six months ended 30 June 2024 to approximately RMB2.7 million for the six months ended 30 June 2025, representing a decrease of 76.3%. This decrease was mainly attributable to expenditures for office premises acquisition incurred in 2024.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2025.

Pledge of Assets

As at 30 June 2025, the Group did not pledge any assets.

Future Plan for Material Investments and Capital Assets

The Group did not have other plans for material investments and capital assets.

Significant Investments, Acquisitions and Disposals

Save as disclosed in this announcement, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets during the six months ended 30 June 2025.

Foreign Exchange Risk Management

The functional currency of the Group is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. The Group also has certain cash and bank balances denominated in United States dollars and Hong Kong dollars, which would expose the Group to foreign exchange risk. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
REVENUE	4	709,141	934,315
Cost of sales		<u>(345,076)</u>	<u>(441,414)</u>
Gross profit		364,065	492,901
Other income and gains		56,898	47,188
Selling and distribution expenses		(73,016)	(41,332)
Administrative expenses		(51,587)	(56,164)
Research and development costs		(66,347)	(67,229)
Other expenses		(2,521)	(5,388)
Impairment losses on financial and contract assets		(71)	(38)
Finance costs		(533)	(159)
Share of profits and losses of:			
Joint ventures		(85)	(180)
Associates		<u>(3,019)</u>	<u>(3,019)</u>
PROFIT BEFORE TAX	5	223,784	366,580
Income tax expense	6	<u>(41,021)</u>	<u>(56,736)</u>
PROFIT FOR THE PERIOD		<u>182,763</u>	<u>309,844</u>
Attributable to:			
Owners of the parent		<u>182,763</u>	<u>309,844</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	RMB18.12 cents	RMB30.72 cents
Diluted		<u>RMB17.86 cents</u>	<u>RMB30.07 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>182,763</u>	<u>309,844</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(18,264)</u>	<u>3,065</u>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(18,264)	3,065
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	<u>326</u>	<u>(9,322)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(17,938)</u>	<u>(6,257)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>164,825</u>	<u>303,587</u>
Attributable to:		
Owners of the parent	<u>164,825</u>	<u>303,587</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2025	As at 31 December 2024
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment		21,051	18,693
Right-of-use asset		19,369	23,451
Intangible assets		857	1,132
Investments in associates		32,626	35,645
Investments in joint ventures		2,551	2,636
Equity investments designated at fair value through other comprehensive income (“FVOCI”)		17,873	17,334
Long-term prepayments, deposits and other receivables		16,100	20,259
Deferred tax assets		4,381	77
Time deposits with original maturity of over one year		351,198	399,960
		<hr/>	<hr/>
Total non-current assets		466,006	519,187
CURRENT ASSETS			
Trade receivables	9	99,577	101,817
Contract costs		20,900	22,114
Financial assets at fair value through profit or loss (“FVPL”)	10	648,746	404,575
Prepayments, deposits and other receivables		46,585	42,797
Time deposits with original maturity of over three months		1,137,905	957,481
Cash and cash equivalents		517,454	831,556
		<hr/>	<hr/>
Total current assets		2,471,167	2,360,340

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
CURRENT LIABILITIES			
Trade payables	<i>11</i>	12,598	12,823
Contract liabilities		70,527	69,341
Other payables and accruals		58,315	90,293
Dividend payable		141,405	—
Lease liabilities		5,365	6,262
Tax payable		13,904	88,560
		<hr/>	<hr/>
Total current liabilities		302,114	267,279
		<hr/>	<hr/>
NET CURRENT ASSETS		2,169,053	2,093,061
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,635,059	2,612,248
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		15,196	18,226
Deferred tax liabilities		18,470	22,284
Deferred income		9,056	9,056
		<hr/>	<hr/>
Total non-current liabilities		42,722	49,566
		<hr/>	<hr/>
Net assets		2,592,337	2,562,682
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>12</i>	9,100	9,087
Treasury shares		(43,994)	(26,584)
Reserves		2,627,231	2,580,179
		<hr/>	<hr/>
Total equity		2,592,337	2,562,682
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21 *Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in developing and operating mobile games.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

During the reporting periods, the Group operated within one geographical segment because all of its revenue was generated in the People's Republic of China (the "Mainland China") and all of its long-term assets/capital expenditure were located/incurred in the Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

There is no individual customer with revenue individually account for 10% or more of the Group's revenue for the six months ended 30 June 2025 (none for 30 June 2024).

4. REVENUE

Revenue from contracts with customers

(a) Disaggregated revenue information

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue:		
Types of goods or services		
Self-developed games	673,282	889,134
Third-party games	2,766	5,261
In-game information service	33,093	39,920
Total	<u>709,141</u>	<u>934,315</u>
Timing of revenue recognition		
Services transferred at a point in time	35,859	45,181
Services transferred over time	673,282	889,134
Total	<u>709,141</u>	<u>934,315</u>

The following table shows the amounts of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Self-developed games	<u>69,341</u>	<u>112,468</u>

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Virtual items in self-developed games

The performance obligation of the operation of self-developed games is satisfied over the estimated average playing period (“**Player Relation Period**”) of the Players purchased the Group’s in-game virtual items (“**Paying Player**”) as the customer simultaneously receives and consumes in-game virtual items provided by the entity’s performance as the entity performs.

The distribution platforms collect the payment from the Paying Players and remit the cash to the Group net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and distribution platforms or third-party payment vendors. The payment is generally due within 30 to 90 days from the date of collecting the payment from the Paying Players.

Publishing service for third party games

The performance obligation is recognised at a point in time when the third-party game’s developer receives publishing services provided by the entity. The payment is generally due within 30 to 90 days from the date of billing.

In-game information service

The performance obligation is recognised at a point in time when the advertisements placed by third-party platforms are displayed in the game interface. The payment is generally due within 30 to 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2025 and 31 December 2024 are as follows:

	As at 30 June 2025 RMB’000 (Unaudited)	As at 31 December 2024 RMB’000 (Audited)
Within one year	70,527	69,341

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Services fee charged by distribution platforms and payment vendors	165,187	264,142
Information service costs	111,937	89,406
New media costs	59,676	78,395
Promotion expenses (excluding employee benefit expense)	48,166	14,166
Depreciation of property and equipment	2,825	1,976
Depreciation of right-of-use assets	3,355	4,141
Amortisation of intangible assets	275	619
Research and development costs (excluding employee benefit expense)	2,218	2,099
Impairment losses on financial and contract assets	71	38
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	92,823	112,770
Pension scheme contributions (defined contribution scheme)	3,123	2,966
Equity-settled share-based payment expenses	11,448	6,190
Total	<u>107,394</u>	<u>121,926</u>
Foreign exchange differences, net	(6,032)	1,462
Impairment of investments in a joint venture and associates	—	3,912

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

The Group's subsidiary Shenzhen Zen-Game Technology Co., Ltd. (hereafter, "**Zen-Game Shenzhen**") was registered in the Shenzhen-Hong Kong modern service industry cooperation zone in Qianhai, Shenzhen. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Zen-Game Shenzhen was 15% for the six months ended 30 June 2025.

The Group's subsidiary Shenzhen Tiantianlaiwan Technology Co., Ltd. (hereafter, "**Tiantianlaiwan**") was qualified as "High and New Technology Enterprises" under the Mainland China Corporate Income Tax ("**CIT**") Law since year 2022. This qualification is subject to review by the Industry and Information Technology Bureau of Shenzhen for every three years. The Company expected the applicable tax rate to be 15% for the six months ended 30 June 2025.

The Group's subsidiary Hainan Tiantianlaiwan Technology Co., Ltd. (hereafter, "**Hainan Tiantianlaiwan**") was established in the Hainan Free Trade Port. According to the applicable regulations promulgated by the State Council and relevant authorities, the applicable tax rate for Hainan Tiantianlaiwan was 15% for the six months ended 30 June 2025.

The Group's subsidiary Shenzhen Metaverse Technology Co., Ltd. (hereafter, "**Metaverse**") was qualified as a "software enterprise" in 2021 under the relevant Mainland China laws and regulations with a preferential tax treatment (i.e., 2-year exemption and 3-year half payment) from its first profitable year. Therefore, Metaverse was exempted from income tax for its first two profitable years (i.e., 2021 and 2022) and was entitled to a preferential income tax rate of 12.5% from 2023 to 2025.

Pursuant to the CIT Law and the respective regulations, the other Mainland China subsidiaries are subject to income tax at a statutory rate of 25% for the reporting periods.

Hong Kong profits tax has been provided at the rate of 16.5% on the Group's assembled profits derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The major components of the income tax expense for the period are as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Charge for the period	49,352	45,155
Deferred tax	(8,331)	11,581
	<u>41,021</u>	<u>56,736</u>
Total tax charge for the period	<u>41,021</u>	<u>56,736</u>

7. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
2025 interim dividend — HK\$0.20 (2024: nil) per ordinary share	<u>206,767</u>	<u>—</u>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	182,763	309,844
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	1,008,521,586*	1,008,762,680
Effect of dilution — weighted average number of ordinary shares:		
Share Option Scheme	2,646,241	5,790,846
Share Award Scheme	12,291,062	15,897,215
	<u>1,023,458,889</u>	<u>1,030,450,741</u>

* The weighted average number of shares was after taking into account the effect of treasury shares held.

9. TRADE RECEIVABLES

The Group's trade receivables primarily consist of those due from third-party distribution platforms and payment vendors who collect payment from the paying players on behalf of the Group. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and are generally on terms within 90 days.

An ageing analysis of the trade receivables as at the end of each of the reporting periods, based on the recognition date of gross trade receivables and net of loss allowance, is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Within 90 days	98,995	101,072
91 to 180 days	165	380
181 days to 1 year	195	101
1 year to 2 years	222	264
	<hr/>	<hr/>
Total	<u>99,577</u>	<u>101,817</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Wealth management products issued by licensed banks, at fair value	<u>648,746</u>	<u>404,575</u>

Wealth management products were denominated in RMB, with an expected rate of return ranging from 1.00% to 4.00% and 1.00% to 5.00% per annum for the six months ended 30 June 2025 and year ended 31 December 2024, respectively. The return on all of these wealth management products is not guaranteed, and hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. None of these investments are past due. The fair values are based on cash flows discounted using the expected return based on management judgement and are categorised within Level 2 of the fair value hierarchy.

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the reporting periods, based on the transaction date, is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	9,511	11,271
3 to 6 months	979	1,193
6 months to 1 year	1,819	214
1 year to 2 years	289	145
Total	<u>12,598</u>	<u>12,823</u>

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

12. SHARE CAPITAL

Shares

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Authorised: 50,000,000,000 ordinary shares of HK\$0.01 each	<u>440,000</u>	<u>440,000</u>
Issued and fully paid: 1,033,837,437 ordinary shares as at 30 June 2025 (31 December 2024: 1,032,338,937 ordinary shares)	<u>9,100</u>	<u>9,087</u>

A summary of movements in the Company's share capital is as follows:

	<i>Note</i>	Number of shares in issue	Share capital <i>RMB'000</i>
At 1 January 2025		1,032,338,937	9,087
Share options exercised	<i>(a)</i>	<u>1,498,500</u>	<u>13</u>
At 30 June 2025 (Unaudited)		<u><u>1,033,837,437</u></u>	<u><u>9,100</u></u>

- (a) The subscription rights attaching to 1,498,500 share options were exercised at the subscription price of HK\$1.29 per share, resulting in the issue of 1,498,500 shares for a total cash consideration, before expenses, of HK\$1,931,000 (equivalent to RMB1,764,000). An amount of RMB712,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, the Group did not have any significant events after 30 June 2025 and up to the date of this announcement.

Interim Dividends Declaration

On 26 August 2025, the Board has resolved to declare an interim dividend of HK\$0.20 per share for the six months ended 30 June 2025. The total amount of the interim dividend is HK\$206,767,000, as disclosed in Note 7.

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2025, the Group had approximately 455 employees (494 as at 31 December 2024). As required by the PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. Remuneration of the Group's employees includes basic salaries, allowances, bonuses, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group believes that it maintains a good working relationship with its employees, and it has not experienced any material labor disputes during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.2 per Share for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil) to the Shareholders whose names appear on the register of members of the Company on Friday, 12 September 2025. The total amount is approximately HK\$206.8 million. The payment date of the interim dividend is expected to be on or before Wednesday, 8 October, 2025.

At the Board meeting held on 20 March 2025, the Board proposed the payment of a final dividend of HK\$0.15 per Share for the year ended 31 December 2024. The aforesaid final dividend was approved by the Shareholders at the annual general meeting of the Company held on 5 June 2025 and was paid on 9 July 2025.

The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions, operational needs, capital requirements and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year.

CLOSING OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 10 September 2025 to Friday, 12 September 2025, both days inclusive, during which no transfer of shares will be registered. The record date will be Friday, 12 September 2025. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 9 September 2025.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules on the Stock Exchange as its own code of corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Corporate Governance Code during the six months ended 30 June 2025, save for deviation from code provision C.2.1 of the Corporate Governance Code. The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

Mr. Ye Sheng is both the chairman of the Board and the chief executive officer of the Group. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership and efficient discharge of executive functions within the Group. The Group considers that the balance of power and authority of the present arrangement will not be impaired as the Board comprises five other experienced and high-calibre individuals including another two executive Directors and three independent non-executive Directors who would be able to offer advice from various perspectives. In addition, for major decisions of the Group, the Board will make consultations with appropriate Board committees and senior management. Therefore, the Directors consider that the present arrangement is beneficial to and in the interest of the Company and the Shareholders as a whole and the deviation from code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three members, namely, Mr. Jin Shuhui, Mr. Mao Zhonghua and Mr. Yang Yi, all of whom are independent non-executive Directors. Mr. Jin Shuhui is the chairman of the Audit Committee.

The Audit Committee has reviewed the Company's unaudited condensed consolidated interim results for the six months ended 30 June 2025 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

The interim results for the six months ended 30 June 2025 is unaudited, but has been reviewed by Ernst & Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined under the Listing Rules), if any) for the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zen-game.com). The interim report for the six months ended 30 June 2025 containing all the information required by Appendix D2 to the Listing Rules will be published on the same websites in due course, and will be despatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“ARPPU”	monthly average revenue per paying user, which represents the revenue for the period divided by the number of paying players in such period, and then divided by the number of months in such period
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China excluding for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Company”	Zengame Technology Holding Limited (禪遊科技控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 August 2018
“Corporate Governance Code”	code on corporate governance practices contained in Appendix C1 to the Listing Rules
“DAU”	daily active users
“Director(s)”	the director(s) of the Company
“Free-to-Play”	a business model which players can play games for free, but may need to pay for virtual items sold in games to enhance their game experience
“Group”	collectively, the Company and its subsidiaries
“HK\$”, “HKD” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HKFRS”	Hong Kong Financial Reporting Standards

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“MAU”	monthly active users
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
“MPU”	monthly paying users
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* *The English translation of Chinese entity is for identification purpose only.*

By Order of the Board
Zengame Technology Holding Limited
Ye Sheng
Chairman

Hong Kong, 26 August 2025

As at the date of this announcement, the executive Directors are Mr. Ye Sheng, Mr. Yang Min and Ms. Xiong Mi, and the independent non-executive Directors are Mr. Jin Shuhui, Mr. Mao Zhonghua and Mr. Yang Yi.