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CMGE Technology Group Limited

中手游科技集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0302)

(1) EXPECTED DATE OF PUBLICATION OF 2021 ANNUAL RESULTS
(2) PROPOSED CHANGE OF AUDITOR

This announcement is made by CMGE Technology Group Limited (the “**Company**”, together with its subsidiaries and consolidated operating entities in the People’s Republic of China (the “**PRC**”), the “**Group**”) pursuant to Rules 13.09(2)(a), 13.49(3)(i) and 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

EXPECTED DATE OF PUBLICATION OF 2021 ANNUAL RESULTS

Pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish an announcement in relation to its preliminary results in respect of the financial year ended 31 December 2021 (the “**2021 Annual Results**”) not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2022. Under Rule 13.49(2) of the Listing Rules, the preliminary announcement in relation to the 2021 Annual Results shall be based on the Group’s consolidated financial statements for the year ended 31 December 2021 which shall have been agreed with the auditor.

In view of travel and other restrictions that have arisen in response to the COVID-19 pandemic (the “**Pandemic**”), the Stock Exchange and the Securities and Futures Commission (“**SFC**”) have jointly announced¹ that, where an issuer is unable to obtain agreement from its auditor due to the impact of the Pandemic, but is otherwise in all respects able to publish its preliminary results in full compliance with the other reporting requirements set out in the Listing Rules, it should publish such preliminary results (without the agreement with its auditor) on or before the deadline (i.e. 31 March 2022). In such cases, the Stock Exchange will normally allow trading in the securities of the issuer to continue.

Due to the recent travel and other restrictions during the Pandemic in the PRC, in particular, the recent lockdown of Shenzhen, in which the Company’s headquarters is situated, and the practical difficulties arising from the Pandemic to arrange site-visits, face-to-face interviews and provide the requisite financial information requested by the Company’s auditor, the reporting and audit processes of the Group were adversely affected and the Company is unable to publish its 2021 Annual Results, with the agreement of its auditor, on or before 31 March 2022 in accordance with Rule 13.49 of the Listing Rules.

In order to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the Group’s business operation and financial position, the Company will publish on 31 March 2022 the preliminary unaudited 2021 Annual Results, which will have been reviewed by the Company’s audit committee (the “**Audit Committee**”) but will not have been agreed with Company’s auditor, together with the audited comparable figures for the corresponding period in 2020. Based on the current status of audit work for the 2021 Annual Results, the Company believes BDO Limited (“**BDO**”), the new auditor to be appointed by the Company as further illustrated below, will be able to complete the audit work of the 2021 Annual Results no later than 30 June 2022. The Company will publish its audited 2021 Annual Results upon completion of the relevant audit process by BDO. The Company will also defer the publication of its annual report for up to 60 days from the deadline (i.e. 30 June 2022). Further announcements will be made by the Company as and when appropriate.

¹ The Stock Exchange and the SFC issued the “*Joint Statement in relation to Results Announcements in light of Travel Restrictions related to the Severe Respiratory Disease associated with a Novel Infectious Agent*” on 4 February 2020 and “*Further Guidance on the Joint Statement in relation to Results Announcements in light of the Covid-19 Pandemic*” on 16 March 2020. The Stock Exchange issued the “*Frequently asked questions on the Joint Statement in relation to Results Announcements in light of Travel Restrictions related to the Severe Respiratory Disease associated with a Novel Infectious Agent (Joint Statement) and holding of general meetings*” on 21 February 2022.

PROPOSED CHANGE OF AUDITOR

Ernst & Young (“EY”) was re-appointed as the Company’s auditor at the annual general meeting on 25 May 2021 to hold office until the conclusion of the next annual general meeting of the Company (“**2022 AGM**”).

During the audit process for the 2021 Annual Results, EY discussed the following matters with the Company and requested the Company to provide further information. These matters include the valuation of (i) certain investments in a third party investment company; and (ii) an investment in a US listed company during the year ended 31 December 2021, and the related accounting treatments as well as the overall impact of these material matters on the Group’s consolidated financial statements and relevant disclosures. As the Company cannot provide EY the requisite information as at the date of this announcement due to the practicable difficulties under the Pandemic, EY could not plan and complete the necessary audit procedures for the 2021 Annual Results. Consequently, the Company and EY could not reach a consensus on the audit timetable and audit fee which it would need to further incur to satisfy EY for the completion of the audit of 2021 Annual Results under the Pandemic.

After considering the facts and circumstances, and with the recommendation of the Audit Committee, the board (the “**Board**”) of directors (the “**Directors**”) is of the view that it would be in the best interest of the Company and the Shareholders as a whole to replace EY with another reputable accounting firm which can complete audit work on the 2021 Annual Results in a timely and cost efficient manner under the prevailing conditions of the Pandemic. The Board has resolved to call the EGM for the purposes of enabling the Shareholders to consider and vote on the resolutions relating to the proposed change of auditor (the “**Proposed Change**”) pursuant to the articles of association of the Company (the “**Articles**”).

Save as disclosed above, EY has confirmed that there is no other matter which EY needs to bring to the attention of the Shareholders and creditors of the Group in relation to the Proposed Change. The Board and the Audit Committee have also confirmed that there is no other matter in respect of the Proposed Change that needs to be brought to the attention of the Shareholders.

The Board would like to express its sincere gratitude to EY for its professional and quality services rendered to the Company for the past years.

PROPOSED APPOINTMENT OF AUDITOR

The Board, with the recommendation of the Audit Committee, proposes to appoint BDO as the new auditor of the Company (the “**Proposed Appointment**”) to fill the vacancy arising from the Proposed Change and to hold office until the conclusion of the 2022 AGM. The Proposed Appointment is subject to the Proposed Change becoming effective and the passing of an ordinary resolution for the Proposed Appointment at the EGM pursuant to the Articles. The Board and the Audit Committee have assessed and considered that BDO is eligible and suitable to act as auditor of the Company.

BDO has confirmed that they are aware of the practical difficulties arising from the Pandemic for the Company, and on that basis has provided an estimated audit fee and timetable for the 2021 Annual Results, both of which are acceptable to the Company.

The Board and the Audit Committee have also confirmed that there is no other matter in respect of the Proposed Appointment that needs to be brought to the attention of the Shareholders.

IMPLICATIONS UNDER THE ARTICLES AND THE LISTING RULES

Pursuant to Article 29.2, removal of an auditor before the expiration of its period of office shall require the approval of an ordinary resolution of the Shareholders in general meeting.

Pursuant to Rule 13.88 of the Listing Rules, the Company must not remove its auditor before the end of the auditor’s term of office without first obtaining Shareholders’ approval at a general meeting; the Company must send a circular proposing the removal of the auditor to Shareholders with any written representations from the auditor, not less than 10 business days before the general meeting; and the Company must allow the auditor to attend the general meeting and make written and/or verbal representations to Shareholders at the general meeting.

In compliance with the Articles and the Listing Rules, each of the Proposed Change and the Proposed Appointment will be proposed as an ordinary resolution at the EGM, respectively.

Accordingly, the Company will dispatch to the Shareholders a circular containing, among other matters, further information on the Proposed Change and the Proposed Appointment, together with a notice convening the EGM, to the Shareholders, and dispatch a copy to EY to invite them to attend the EGM to make written or verbal representations (if any) to the Shareholders at the EGM.

THE EXTRAORDINARY GENERAL MEETING (THE “EGM”)

The EGM will be convened on 8 April 2022 for the purposes of considering and, if thought fit, approving the Proposed Change and the Proposed Appointment. For the purpose of ascertaining shareholders’ entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 4 April 2022 to 8 April 2022 (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates, have to be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 1 April 2022. A circular containing, among other matters, further information on the Proposed Change and the Proposed Appointment, together with a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 25 March 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
CMGE Technology Group Limited
XIAO Jian
Chairman

Hong Kong, 21 March 2022

As at the date of this announcement, the Board comprises Mr. XIAO Jian, Mr. SIN Hendrick M.H. and Mr. FAN Yingjie as executive Directors; Mr. ZHANG Shengyan as non-executive Director; and Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai as independent non-executive Directors.