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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF SHARES IN A LISTED COMPANY

DISPOSAL OF SHARES IN ZHIDU TECHNOLOGY

References are made to (i) the announcement on discloseable transaction of the Company dated 7 April 2020 in relation to the disposals of 479,160 shares and 3,281,402 shares in Zhidu Technology during the periods from 5 July 2019 to 8 July 2019 and from 14 October 2019 to 31 October 2019, respectively, and (ii) the announcement on discloseable transaction of the Company dated 15 May 2020 in relation to the disposal of 350,000 shares in Zhidu Technology on 15 May 2020.

On 3 June 2020, the Vendor conducted a series of on-market transactions to sell an aggregate of 3,772,561 shares in Zhidu Technology at an average price of RMB9.18 per Sale Share for a consideration of approximately RMB34.6 million (exclusive of transaction costs). Following the Disposals and as at the date of this announcement, the Vendor had fully disposed all the shares it held in Zhidu Technology and the Group no longer holds any interest in Zhidu Technology.

The Board considers that the Disposals were fair, reasonable, on normal commercial terms and in the best interests of the Company and its Shareholders as a whole.

LISTING RULE IMPLICATIONS

As the Previous Disposals and the Current Disposal took place within a 12-month period and pursuant to Rule 14.22 of the Listing Rules, the Previous Disposals and the Current Disposal shall be aggregated. As the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the Disposals, in aggregate, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The announcement on discloseable transaction of the Company dated 7 April 2020 disclosed during the period from 5 July 2019 to 8 July 2019 and from 14 October 2019 to 31 October 2019, the Vendor conducted a series of on-market transactions to sell an aggregate of 479,160 shares and 3,281,402 shares in Zhidu Technology, respectively, at an average price of RMB6.87 and RMB8.31 per Sale Share, respectively, for a consideration of approximately RMB3.3 million and RMB27.3 million (exclusive of transaction costs), respectively.

The announcement on discloseable transaction of the Company dated 15 May 2020 disclosed that the Vendor conducted a series of on-market transactions on 15 May 2020 to sell an aggregate of 350,000 shares in Zhidu Technology at an average price of RMB8.95 per Sale Share for a consideration of approximately RMB3.1 million (exclusive of transaction costs).

CURRENT DISPOSAL

On 3 June 2020, the Vendor conducted a series of on-market transactions to sell an aggregate of 3,772,561 shares of Zhidu Technology at an average price of RMB9.18 per Sale Share for a consideration of approximately RMB34.6 million (exclusive of transaction costs).

As the Current Disposal was conducted through the sales in the open market, the Company is not aware of the identities of the purchasers. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners are the Independent Third Parties.

The Vendor had disposed of, in aggregate of the Previous Disposals and the Current Disposal, 7,883,123 shares in Zhidu Technology, representing approximately 0.59% of the total issued shares of Zhidu Technology. Following the Disposals and as at the date of this announcement, the Vendor had fully disposed all the shares it held in Zhidu Technology and the Group no longer holds any interest in Zhidu Technology.

INFORMATION ON ZHIDU TECHNOLOGY

Zhidu Technology is a company listed on the Shenzhen Stock Exchange (stock code: 000676) which, together with its subsidiaries, are principally engaged in the aggregation and operation of mobile internet traffic.

The following financial information is extracted from the 2019 annual report of Zhidu Technology:

	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	7,673,792	10,873,747
Profit before tax	775,356	663,693
Profit before the period	713,914	607,108
	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>
Total assets	7,889,658	9,258,770
Net assets	5,865,037	6,655,390

INFORMATION ON THE GROUP AND THE VENDOR

The Group is an established mobile game developer and operator in the PRC with special focus on card and board and other casual mobile games.

The Vendor was established in the PRC as a limited liability company. It is principally engaged in the development and operation of mobile games.

REASONS FOR AND BENEFITS OF THE CURRENT DISPOSAL

The Board considers that the appreciation in the share price of Zhidu Technology on 3 June 2020 provided an attractive opportunity to realise a portion of the investment held in Zhidu Technology. The Current Disposal were made with reference to the then prevailing market prices and the Directors are of the view that the Current Disposal will enhance the liquidity of the Group. The prices of the Current Disposal were fair, reasonable, on normal commercial terms and in the best interest of the Company and its shareholders as a whole. As a result of the Disposals, accumulated gain recognised in other comprehensive income of approximately RMB19.2 million was transferred to retained earnings. The net proceeds of the Current Disposal are intended to be used as general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the Previous Disposals and the Current Disposal took place within a 12-month period and pursuant to Rule 14.22 of the Listing Rules, the Previous Disposals and the Current Disposal shall be aggregated. As the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the Disposals, in aggregate, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the Board of Directors
“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
“Directors”	the directors of the Company
“Disposals”	the Previous Disposals and the Current Disposal
“Group”	collectively, the Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Disposals”	the disposals of 479,160 Sale Shares, 3,760,562 Sale Shares and 350,000 Sale Shares during the periods from 5 July 2019 to 8 July 2019 and from 14 October 2019 to 31 October 2019 and on 15 May 2020, respectively, in the open market for a total consideration of approximately RMB33.7 million
“Current Disposal”	the disposal of 3,772,561 Sale Shares on 3 June 2020 in the open market for a consideration of approximately RMB34.6 million
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	The share(s) in Zhidu Technology disposed by the Group
“Shareholder(s)”	The shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Shenzhen Laiwan Technology Co., Ltd. (深圳市來玩科技有限公司), a company established under the laws of the PRC and is a wholly-owned subsidiary controlled by the Company through a series of structured contracts
“Zhidu Technology”	Genimous Technology Co., Ltd. (智度科技股份有限公司), a company established in the PRC with limited liability and the shares of which are listed on Shenzhen Stock Exchange (stock code: 000676)
“%”	per cent

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

Hong Kong, 3 June 2020

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