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Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

DISCLOSEABLE TRANSACTION IN RELATION TO THE EXCLUSIVE ONLINE GAME LICENSING AGREEMENT

THE LICENSING AGREEMENT

On 9 January 2024 (after trading hours), the Licensee, an indirect wholly-owned subsidiary of the Company, entered into the Licensing Agreement with the Licensor, pursuant to which the Licensor granted the Licensee the exclusive, transferrable and sub-licensable rights to promote, operate, publish, reproduce and distribute Licensed Game One and Licensed Game Two (collectively, the “**Licensed Games**”) and the products and services related thereto within their respective authorised territories for a term of five (5) years.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) under Rule 19.07 of the GEM Listing Rules in respect of the transaction under the Licensing Agreement are more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

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THE LICENSING AGREEMENT

The principal terms of the Licensing Agreement are set out as follows:

Date : 9 January 2024 (after trading hours)

Parties : (i) the Licensor; and
(ii) the Licensee, an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Licensor and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : the grant of the exclusive, transferrable and sub-licensable rights by the Licensor to the Licensee to promote, operate, publish, reproduce and distribute Licensed Game One and Licensed Game Two (collectively, the "**Licensed Games**") and the products and services related thereto within their respective authorised territories.

Term : a term of five (5) years from 9 January 2024 to 8 January 2029, which shall be renewed automatically for a period of one (1) year unless either party terminates the Licensing Agreement in writing within thirty (30) days before the expiry of the Licensing Agreement.

License Fee : The Licensee shall pay the Fixed License Fee and the Monthly License Fee to the Licensor according to the arrangement as set forth below:

(a) Fixed License Fee

The Licensee shall pay the Licensor a fixed license fee in the amount of US\$400,000 (equivalent to approximately HK\$3,124,000) (the “**Fixed License Fee**”) by instalments in the following manner:

- (i) the Licensor shall issue an invoice for the first instalment in the amount of US\$200,000 (equivalent to approximately HK\$1,562,000) (the “**First Instalment**”) to the Licensee within five (5) Business Days from the date of the Licensing Agreement. The Licensee shall pay the First Instalment by electronic fund transfer to the bank account designated by the Licensor within ten (10) Business Days from the date of invoice for the First Instalment; and

- (ii) the Licensor shall issue an invoice for the second instalment in the amount of US\$200,000 (equivalent to approximately HK\$1,562,000) (the “**Second Instalment**”) to the Licensee within five (5) Business Days from the date of launch of the Licensed Games on the Mobile Platforms. The Licensee shall pay the Second Instalment by electronic fund transfer to the bank account designated by the Licensor within ten (10) Business Days from the date of invoice for the Second Instalment.

The Fixed License Fee is non-refundable unless the Licensing Agreement is terminated due to the default of the Licensor.

The Group currently plans to finance the payment of the Fixed License Fee through its internal resources.

(b) Monthly License Fee

The Licensee shall pay the Licensor a monthly license fee equivalent to 50% of the Net Income generated by the Licensee from the Licensed Games each month (the “**Monthly License Fee**”). The Licensee shall pay the Monthly License Fee by electronic fund transfer to the bank account designated by the Licensor within fifteen (15) Business Days from the date of monthly invoice issued by the Licensor.

The license fees under the Licensing Agreement, including the Fixed License Fee and the Monthly License Fee, were determined after arm’s length negotiation between the parties with reference to (i) the current development status of the Licensed Games; (ii) the future prospects of the development and commercialisation of the Licensed Games in their respective authorised territories; and (iii) the prevailing license fee arrangement and pricing terms in respect of licensing of comparable online games in the industry.

Authorised territories : (i) Licensed Game One : Hong Kong, the Macau Special Administrative Region and Taiwan
(ii) Licensed Game Two : Japan

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENSING AGREEMENT

Reference is made to the announcement of the Company dated 7 December 2023 in relation to the Group’s intention to expand its principal businesses by engaging in online game business in overseas markets through licensing collaboration with game developers.

According to publicly available information, the global mobile online game industry was valued at approximately US\$108.2 billion in 2022 and is projected to grow annually at a compound annual growth rate (CAGR) of approximately 13.6% during the period from 2023 to 2030, reaching approximately US\$339.5 billion by 2030. Taking into consideration, amongst other factors, (i) the forecasted growth in the global mobile online game industry; (ii) the increasing adoption of smartphones across the globe; (iii) the convenience and accessibility of mobile online games which can be played anywhere and at any time; and (iv) the increasing popularity of augmented reality and virtual reality gaming, the Board considers that it is in the interests of the Company and the Shareholders as a whole for the Group to develop mobile online game business.

Having reviewed the (i) background and prospects of development of the Licensed Games; and (ii) the forecasted growth in the global mobile online game industry, the Board considers that the Licensing Agreement provides a precious opportunity for the Group to develop its presence in the fast growing online game industry, diversify its businesses and maximise the return to the Shareholders.

The Directors consider that the terms of the Licensing Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE LICENSING AGREEMENT

The Licensor

The Licensor is a company established in the PRC with limited liability and is principally engaged in the design and development of online games. The Licensor is owned as to 60% and 40% by Mr. Kuang Tie Feng* (曠鐵鋒先生) and Mr. Han Bao Lei* (闞寶磊先生), respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Licensor and its ultimate beneficial owner are Independent Third Parties.

The Licensee

The Licensee was established on 28 April 2023 with limited liability in the PRC for the purpose of carrying out online game business. The Licensee is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE LICENSED GAMES

Licensed Game One is a placement role playing online game developed by the Licensor with Chinese martial arts features which targets male players aged between 18 to 35 years old.

Licensed Game Two is a placement role playing online game developed by the Licensor with Chinese martial arts and card game features.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday in the PRC
“Company”	Zijing International Financial Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8340)
“Director(s)”	the directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Licensed Game One”	the online game licensed by the Licensor to the Licensee to be launched on the Mobile Platforms under the Licensing Agreement which is configured, modified, translated and/or adapted to suit the end users in Hong Kong, the Macau Special Administrative Region and Taiwan
“Licensed Game Two”	the online game licensed by the Licensor to the Licensee to be launched on the Mobile Platforms under the Licensing Agreement which is configured, modified, translated and/or adapted to suit the end users in Japan
“Licensed Games”	Licensed Game One and Licensed Game Two

“Licensee”	Zijing Xiangrui (Shenzhen) Supply Chain Co., Ltd.* (紫荊祥瑞(深圳)供應鏈有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Licensing Agreement”	the licensing agreement dated 9 January 2024 entered into between the Licensor and the Licensee, pursuant to which the Licensor granted the Licensee the exclusive, transferrable and sub-licensable rights to promote, operate, publish, reproduce and distribute the Licensed Games and the products and services related thereto within their respective authorised territories
“Licensor”	Beijing Baofu Technology Co., Ltd.* (北京抱富科技有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Mobile Platforms”	Apple iOS, Android, H5 and their respective platforms, apple stores, marketplace providers and distributors and other similar sales channels as may be agreed between the parties to the Licensing Agreement from time to time
“Net Income”	the income generated by the Licensee from the Licensed Game (including but not limited to revenue generated from top-ups and advertising in relation to the Licensed Games) deducted by the costs incurred by the Licensee from the operation and promotion of the Licensed Game and any provision for bad debts
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.81. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

* *For identification only*

By order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman and Executive Director

Hong Kong, 9 January 2024

As at the date hereof, the Board comprises Mr. Lee Chun Wai and Ms. Ji Yi being the executive Directors; and Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin being the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at <https://www.hkexnews.hk> for at least 7 days from the date of its posting and on the website of the Company at <http://www.hklistco.com/8340>.