

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Jiu Zun Digital Interactive Entertainment Group Holdings Limited**

**九尊數字互娛集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1961)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTERESTS IN A PRC SUBSIDIARY**

On 30 June 2022 (after trading hours), the Vendor entered into the conditional Equity Transfer Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Capital for a cash consideration of RMB2,500,000. The Target Company will cease to be controlled by the Company and the financial results and financial position of the Target Company will no longer be consolidated into the financial statements of the Group.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but are all less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

### **THE DISPOSAL**

On 30 June 2022 (after trading hours), the Vendor entered into the conditional Equity Transfer Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Capital for a cash consideration of RMB2,500,000. The Target Company will cease to be controlled by the Company and the financial results and financial position of the Target Company will no longer be consolidated into the financial statements of the Group.

#### **Equity Transfer Agreement**

**Date:** 30 June 2022 (after trading hours)

**Parties:** (1) Vendor; and  
(2) Purchaser.

## **Assets to be disposed**

Before Completion, the Target Company has a registered capital of RMB1,000,000, which is owned as to 100% by the Vendor. The paid up capital of the Target Company as at the date of the Equity Transfer Agreement is RMB1,000,000.

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to dispose and the Purchaser has agreed to acquire the Sale Capital, representing 100% equity interest in the Target Company subject to and conditional upon the terms and conditions of the Equity Transfer Agreement.

## **Consideration**

The consideration for the Disposal is RMB2,500,000, which shall be payable by the Purchaser in cash within 90 business days upon the Equity Transfer Agreement having become effective.

The consideration for the Disposal was determined with reference to, among others, a valuation report of the Target Company, the financial results of the Target Company, and arrived at after arm's length negotiations between the parties to the Equity Transfer Agreement. According to the valuation report, the Target Company was valued to approximately RMB2,488,000 as at 31 May 2022, by using the basic standard asset valuation approach. The Directors (including the independent non-executive Directors) consider the terms of the Equity Transfer Agreement (including but not limited to the consideration) to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **Effective Date**

The Equity Transfer Agreement shall be effective from the date of duly signing the Equity Transfer Agreement by the parties thereto, subject to the approval from the Board and the sole director of the Vendor in relation to the Disposal.

## **Completion**

Completion of transfer of the Sale Capital will take place on the date of completion of registration of the transfer of Sale Capital with the relevant PRC authority. The Purchaser shall be responsible for all costs and losses of the Target Company from the date of the Equity Transfer Agreement.

With transfer of control of the Target Company upon Completion, the Target Company will cease to be controlled by the Company and the financial results and financial position of the Target Company will no longer be consolidated into the financial statements of the Group. The Vendor will cease to hold any interests in the Target Company upon Completion.

## INFORMATION OF THE PARTIES

### Information of the Purchaser

The Purchaser is a limited liability company established in the PRC and is principally engaged in computer system and sales of software. Its ultimate beneficial owner is Mr. Xu Xuhui (許旭輝) and to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

### Information of the Vendor

The Vendor is a limited company established in PRC and is owned as to 93% by Guangzhou Jiu Zun and 7% by Mr. Chen. The Contractual Arrangements were entered between WFOE, Guangzhou Jiu Zun and its relevant shareholders to consolidate the economic benefits, and thus financial results, of Guangzhou Jiu Zun and its subsidiaries into the financial statements of the Company. To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, Mr. Chen was an Independent Third Party.

### Information of the Target Company

The Target Company is a limited liability company established in the PRC and is principally engaged in the mobile game development and operation and digital media content distribution in the PRC.

The unaudited financial information of the Target Company for the two years ended 31 December 2021 and are as follows:

	<b>For the year ended 31 December 2020 RMB'000</b>	<b>For the year ended 31 December 2021 RMB'000</b>
Revenue	42,370	18,531
Net profit(loss) before taxation	1,014	(4,316)
Net profit(loss) after taxation	962	(4,316)

The unaudited total assets and net assets of the Target Company as at 31 December 2021 were approximately RMB28,915,000 and RMB8,796,000, respectively.

## REASONS AND BENEFITS FOR THE DISPOSAL

The Group is principally engaged in the mobile game development and operation and digital media content distribution in the PRC.

Based on the net liabilities position of unaudited management accounts of the Target Company as of 31 December 2021, it is estimated that upon Completion, the Group will record a gain of approximately RMB1,395,000 on the Disposal. It is expected that the

proceeds of the Disposal will be used as working capital for the operation of the Group. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit to be performed by the Company's auditors.

Since the Target Company has been in loss making position for the year ended 31 December 2021, the Board is of the view that the Disposal provides a good opportunity for the Group to focus its resources to develop its existing businesses. Taking into consideration of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but are all less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

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

“Board”	board of the Directors
“Company”	Jiu Zun Digital Interactive Entertainment Group Holdings Limited (九尊數字互娛集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms of the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between WFOE, Guangzhou Jiu Zun and its registered shareholders, pursuant to which the economic benefits and financial results of Guangzhou Jiu Zun and its subsidiaries are consolidated into the financial statements of the Company
“Director(s)”	director(s) of the Company from time to time
“Disposal”	the disposal of the Sale Capital by the Vendor to the Purchaser
“Equity Transfer Agreement”	the equity transfer agreement dated 30 June 2022 and entered into between the Purchaser and the Vendor in respect of the Disposal

“Group”	the Company together with its subsidiaries
“Guangzhou Jiu Zun”	Guangzhou Jiu Zun Digital Entertainment Technology Development Company Limited* (廣州市九尊數娛科技發展有限公司), a company established in the PRC, one of the consolidated affiliated entities of the Company by virtue of the Contractual Arrangements
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	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 Listing Rules
“Mr. Chen”	Mr. Chen Leqiang (陳樂強), the deceased beneficial owner of 7% equity interest in the Vendor
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Hefei Minjing Information Technology Co., Ltd* (合肥旻景信息科技有限公司), a limited liability company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Capital”	100% equity interest of the Target Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Guangzhou Jinyi Electronic Technology Company Limited* (廣州市金奕電子科技有限公司), a limited liability company established in the PRC
“WFOE”	Guangzhou Jiu Zun Interactive Entertainment Company Limited* (廣州市九尊互娛科技發展有限公司), a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company

“Vendor”

Guangzhou Family Doctor Information Technology Company Limited\* (廣州家庭醫生信息技術有限公司), a company established in the PRC, which is owned as to 93% by Guangzhou Jiu Zun and 7% by Mr. Chen

“%”

per cent.

By order of the Board  
**Jiu Zun Digital Interactive Entertainment Group Holdings Limited**  
九尊數字互娛集團控股有限公司  
**WANG Le**  
Chairman

Hong Kong, 30 June 2022

*As at the date of this announcement, the executive Directors are Mr. Wang Le and Mr. Chen Ying, the non-executive Directors are Mr. Liang Junhua and Mr. Wang Ning, and the independent non-executive Directors are Mr. Leung Ming Shu, Mr. Choi Onward and Mr. Tang Shun Lam.*

\* For identification purposes only