

*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.*



## **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)**

## **CLARIFICATION AND SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION IN RELATION TO THE EXCLUSIVE ONLINE GAME LICENSING AGREEMENTS**

References are made to (i) the announcement of the Company dated 14 December 2023 in relation to the Jian Jian Wan Licensing Agreement; and (ii) the announcement of the Company dated 9 January 2024 in relation to the Beijing Baofu Licensing Agreement (collectively, the “**Announcements**”). The Board wishes to provide supplemental information in relation to the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement, respectively.

### **THE JIAN JIAN WAN LICENSING AGREEMENT**

#### **Latest development and commercialisation of the Jian Jian Wan Licensed Game**

The Jian Jian Wan Licensed Game is an action role playing online game with Chinese comic and martial arts features which is developed by Jian Jian Wan. As at the date of this announcement, Jian Jian Wan has invited a number of professional online game players to conduct trial and testing on the Jian Jian Wan Licensed Game. Subject to the scale and timing required for any necessary adjustments to be made, it is estimated that the Jian Jian Wan Licensed Game will be released in or around the fourth quarter of 2024 on Apple App Store and Google Play Store worldwide in exclusion of the PRC, Japan, Hong Kong, the Macau Special Administrative Region, Taiwan and the Republic of Korea. Pursuant to the Jian Jian Wan Licensing Agreement, the Licensee shall carry out the marketing and promotional activities of the Jian Jian Wan Licensed Game in the authorised territories and bear the associated costs involved.

## **Fixed license fee**

Pursuant to the Jian Jian Wan Licensing Agreement, the Licensee shall pay the fixed license fee in the amount of RMB3,000,000 within ten (10) Business Days from the date of invoice issued by Jian Jian Wan. As at the date of this announcement, the Licensee has received the invoice issued by Jian Jian Wan for the fixed license fee under the Jian Jian Wan Licensing Agreement in the amount of RMB3,000,000 and has duly paid the invoiced amount.

In the event the Jian Jian Wan Licensing Agreement is terminated due to the breach or default of Jian Jian Wan resulting in the failure to launch the Jian Jian Wan Licensed Game and/or termination of the Jian Jian Wan Licensing Agreement, Jian Jian Wan shall forthwith return the fixed license fee paid under the Jian Jian Wan Licensing Agreement in the amount of RMB3,000,000 to the Licensee in full. The Directors consider that the risk of breach or default of Jian Jian Wan under the Jian Jian Wan Licensing Agreement is low taking into consideration that the Jian Jian Wan Licensed Game had already entered into the trial and testing stage and is expected to be released in or around the fourth quarter of 2024. Further, based on publicly available information, Jian Jian Wan was not involved in any material claims, litigations or financial difficulties which would materially affect its ability in returning the fixed licensee fee in the amount of RMB3,000,000 in the event of its breach or default under the Jian Jian Wan Licensing Agreement.

## **Monthly license fee**

The Company wishes to clarify that the monthly license fee payable by the Licensee to Jian Jian Wan under the Jian Jian Wan Licensing Agreement shall be calculated as follows:

$$\text{Monthly license fee} = 15\% \times \left( \begin{array}{l} \text{Revenue generated by the} \\ \text{Licensee under the Jian Jian} \\ \text{Wan Licensed Game} \end{array} - \begin{array}{l} \text{distribution} \\ \text{channel fees} \end{array} - \begin{array}{l} \text{any provision for} \\ \text{bad debts} \end{array} \right)$$

The monthly license fee payable by the Licensee under the Jian Jian Wan Licensing Agreement shall be equivalent to 15% of the revenue generated by the Licensee from the Jian Jian Wan Licensed Game after deducting any distribution channel fees (without taking into account any marketing and promotion fees) and any provision for bad debts incurred.

## **Track record and background of Jian Jian Wan**

Jian Jian Wan is a company established in the PRC with limited liability and is principally engaged in the design and development of online games. Jian Jian Wan is wholly-owned by Mr. Li Jiacaan (李嘉灿先生). 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.

Jian Jian Wan is led by a team of over 20 online game developers with more than 10 years of experience in the online game industry. The core members of Jian Jian Wan had worked at renowned international game developers such as Tencent and NetEase Inc. and participated in the development of various domestic and foreign online games.

In particular, the core members of Jian Jian Wan had developed a role playing online game, 《寒刀行》, with Chinese martial arts features in 2018 which was highly recognised by industry peers and online game players and was credited as one of the top ten online games by game enthusiasts in 2018. Such online game had recorded maximum revenue exceeding RMB30.0 million per month.

## **THE BEIJING BAOFU LICENSING AGREEMENT**

### **Latest development and commercialisation of the Beijing Baofu Licensed Game One**

The Beijing Baofu Licensed Game One is a placement role playing online game developed by Beijing Baofu with Chinese martial arts features which targets male players aged between 18 to 35 years old. The Beijing Baofu Licensed Game One has completed the development stage and has entered the public testing stage in which the Beijing Baofu Licensed Game One is being test played by a large number of players. Public testing is one of the final phases of testing of a newly developed online game. Based on the latest timetable, it is expected that the Beijing Baofu Licensed Game One will be released on Apple App Store and Google Play Store in Hong Kong, the Macau Special Administrative Region and Taiwan in or around mid-March 2024. Pursuant to the Beijing Baofu Licensing Agreement, the Licensee shall carry out the marketing and promotional activities of the Beijing Baofu Licensed Game One in the authorised territories and bear the associated costs involved.

### **Latest development and commercialisation of the Beijing Baofu Licensed Game Two**

The Beijing Baofu Licensed Game Two is a placement role playing online game with Chinese martial arts and card game features which is developed by Beijing Baofu. The Beijing Baofu Licensed Game Two has completed the development stage and has entered the public testing stage in which the Beijing Baofu Licensed Game Two is being test played by a large number of players. Public testing is one of the final phases of testing of a newly developed online game. Depending on the market response to the Beijing Baofu Licensed Game One and any corresponding adjustments to be made to the marketing strategies of the Beijing Baofu Licensed Game Two, it is expected that the Beijing Baofu Licensed Game Two will be released on Apple App Store and Google Play Store in Japan in or around the fourth quarter of 2024. Pursuant to the Beijing Baofu Licensing Agreement, the Licensee shall carry out the marketing and promotional activities of the Beijing Baofu Licensed Game Two in the authorised territories and bear the associated costs involved.

### **Fixed license fee**

Pursuant to the Beijing Baofu Licensing Agreement, the Licensee shall pay the fixed license fee in the amount of US\$400,000 by instalments.

The first instalment of the fixed license fee under the Beijing Baofu Licensing Agreement in the amount of US\$200,000 shall be paid within ten (10) Business Days from the date of invoice for the first instalment issued by Beijing Baofu. As at the date of this announcement, the Licensee has received the invoice issued by Beijing Baofu for the first instalment of the fixed license fee under the Beijing Baofu Licensing Agreement in the amount of US\$200,000 and has duly paid the invoiced amount.

The second instalment of the fixed license fee under the Beijing Baofu Licensing Agreement in the amount of US\$200,000 shall be paid within five (5) Business Days from the date of launch of the Beijing Baofu Licensed Game One or the Beijing Baofu Licensed Game Two, whichever is earlier. Since the payment milestone has yet to be reached as at the date of this announcement, the Licensee has not received the invoice for the second instalment of the fixed license fee under the Beijing Baofu Licensing Agreement from Beijing Baofu.

In the event the Beijing Baofu Licensing Agreement is terminated due to the breach or default of Beijing Baofu resulting in the failure to launch the Beijing Baofu Licensed Games and/or termination of the Beijing Baofu Licensing Agreement, Beijing Baofu shall forthwith return any fixed license fee paid under the Beijing Baofu Licensing Agreement to the Licensee in full. The Directors consider that the risk of breach or default of Beijing Baofu under the Beijing Baofu Licensing Agreement is low taking into consideration that the Beijing Baofu Licensed Games had already entered into the final phases of testing and is expected to be released in or around mid-March 2024 and the fourth quarter of 2024, respectively. Further, based on publicly available information, Beijing Baofu was not involved in any material claims, litigations or financial difficulties which would materially affect its ability in returning the first instalment of the fixed licensee fee in the amount of US\$200,000 in the event of its breach or default under the Beijing Baofu Licensing Agreement.

### **Monthly license fee**

The monthly license fee payable by the Licensee to Beijing Baofu under the Beijing Baofu Licensing Agreement shall be calculated as follows:

$$\text{Monthly license fee} = 50\% \times \text{Net income generated by the Licensee from the Beijing Baofu Licensed Games}$$

The monthly license fee payable by the Licensee under the Beijing Baofu Licensing Agreement shall be equivalent to 50% of the net income generated by the Licensee from the Beijing Baofu Licensed Games which is equivalent to the revenue generated by the Licensee from the Beijing Baofu Licensed Games after deducting the costs incurred by the Licensee from the operation, marketing and promotion and any provision for bad debts incurred. For the avoidance of doubt, the marketing and promotion fees are borne by the Licensee under both the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement. Yet, the percentage for determination of the monthly license fee under the Beijing Baofu Licensing Agreement (i.e. 50%) is comparatively higher than that under the Jian Jian Wan Licensing Agreement (i.e. 15%) mainly because the marketing and promotion fees had been taken into account and deducted from the revenue generated by the Licensee from the Beijing Baofu Licensed Games in determining the basis of the monthly license fee under the Beijing Baofu Licensing Agreement.

In determining the monthly license fee under the Beijing Baofu Licensing Agreement, the Board took into consideration, among others, the demographics of (i) the authorised territories of the Beijing Baofu Licensed Game One, namely Hong Kong, the Macau Special Administrative Region and Taiwan; and (ii) the authorised territory of the Beijing Baofu Licensed Game Two, namely Japan. In comparison, the geographical coverage of the Jian Jian Wan Licensed Game is much more extensive than the Beijing Baofu Licensed Games as it covers countries worldwide in exclusion of the PRC, Hong Kong, the Macau Special Administrative Region, Taiwan and the Republic of Korea under the Jian Jian Wan Licensing Agreement.

Based on the past experience of Beijing Baofu and common industry practices, where a target region or territory (e.g. Hong Kong, Macau, Taiwan, Japan or Korea) has a relatively small gamer population, the online game developers and operators would have to concentrate their promotion and marketing efforts by the time the relevant games are launched, therefore necessitating a higher budget for marketing and promotion expenses. This is to ensure that the relevant games could secure a sufficient user base at the initial stage of launch so as to create more opportunities for in-game interaction and collective efforts in unravelling in-game missions among players, thereby enhance the overall gaming experience.

Taking into consideration the relatively smaller game player population attributable to the smaller geographical coverage of each of the Beijing Baofu Licensed Games, as compared to the Jian Jian Wan Licensed Game, the Licensee considers that there is a need for them to roll out a series of marketing activities at the early stage of launching the respective games in order to establish market presence and capture market share in their respective authorised territories swiftly and efficiently. It is therefore expected that the Licensee will incur substantial marketing and promotion expenses at the early stage of launching the Beijing Baofu Licensed Games. With the view of lowering the risks associated with the incurrence of significant up-front marketing and promotion expenses, the Licensee considers that it is commercially justifiable for the monthly license fee under the Beijing Baofu Licensing Agreement to be determined based on a certain percentage of the net profit to be derived from the Beijing Baofu Licensed Games.

### **Track record and background of Beijing Baofu**

Beijing Baofu 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\* (闕寶磊先生), respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Licensor and its ultimate beneficial owners are Independent Third Parties.

Beijing Baofu had around 70 online game developers and a number of them had over 10 years of experience in the online game industry. The core members of Beijing Baofu had worked at renowned international game developers such as GameLoft and Morfun Studios, being a game studio under Tencent. In particular, some of the online game developers working at Beijing Baofu had participated in the development of online games such as 《劍網3》 and 《三生三世十里桃花》 launched by Tencent which recorded accumulated revenue over RMB10.0 billion.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE EXCLUSIVE ONLINE GAME LICENSING AGREEMENTS

The Board considers that it was in the interests of the Company and its shareholders as a whole to enter into the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement, respectively, taking into consideration the followings:

### (I) The forecasted increase in the global mobile online game industry

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. In particular, the following sets forth the forecasted market growth of the mobile online game industry by specific region or country:

- (a) *Japan*: The Japan mobile online game industry is projected to generate revenue of approximately US\$16.77 billion in 2024 and is expected to exhibit an annual growth rate of approximately 5.73% between 2024 and 2028, reaching approximately US\$20.96 billion by 2028;
- (b) *United States*: The United States mobile online game industry is projected to generate revenue of approximately US\$19.61 billion in 2024 and is expected to exhibit an annual growth rate of approximately 6.77% between 2024 and 2027, reaching approximately US\$23.87 billion by 2027;
- (c) *Europe*: The Europe mobile online game industry is projected to generate revenue of approximately US\$8.23 billion in 2024 and is expected to exhibit an annual growth rate of approximately 6.71% between 2024 and 2027, reaching approximately US\$10.0 billion by 2027; and
- (d) *Southeast Asia*: The Southeast Asia mobile online game industry is projected to generate revenue of approximately US\$3.14 billion in 2024 and is expected to exhibit an annual growth rate of approximately 7.40% between 2024 and 2027, reaching approximately US\$3.89 billion by 2027.

Based on the above, the Board considers that the Group will be able to capture the potential growth in the global mobile online game industry by entering into the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement which allows it to tap into the mobile online game industry and diversify its existing business portfolio and broaden its source of income.

**(II) The latest development of the Jian Jian Wan Licensed Game and the Beijing Baofu Licensed Games**

As mentioned above, (i) each of the Beijing Baofu Licensed Game One and the Beijing Baofu Licensed Game Two has completed the development stage and is expected to be released in or around mid-March 2024 and the fourth quarter of 2024, respectively; and (ii) the Jian Jian Wan Licensed Game is being tested by professional online game players and is expected to be released in or around the fourth quarter of 2024.

Online game development is costly and time-consuming. By entering into online game licensing agreements, the Group could leverage the skills and resources of the licensors, being experienced online game developers and minimise the time and uncertainty involved in the development of its own mobile online games.

Further, given each of the Jian Jian Wan Licensed Game and the Beijing Baofu Licensed Games has reached an advanced stage in their development, the Group can focus on allocating its resources on the marketing and promotional activities of the licensed games and enhancing online game players' experience.

The Jian Jian Wan Licensed Game and the Beijing Baofu Licensed Games will be highly assessable to game players as they will be released on Apple App Store and Google Play Store, being the two largest app marketplace in the world, in their respective authorised territory(ies).

**(III) The established track record and profound experience of the core members of Jian Jian Wan and Beijing Baofu in the online game industry**

As mentioned above, some of the core members of Jian Jian Wan and Beijing Baofu had worked at renowned international game developers including Tencent, NetEase Inc., ByteDance, etc before joining Jian Jian Wan or Beijing Baofu and had participated in the development of various online games which were well received by online game players and recorded millions or even billions of dollars in revenue. Leveraging the established track record and profound experience of Jian Jian Wan and Beijing Baofu, the Board is positive that the Jian Jain Wan Licensed Game and the Beijing Baofu Licensed Games will be well received by online game players.

**(IV) The licensing fee arrangement and pricing terms under the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement is in line with comparable online games**

Based on the licensing fee arrangement and pricing terms of comparable online games publicly available in the industry, the Board understands that the fixed license fee chargeable under each of the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement is generally lower than the fixed license fee chargeable by comparable online games; whereas the monthly license fee chargeable under each of the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement is generally in line with that chargeable by comparable online games. Based on publicly available information in relation to the comparable online games, the Board understands that the licensor of the comparable online games generally charges (a) a prescribed percentage, ranging between 45% to 50%, of the gross billings (which are net of commissions to payment and distribution channels, marketing and promotion expenses and other expenses, as the case may be) attributable to the licensed game; or (b) a prescribed percentage, ranging between 25% to 30% of the revenue derived from the licensed game, net of platform fees, any price adjustments and/or refunds to game users and taxes.

The Group did not perform a valuation on the Jian Jian Wan Licensed Game or the Beijing Baofu Licensed Games when determining the licensing fee arrangement and pricing terms of the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement, respectively, mainly because (i) the licensing fee arrangement and pricing terms under the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement is generally in line with comparable online games as abovementioned; and (ii) each of the Jian Jian Wan Licensed Game and the Beijing Baofu Licensed Games had not been launched as at the date of the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement, respectively. Hence, no historical financial information in relation to the three licensed games was available at the time the Licensee entered into the Jian Jian Wan Licensing Agreement and the Beijing Baofu Licensing Agreement. If a valuation was to be performed on the three licensed games, it would inevitably involve a lot of projections and assumptions which could not be reliably ascertained at this juncture.

Save as disclosed in the Announcements and this supplemental announcement, the Group has no intention to enter into other online game licensing agreements. Save as disclosed in this supplemental announcement, all information set out in the Announcements remains unchanged.

## DEFINITIONS

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

“Beijing Baofu”	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
“Beijing Baofu Licensed Games”	Beijing Baofu Licensed Game One and Beijing Baofu Licensed Game Two
“Beijing Baofu Licensed Game One”	the online game licensed by Beijing Baofu to the Licensee under the Beijing Baofu 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
“Beijing Baofu Licensed Game Two”	the online game licensed by Beijing Baofu to the Licensee under the Beijing Baofu Licensing Agreement which is configured, modified, translated and/or adapted to suit the end users in Japan
“Beijing Baofu Licensing Agreement”	the licensing agreement dated 9 January 2024 entered into between Beijing Baofu and the Licensee, pursuant to which Beijing Baofu granted the Licensee the exclusive, transferrable and sub-licensable rights to promote, operate, publish, reproduce and distribute (a) the Beijing Baofu Licensed Game One and the products and services related thereto within Hong Kong, the Macau Special Administrative Region and Taiwan; and (b) the Beijing Baofu Licensed Game Two and the products and services related thereto within Japan
“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
“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
“Jian Jian Wan”	Hainan Jian Jian Wan Technology Co., Ltd* (海南漸漸玩科技有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Jian Jian Wan Licensed Game”	the online game licensed by Jian Jian Wan to the Licensee under the Jian Jian Wan Licensing Agreement
“Jian Jian Wan Licensing Agreement”	the licensing agreement dated 14 December 2023 entered into between Jian Jian Wan and the Licensee, pursuant to which Jian Jian Wan granted the Licensee the exclusive, transferrable and sub-licensable rights to promote, operate, publish, reproduce and distribute the Jian Jian Wan Licensed Game and the products and services related thereto worldwide in exclusion of the PRC, Hong Kong, the Macau Special Administrative Region, Taiwan and the Republic of Korea
“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
“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

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* *For identification only*

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

Hong Kong, 8 February 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>.*