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柠萌影视

Linmon Media Limited

檸萌影視傳媒有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 9857)

**CONTINUING CONNECTED TRANSACTIONS
LITERATURE WORK COPYRIGHT PURCHASE
FRAMEWORK AGREEMENT**

LITERATURE WORK COPYRIGHT PURCHASE FRAMEWORK AGREEMENT

The Board hereby announces that the Company entered into the Literature Work Copyright Purchase Framework Agreement with Tencent Computer (on behalf of Tencent Group) on 19 July 2024, pursuant to which, the Represented Tencent Group agreed to licence all or part of the adaptation rights of its specific literature works to the Group for the production, promotion and distribution of drama series, and the Group agreed to pay copyright licensing fees to the Represented Tencent Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent Mobility, a wholly-owned subsidiary of Tencent, is a substantial Shareholder of the Company holding approximately 18.95% interest in the Company. As Tencent Computer is a wholly-owned subsidiary of Tencent, Tencent Computer constitutes an associate of Tencent Mobility, a substantial Shareholder of the Company, under Rules 14A.07 and 14A.13 of the Listing Rules, and thereby constitutes a connected person of the Company. As such, the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement, as the applicable percentage ratios calculated pursuant to Chapter 14A of the Listing Rules in respect of the highest annual cap for the copyright licensing fees payable by the Group to the Represented Tencent Group exceed 0.1% but are less than 5%, such transactions

are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

LITERATURE WORK COPYRIGHT PURCHASE FRAMEWORK AGREEMENT

Date

19 July 2024

Parties

The Company (on behalf of the Company and/or members of the Group); and

Tencent Computer (on behalf of Tencent Group)

Subject Matters

The Group agreed to purchase the copyrights of specific literature works from the Represented Tencent Group, who agreed to, as the owner or legal right owner of the literature works, grant to the Group part of the adaptation rights of such literature works (limited to the adaptation rights of live-action drama series, etc.) for the production, promotion and distribution of live-action drama series, and both parties may carry out investment promotion (such as advertisement insertion), business development cooperation and peripheral derivatives development cooperation in relation to the production of the live-action drama series. The Group will pay copyright licensing fees to the Represented Tencent Group for the development, production and operation of live-action drama series and other commercialisation collaborations with respect to the licensed literature works.

Term

For the period from 19 July 2024 to 31 December 2025.

Specific Agreement

The parties may from time to time enter into specific agreement in accordance with the terms of the Literature Work Copyright Purchase Framework Agreement for the copyright of specific literature works, which set out the detailed terms of the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement (including the specific scope of licensing, licensing fees and payment requirements, etc.). The terms of the specific agreement will be negotiated between the parties on an arm's length basis.

Pricing Policy

The parties agree that the copyright licensing fees under the Literature Work Copyright Purchase Framework Agreement will be determined based on the specific circumstances of each literature work copyright purchase and the independent transaction principles of fairness and reasonableness. In particular, the copyright licensing fees will be determined after arm's length negotiations between the parties with reference to the market price and various commercial factors, including the validity period and limitations of the copyrights, popularity and commercial potential of the literature works and their authors, etc. Given the uniqueness of each literature work, the above commercial factors are not universally applicable to all types of literature works, and there is no quantitative formula to determine the purchase price of the copyrights of the literature works due to the diversity and uniqueness of each literature work, which shall be determined after arm's length negotiations between the parties taking into account the applicable commercial factors.

INTERNAL CONTROL MEASURES

In order to ensure that the terms of the Literature Work Copyright Purchase Framework Agreement are fair and reasonable, or on terms no less favourable to the Group than those available from independent third parties, and that the continuing connected transactions are conducted on normal commercial terms, the Group has adopted the following internal control procedures:

- (i) the Group has adopted and implemented a management system on connected transactions. Under such system, the audit committee of the Board is responsible for reviewing the compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the audit committee of the Board, the Board and various other internal departments of the Company (including but not limited to the finance department and the compliance and legal department) are jointly responsible for evaluating the fairness of the terms, the pricing policy and the annual caps under the Literature Work Copyright Purchase Framework Agreement;
- (ii) the audit committee of the Board, the Board and various other internal departments will also regularly monitor the performance and transaction progress of the Literature Work Copyright Purchase Framework Agreement. In addition, the management of the Company also regularly reviews the pricing policy of the Literature Work Copyright Purchase Framework Agreement;
- (iii) the independent non-executive Directors and the auditors will conduct annual review of the continuing connected transactions under the Literature Work Copyright Purchase Framework Agreement and provide annual confirmations to ensure that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the relevant pricing policies, in compliance with the requirements under Rules 14A.55 and 14A.56 of the Listing Rules;

- (iv) when considering the licensing fees for the services provided by the connected persons to the Company, the Company will continue to study the prevailing market conditions and practices and make reference to the prices and terms of similar transactions between the Company and independent third parties to ensure that the prices and terms offered by the above connected persons through mutual commercial negotiations (as the case may be) are fair and reasonable and no less favourable to the Group than those offered by independent third parties; and
- (v) in considering any subsequent renewal or amendment to the Literature Work Copyright Purchase Framework Agreement, the interested Directors and Shareholders shall abstain from voting on the resolutions approving such transactions at the Board meetings or the Shareholders' meetings (as the case may be), and the independent non-executive Directors and the independent Shareholders have the right to consider whether the terms of the non-exempt continuing connected transactions (including the proposed annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. If the approval of the independent non-executive Directors or the independent Shareholders is not obtained, the Group will not proceed with the transactions under the Literature Work Copyright Purchase Framework Agreement unless such transactions constitute exempted continuing connected transactions under Rule 14A.73 of the Listing Rules.

ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS

The annual caps for the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement for the periods indicated below are set out below:

	For the period from 19 July 2024 to 31 December 2024 (RMB'000)	For the period from 1 January 2025 to 31 December 2025 (RMB'000)
Copyright licensing fees payable by the Group to the Represented Tencent Group	4,500	5,500

From 10 August 2022 (being the date of listing of the Company on the Stock Exchange) to the date of this announcement, the Company and the Represented Tencent Group did not incur any historical transaction amount for the purchase of literature work copyright.

The above annual caps have been determined after taking into account the following factors, including: (1) the expected number and price of cooperation copyrights between the Group and the Represented Tencent Group; (2) the validity period of the copyrights, popularity and commercial potential of the literature works and their authors; and (3) the level of the price of premium IP resources of the recent broadcasting of popular drama series with similar genre.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LITERATURE WORK COPYRIGHT PURCHASE FRAMEWORK AGREEMENT

The Company believes that certain premium IP resources of the Represented Tencent Group have great commercial potential, and the cooperation with the Represented Tencent Group will help the Company obtain and utilise premium IP resources to develop more premium drama series and other commercial works, thereby further enhancing the Company's revenue and Shareholders' interests.

OPINIONS OF THE BOARD

Having considered the above factors, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Literature Work Copyright Purchase Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole, and the terms of the Literature Work Copyright Purchase Framework Agreement and the annual caps thereunder are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company.

As Mr. Sun Zhonghuai, a non-executive Director, is considered to have a material interest in the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement by virtue of his senior management position in Tencent, he has abstained from voting on the relevant Board resolution approving the Literature Work Copyright Purchase Framework Agreement. Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement and none of the other Directors is required to abstain from voting on the relevant Board resolution.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent Mobility, a wholly-owned subsidiary of Tencent, is a substantial Shareholder of the Company holding approximately 18.95% interest in the Company. As Tencent Computer is a wholly-owned subsidiary of Tencent, Tencent Computer constitutes an associate of Tencent Mobility, a substantial Shareholder of the Company, under Rules 14A.07 and 14A.13 of the Listing Rules, and thereby constitutes a connected person of the Company. As such, the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the transactions contemplated under the Literature Work Copyright Purchase Framework Agreement, as the applicable percentage ratios calculated pursuant to Chapter 14A of the Listing Rules in respect of the highest annual cap for the copyright licensing fees payable by the Group to the Represented Tencent Group exceed 0.1% but are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Group

The Group is a PRC drama series company with an abundant reserve of original IPs focusing on creating high-ratings drama series. The Group is committed to the full value chain operation of drama series, including investment, production, distribution, promotion and derivatives licensing.

Tencent Computer

Tencent Computer is principally engaged in the provision of value-added services and online advertising in the PRC. Tencent Group is principally engaged in the provision of communications, social networking, digital content, games, online advertising, financial technology and business services in the PRC.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Linmon Media Limited (檸萌影視傳媒有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 10 June 2021, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9857)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries and the consolidated affiliated entities
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Literature Work Copyright Purchase Framework Agreement”	the framework agreement dated 19 July 2024 entered into between the Company and Tencent Computer (on behalf of Tencent Group) in relation to the purchase of copyright of specific literature works
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Represented Tencent Group”	Tencent Computer and the group members of Tencent Group represented by it, except China Literature Limited, Tencent Music Entertainment Group and their subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited, a limited liability company organized and existing under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700)
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established in the PRC and a wholly-owned subsidiary of Tencent
“Tencent Group”	Tencent and its subsidiaries
“Tencent Mobility”	Tencent Mobility Limited, a private company limited by shares incorporated in Hong Kong, which holds approximately 18.95% interest in the Company and is a wholly-owned subsidiary of Tencent
“%”	per cent

On behalf of the Board
Linmon Media Limited
Su Xiao
Chairman

Beijing, PRC
19 July 2024

As at the date of this announcement, the executive Directors are Mr. Su Xiao, Ms. Chen Fei, Ms. Xu Xiao'ou and Mr. Zhou Yuan; the non-executive Directors are Mr. Sun Zhonghuai and Mr. Zhang Rong; and the independent non-executive Directors are Ms. Long Yu, Mr. Jiang Changjian and Ms. Tang Songlian.