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**CHINA RUYI HOLDINGS LIMITED**

**中國儒意控股有限公司**

*(a company incorporated in Bermuda with limited liability)*

**(Stock Code: 136)**

- (1) PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE;  
(2) CONNECTED TRANSACTION INVOLVING PROPOSED ISSUE OF  
NEW SHARES TO SUBSTANTIAL SHAREHOLDER  
UNDER SPECIFIC MANDATE; AND  
(3) RESUMPTION OF TRADING**

**PROPOSED ISSUE OF NEW SHARES**

On 4 July 2023, the Company entered into the Share Subscription Agreements separately with each of the Subscribers (among which Water Lily is a connected person of the Company) pursuant to which the Company has agreed to allot and issue, and the Subscribers have agreed to subscribe an aggregate of 2,500,000,000 Subscription Shares at HK\$1.60 per Subscription Share, on the respective terms thereunder.

The aggregate gross and net proceeds of the Share Subscriptions will be approximately HK\$4,000,000,000. The Company intends to apply the net proceeds from the Share Subscriptions in the manner set out in the paragraph headed "Use of proceeds" of this announcement. The net Subscription Price per Subscription Share, after deduction of relevant costs and expenses, is estimated to be approximately HK\$1.60 per Subscription Share.

The Subscription Shares represent approximately 24.99% of the total issued share capital of the Company as at the date of this announcement and approximately 20.00% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there being no other changes to the total issued share capital of the Company).

### **IMPLICATIONS UNDER THE LISTING RULES**

Water Lily is a substantial shareholder, hence, a connected person of the Company. The Water Lily Share Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscription Shares to be issued and allotted to Water Lily will be allotted and issued under the Specific Mandate to be obtained at the SGM. The Subscription Shares to be issued and allotted to the Independent Subscribers will be allotted and issued under the General Mandate. As at the date of this announcement, no Share has been issued by the Company under the General Mandate. As such, the maximum number of new Shares which may be issued by the Company under the General Mandate is 2,000,929,509 Shares, being 20% of the total number of 10,004,647,545 issued Shares as at the date of the 2023 Annual General Meeting. Therefore, the General Mandate is sufficient for the allotment and issue of Subscription Shares to the Independent Subscribers (i.e. 2,000,000,000 Subscription Shares).

### **INTRODUCTION**

On 4 July 2023, the Company entered into the Share Subscription Agreements separately with each of the Subscribers (among which Water Lily is a connected person of the Company) pursuant to which the Company has agreed to allot and issue, and the Subscribers have agreed to subscribe an aggregate of 2,500,000,000 Subscription Shares at HK\$1.60 per Subscription Share, on the respective terms thereunder.

## **PRINCIPAL TERMS OF THE SHARE SUBSCRIPTION AGREEMENTS**

### **Century Spirit Share Subscription Agreement**

**Date:** 4 July 2023 (before trading hours)

**Parties:** (i) the Company, as the issuer; and  
(ii) Century Spirit, as Subscriber

**Subscription Shares:** 500,000,000 Subscription Shares

**Subscription Price:** HK\$1.60 per Subscription Share

Century Spirit is an investment holding company incorporated in the British Virgin Islands with limited liability. Its ultimate beneficial owner is Liu Xueheng.

### **Cubract Ventures Share Subscription Agreement**

**Date:** 4 July 2023

**Parties:** (i) the Company, as the issuer; and  
(ii) Cubract Ventures, as Subscriber

**Subscription Shares:** 500,000,000 Subscription Shares

**Subscription Price:** HK\$1.60 per Subscription Share

Cubract Ventures is an investment holding company incorporated in the Cayman Islands with limited liability. Its ultimate beneficial owner is Wang Yanlong.

### **Fame Mountain Share Subscription Agreement**

**Date:** 4 July 2023

**Parties:** (i) the Company, as the issuer; and  
(ii) Fame Mountain, as Subscriber

**Subscription Shares:** 500,000,000 Subscription Shares

**Subscription Price:** HK\$1.60 per Subscription Share

Fame Mountain is an investment holding company incorporated in the British Virgin Islands with limited liability. Its ultimate beneficial owner is Mo Keung.

### **Million Succeed Share Subscription Agreement**

**Date:** 4 July 2023

**Parties:** (i) the Company, as the issuer; and  
(ii) Million Succeed, as Subscriber

**Subscription Shares:** 500,000,000 Subscription Shares

**Subscription Price:** HK\$1.60 per Subscription Share

Million Succeed is an investment holding company incorporated in the British Virgin Islands with limited liability. Its ultimate beneficial owner is Chu Yajun.

## **Water Lily Share Subscription Agreement**

**Date:** 4 July 2023

**Parties:** (i) the Company, as the issuer; and  
(ii) Water Lily, as Subscriber

**Subscription Shares:** 500,000,000 Subscription Shares

**Subscription Price:** HK\$1.60 per Subscription Share

Water Lily is a substantial shareholder, hence a connected person of the Company. It is an investment holding company incorporated in the British Virgin Islands with limited liability, and is a wholly-owned subsidiary of Tencent Holdings Limited (stock code: 700), which is a company principally engaged in value-added services, online advertising, fin-tech and business services.

To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, each of the Subscribers and, if applicable, its ultimate beneficial owner(s) are independent of each other.

To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, none of the Independent Subscribers or their respective ultimate beneficial owner is a connected person of the Company.

### **Subscription Shares**

Assuming there will be no change in the issued share capital of the Company from the date of the Share Subscription Agreements to each of the Closing Dates, save for the allotment and issue of the Subscription Shares:

- (a) the Subscription Shares represent approximately 24.99% of the issued share capital of the Company as at the date of this announcement, of which the Subscription Shares to be allotted and issued to each of the Subscribers represent approximately 5.00% of the issued share capital of the Company as at the date of this announcement; and

- (b) the Subscription Shares represent approximately 20.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, of which the Subscription Shares to be allotted and issued to each of the Subscribers represent approximately 4.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price of HK\$1.60 per Subscription Share represents:

- (a) a discount of approximately 17.53% to the closing price of HK\$1.94 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.67% to the average closing price of approximately HK\$1.92 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 15.79% to the average closing price of approximately HK\$1.90 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiation between the Company and each of the Subscribers after taking into account the prevailing market price of the Shares and the trading volume of the Shares. In respect of the Share Subscriptions by the Independent Subscribers, the Directors are of the view that the terms of each of the Independent Subscriber Share Subscription Agreements (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. In respect of the Share Subscription by Water Lily, the Directors (other than the independent non-executive Directors who will give their opinion after considering the advice from the Independent Financial Adviser), are of the view that the terms of the Water Lily Share Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

The Subscription Shares have an aggregate nominal value of HK\$50,000,000. The net proceeds from the Share Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK\$4,000,000,000. The net Subscription Price per Subscription Share, after deduction of relevant costs and expenses, is estimated to be approximately HK\$1.60 per Subscription Share.

***As to the Independent Subscriber Share Subscription Agreements:***

The Subscription Price shall be payable by each of the Independent Subscribers, respectively, in cash upon each Closing.

***As to the Water Lily Share Subscription Agreement:***

The Subscription Price shall be payable by Water Lily in cash within five (5) Business Days from the date of the Water Lily Share Subscription Agreement, or such other date as may be agreed by the Company and Water Lily.

**Ranking**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

**Conditions Precedent under each of the Share Subscription Agreements**

Completion of each of the Share Subscription Agreements is conditional upon the satisfaction (or, if applicable, waiver) of the following conditions precedent:

***As to each of the Independent Subscriber Share Subscription Agreements:***

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the relevant Subscription Shares and such approval not having been withdrawn or revoked prior to each Closing Date;
- (b) each of the warranties included in the relevant Share Subscription Agreement given by the relevant Subscriber remaining true and accurate in all respects and not misleading in any respect as at each Closing Date;
- (c) each of the warranties included in the relevant Share Subscription Agreement given by the Company remaining true and accurate in all respects and not misleading in any respect as at each Closing Date;
- (d) the Company having obtained all necessary approvals (if required) from any third parties for the relevant Share Subscription Agreement and the transactions contemplated thereunder, and such approvals have not been withdrawn or revoked prior to each Closing Date; and
- (e) the relevant Subscriber having obtained all necessary approvals (if required) from any third parties for the relevant Share Subscription Agreement and the transactions contemplated thereunder, and such approvals have not been withdrawn or revoked prior to each Closing Date.

The Condition Precedent set out in paragraph (a) cannot be waived by any party. As at the date of this announcement, none of the Conditions Precedent under any of the Independent Subscriber Share Subscription Agreements has been fulfilled.

***As to the Water Lily Share Subscription Agreement:***

- (f) the passing of resolution(s) by the Independent Shareholders at the SGM approving the Water Lily Share Subscription Agreement and the transactions contemplated thereunder;
- (g) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the relevant Subscription Shares and such approval not having been withdrawn or revoked;
- (h) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn;
- (i) each of the warranties included in the Water Lily Share Subscription Agreement given by the Company remaining true and accurate in all respects and not misleading in any respect as at Closing;
- (j) the Company not having breached the pre-completion undertakings given in the Water Lily Share Subscription Agreement entered into between the Company and Water Lily in any respect, and not having materially breached or failed to perform in any material respect its other obligations or undertakings under the Water Lily Share Subscription Agreement prior to Closing;
- (k) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Company reasonably considers necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules) for its execution, implementation and completion of the Water Lily Share Subscription Agreement having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Closing;
- (l) all consents, approvals, permits, authorisations or clearances (as the case may be) that Water Lily reasonably considers necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules) for its execution, implementation and completion of the Water Lily Share Subscription Agreement having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Closing; and



(m) from the date of the Water Lily Share Subscription Agreement entered into between the Company and Water Lily up to and as at the Water Lily Closing Date, there not having occurred any change (nor any development or event involving a prospective change), in the business, assets and liabilities, condition (financial or otherwise), business operations, results of operations or general affairs of the Company or the Group taken as a whole (whether or not arising in the ordinary course of business), which, in the reasonable opinion of Water Lily, has or would have a Material Adverse Effect.

At any time on or before 11:59 p.m. on the Water Lily Closing Date, Water Lily may waive any Condition Precedent set out in paragraphs (i) to (m) pursuant to the Water Lily Share Subscription Agreement. The Condition Precedent set out in paragraphs (f), (g) and (h) cannot be waived by any party. As at the date of this announcement, none of the Conditions Precedent under the Water Lily Share Subscription Agreement has been fulfilled.

### **Termination**

#### ***As to the Independent Subscriber Share Subscription Agreements:***

If any Condition Precedent set out in paragraphs (a) to (e) as to the Independent Subscriber Share Subscription Agreements has not been satisfied or waived (as applicable) by the Independent Subscribers Longstop Date, the relevant Share Subscription Agreement shall be automatically terminated with immediate effect, save for claims arising from any antecedent breach of any obligation under the relevant Share Subscription Agreement.

#### ***As to the Water Lily Share Subscription Agreement:***

If any Condition Precedent set out in paragraphs (f), (g) and (h) as to the Water Lily Share Subscription Agreement has not been satisfied by 11:59 p.m. on the Water Lily Longstop Date, the Water Lily Share Subscription Agreement shall be automatically terminated with immediate effect. If any Condition Precedent set out in paragraphs (i) to (m) has not been waived by Water Lily pursuant to the terms of the Water Lily Share Subscription Agreement or has not been satisfied by 11:59 pm on the by Water Lily Closing Date, the Water Lily Share Subscription Agreement shall be automatically terminated with immediate effect. Upon termination of the Water Lily Share Subscription Agreement, the Company shall refund to Water Lily any Subscription Price already paid within five (5) Business Days from the date of termination or the intended Closing Date (as the case may be).

## **Closing**

### ***As to the Independent Subscriber Share Subscription Agreements:***

Subject to the Conditions Precedent set out in paragraphs (a) to (e) being satisfied or waived (as applicable) and the relevant terms under the Independent Subscriber Share Subscription Agreements, each of the Independent Subscribers shall complete the subscription of all the relevant Subscription Shares in one or multiple tranches before 5 September 2023. The relevant Subscriber shall deliver to the Company a closing notice stating (i) the Subscription Price; and (ii) the corresponding number of Subscription Shares to be issued to that Subscriber at least four (4) Business Days prior to the date of each closing of a tranche of the Subscription Shares (each a “**Century Spirit Closing Date**”, “**Cubtract Ventures Closing Date**”, “**Fame Mountain Closing Date**” or “**Million Succeed Closing Date**”, as applicable).

### ***As to the Water Lily Share Subscription Agreement:***

Subject to the Conditions Precedent set out in paragraphs (f) to (m) being satisfied or waived (as applicable) and the relevant terms under the Water Lily Share Subscription Agreement, Closing under the Water Lily Share Subscription Agreement shall occur on the date that is ten (10) Business Days after the date (not being later than the Water Lily Longstop Date) on which the last of the Conditions Precedent (other than those conditions which are expressed to be satisfied on or as at the Water Lily Closing Date, but subject to the satisfaction or waiver of such conditions) is satisfied or waived (if applicable) via exchange of documents and signatures, or at such other date, time and venue as the parties may agree in writing (the “**Water Lily Closing Date**”).

For the avoidance of doubt, completion of each of the Share Subscription Agreements are not inter-conditional to each other.

### **More Favourable Terms as to Water Lily Share Subscription Agreement**

In respect of the Water Lily Share Subscription Agreement, the Company undertook to Water Lily that, in the event the Company at any time proposes to grant or has granted to any Subscribers other than Water Lily, whether under any other Share Subscription Agreements or otherwise, any terms, rights, powers, privileges or preferences relating to or in connection with the Share Subscriptions by any other Subscribers which are in any way more favourable than those granted to Water Lily under the Water Lily Share Subscription Agreement (the “**More Favourable Terms**”), Water Lily shall be entitled to such More Favourable Terms and the Company shall immediately notify Water Lily of such More Favourable Terms and take all necessary actions to procure that such More Favourable Terms are offered and granted to Water Lily as soon as practicable.

## **General Mandate**

As at the date of this announcement, no Share has been issued by the Company under the General Mandate. As such, the maximum number of new Shares which may be issued by the Company under the General Mandate is 2,000,929,509 Shares, being 20% of the total number of 10,004,647,545 issued Shares as at the date of the 2023 Annual General Meeting on 28 June 2023. Therefore, the General Mandate is sufficient for the allotment and issue of Subscription Shares to the Independent Subscribers (i.e. 2,000,000,000 Subscription Shares). The allotment and issue of the Subscription Shares to the Independent Subscribers is not subject to any further Shareholders' approval.

## **Specific Mandate**

In respect of the Share Subscription by Water Lily, the relevant Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent Shareholders at the SGM.

## **Listing Application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE COMPLETION OF THE SHARE SUBSCRIPTIONS

To the best of the Directors' knowledge, information and belief after having made reasonable enquiries, a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Closing (assuming there being no other changes to the issued share capital of the Company between the date of this announcement and the Closing Date, save for the allotment and issue of the Subscription Shares) is set out as below:

Name of Shareholder	(i) As at the date of this announcement		(ii) Immediately after the Closing (assuming there is no change in the number of the issued Shares between the date of this announcement and each of the Closing Dates, save for the allotment and issue of the Subscription Shares)	
	<i>No. of Shares</i>	<i>Approximate per cent. (%)</i>	<i>No. of Shares</i>	<i>Approximate per cent. (%)</i>
<i>Directors (Note 1)</i>				
Mr. Ke Liming (Note 2)	1,893,101,943	18.92%	1,893,101,943	15.14%
Mr. Yang Ming (Note 3)	1,080,000	0.01%	1,080,000	0.01%
<i>Substantial Shareholders (Other than Mr. Ke Liming)</i>				
Water Lily (Note 4)	<u>2,045,734,565</u>	<u>20.45%</u>	<u>2,545,734,565</u>	<u>20.36%</u>
<b>Sub-total of non-public Shareholders</b>	<b><u>3,939,916,508</u></b>	<b><u>39.38%</u></b>	<b><u>4,439,916,508</u></b>	<b><u>35.51%</u></b>
<i>Public Shareholders</i>				
Liu Xuecheng (Note 5)	36,688,000	0.37%	536,688,000	4.29%
Cubtract Ventures	45,002,000	0.45%	545,002,000	4.36%
Fame Mountain	—	—	500,000,000	4.00%
Million Succeed	—	—	500,000,000	4.00%
Other public Shareholders	5,983,041,037	59.80%	5,983,041,037	47.85%
<b>Sub-total of public Shareholders</b>	<b><u>6,064,731,037</u></b>	<b><u>60.62%</u></b>	<b><u>8,064,731,037</u></b>	<b><u>64.49%</u></b>
<b>Total number of issued Shares</b>	<b><u>10,004,647,545</u></b>	<b><u>100.00%</u></b>	<b><u>12,504,647,545</u></b>	<b><u>100.00%</u></b>

*Notes:*

1. As at the date of this announcement, each of Ms. Chen Xi and Mr. Zhang Qiang, executive Directors, was interested in 48,000,000 and 10,000,000 Shares (within the meaning of Part XV of the SFO), respectively, being the underlying shares of the share options granted to Ms. Chen Xi and Mr. Zhang Qiang pursuant to the share option scheme of the Company. For the purpose of this announcement, the above table does not include any underlying shares to be issued under any share options granted to the Directors.
2. As at the date of this announcement, 1,893,101,943 Shares were indirectly held by Mr. Ke Liming, an executive Director and the Chairman of the Board. Mr. Ke Liming was also deemed to be interested in 1,834,279,307 Shares within the meaning of Part XV of the SFO, being the underlying shares of the warrants issued to Pumpkin Films Limited, a company wholly-owned by him.
3. As at the date of this announcement, Mr. Yang Ming, a non-executive Director, was directly interested in 1,080,000 Shares.
4. As at the date of this announcement, Water Lily was directly interested in 2,045,734,565 Shares. Water Lily is a wholly-owned subsidiary of Tencent Holdings Limited.
5. As at the date of this announcement, Century Spirit was not interested in any Shares. As at the date of this announcement, Liu Xueheng, the ultimate beneficial owner of Century Spirit, was interested in 36,688,000 Shares. Liu Xueheng is also deemed to be interested in the 500,000,000 Shares held by Century Spirit immediately after the Closing pursuant to Part XV of the SFO.
6. Certain figures included in the table above have been rounded to the nearest integer or to two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF SUBSCRIPTION SHARES**

The Group is principally engaged in content production and online streaming business, internet community services and related businesses, and manufacture and sales of accessories. After the end of the COVID-19 outbreak, the film industry has started to recover. The Share Subscriptions are expected to provide the Group with definite amount of capital to further develop and expand its film and gaming businesses whereby the shareholder base of the Company will also be enlarged and diversified, further strengthening the financial position and market reputation of the Group.

Taking into account the recent market conditions, the Directors consider that raising funds by way of allotment and issue of the Subscription Shares shall enable the Company to continue to obtain funds at a lower cost, as compared to a rights issue or an open offer. The Board has considered other alternative fundraising methods such as debt financing, rights issue or open offer. The Board has considered that debt financing may incur financial costs on the Group, while rights issue or open offer will involve the issue of listing documents with other application and administrative procedures

which may require relatively longer time and incur additional administrative costs as compared to the equity financing by way of allotment and issue of new Shares under the General Mandate and the Specific Mandate.

## **USE OF PROCEEDS**

The aggregate gross proceeds of the Share Subscriptions will be approximately HK\$4,000,000,000 (as to approximately HK\$3,200,000,000 from the Share Subscriptions under the General Mandate and as to approximately HK\$800,000,000 from the Share Subscription under the Specific Mandate). The aggregate net proceeds of the Share Subscriptions, after the deduction of related fees and expenses, will be approximately HK\$4,000,000,000.

The Company intends to apply the net proceeds from the Share Subscriptions in the following manner: (a) approximately HK\$3,600,000,000 (or approximately 90%) for the development and expansion of the Group's film and gaming businesses; and (b) approximately HK\$400,000,000 (or approximately 10%) for the Group's general working capital purposes.

## **EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS**

The Company entered into (a) the 2022 Water Lily Share Subscription Agreement on 13 July 2022 and (b) the Sunshine Life Share Subscription Agreement on 14 July 2022 in respect of the Previous Share Issuance. The aggregate net proceeds of the Previous Share Issuance, after deduction of related fees and expenses, was approximately HK\$1,560,000,000, which were intended to be utilised (a) for the Group's general working capital purposes and (b) for the growth and expansion of the business of the Group, as described in the announcements of the Company dated 14 July 2022 and 21 December 2022.

Details of the Company's utilisation of net proceeds raised from the Previous Share Issuance as at the date of this announcement are set out as follows:

Proposed use of proceeds as disclosed in the announcement of the Company dated 21 December 2022	Allocated amount of net proceeds <i>(Approximate HK\$ million)</i>	Utilised amount as at the date of this announcement <i>(Approximate HK\$ million)</i>	Unutilised amount as at the date of this announcement <i>(Approximate HK\$ million)</i>	Expected timeframe for utilising the remaining unused net proceeds
General working capital purposes	57	57	—	It is expected that the net proceeds for (i) general working capital purposes and (ii) growth and expansion of the Group's business will be fully utilised between September 2023 – March 2024.
The growth and expansion of the business of the Group, including:	1,503	1,259	244	
• content production	1,150	920	230	
• purchase of drama script and copyright	37	37	—	
• purchase of copyright of films and TV programs	252	252	—	
• development of online gaming business	64	50	14	
<b>Total</b>	<b><u>1,560</u></b>	<b><u>1,316</u></b>	<b><u>244</u></b>	N/A

Save as disclosed above, the Company had not conducted any other equity fundraising activity in the past twelve months immediately preceding the date of this announcement.

## INFORMATION OF THE COMPANY

The Company is listed on the Stock Exchange (stock code: 136). The Company is an investment holding company. The Group is principally engaged in content production and online streaming business, internet community services and related businesses, and manufacture and sales of accessories.

## IMPLICATIONS UNDER THE LISTING RULES

### Independent Subscriber Share Subscription Agreements

As the relevant Subscription Shares to be issued and allotted to the Independent Subscribers will be allotted and issued under the General Mandate, no additional Shareholders' approval is required.

## **Water Lily Share Subscription Agreement**

As at the date of this announcement, Water Lily held 2,045,734,565 Shares which represented approximately 20.45% of the issued share capital of the Company. Accordingly, Water Lily is a substantial shareholder and a connected person of the Company and the Water Lily Share Subscription Agreement (and the Share Subscription by Water Lily contemplated thereunder) constitute a connected transaction for the Company which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Subscription Shares to be issued and allotted to Water Lily will be allotted and issued under the Specific Mandate to be obtained at the SGM, the Share Subscription by Water Lily is subject to the Independent Shareholders' approval.

### **FORMATION OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Share Subscription by Water Lily. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **SGM**

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Water Lily Share Subscription Agreement and the transactions contemplated thereunder (including without limitation, (a) the allotment and issue of the Subscription Shares to Water Lily and (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Water Lily).

Water Lily and its associate(s) will abstain from voting on the relevant ordinary resolution(s) at the SGM. Save as disclosed and to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Water Lily Share Subscription Agreement and the transactions contemplated thereunder (including without limitation, (a) the allotment and issue of the Subscription Shares to Water Lily and (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Water Lily), and is required to abstain from voting on the resolutions to approve the aforesaid matters at the SGM.



To the best of the knowledge and belief of the Directors, none of the Directors has any interest in the resolution(s) of the Board to consider and approve the Water Lily Share Subscription Agreement and the transactions contemplated thereunder (including without limitation, (a) the allotment and issue of the Subscription Shares to Water Lily and (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Water Lily) or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

## **MISCELLANEOUS**

A circular containing, among other things, (i) further details of the Water Lily Share Subscription Agreement, and the transactions contemplated thereunder (including without limitation, (a) the allotment and issue of the Subscription Shares to Water Lily and (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Water Lily); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the SGM; and (v) other information required under the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 31 August 2023 in order to allow sufficient time for preparation of the relevant information to be included in the circular.

**Completion of the issue of the Subscription Shares is conditional upon the fulfilment (or, if applicable, waiver) of the conditions precedent set out under each of the paragraphs headed “Conditions Precedent under the Share Subscription Agreements” of this announcement, which may or may not be fulfilled or, if applicable, waived. Accordingly, the aforementioned completions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 4 July 2023 pending the publication of this announcement.

Application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 July 2023.

## DEFINITIONS

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

“2022 Water Lily Share Subscription Agreement”	the share subscription agreement dated 13 July 2022 entered into between the Company as the issuer and Water Lily as the subscriber in relation to the subscription of 162,500,000 Shares at HK\$2.40 per Share
“2023 Annual General Meeting”	the annual general meeting of the Company held on 28 June 2023
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays and a day on which typhoon signal no. 8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which banks are generally open for business in Hong Kong and in the PRC
“Century Spirit”	Century Spirit Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is ultimately beneficially owned by Liu Xueheng at the date of this announcement
“Century Spirit Closing Date”	has the meaning ascribed thereto under the paragraph headed “Closing” in this announcement
“Century Spirit Share Subscription Agreement”	the share subscription agreement dated 4 July 2023 entered into between the Company as the issuer and Century Spirit as the subscriber in relation to the subscription of 500,000,000 Subscription Shares at the Subscription Price
“Closing”	the completion of the Share Subscriptions (or a tranche thereof, as applicable) under the Share Subscription Agreements

“Closing Date(s)”	collectively, the Century Spirit Closing Date, the Cubract Ventures Closing Date, the Fame Mountain Closing Date, the Million Succeed Closing Date and the Water Lily Closing Date, each a “Closing Date”
“Company”	China Ruyi Holdings Limited (中國儒意控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 136)
“Conditions Precedent”	the conditions precedent set out under the paragraphs headed “Conditions Precedent under each of the Share Subscription Agreements” of this announcement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Connected Transaction”	the Share Subscription by Water Lily pursuant to the Water Lily Share Subscription Agreement
“Cubract Ventures”	Cubract Ventures Limited, a company incorporated in the Cayman Islands with limited liability, which is ultimately beneficially owned by Wang Yanlong as at the date of this announcement
“Cubract Ventures Closing Date”	has the meaning ascribed thereto under the paragraph headed “Closing” in this announcement
“Cubract Ventures Share Subscription Agreement”	the share subscription agreement dated 4 July 2023 entered into between the Company as the issuer and Cubract Ventures as the subscriber in relation to the subscription of 500,000,000 Subscription Shares at the Subscription Price
“Director(s)”	the director(s) of the Company
“Fame Mountain”	Fame Mountain Limited (譽山有限公司), a company incorporated in the British Virgins Islands with limited liability, which was ultimately beneficially owned by Mo Keung as at the date of this announcement
“Fame Mountain Closing Date”	has the meaning ascribed thereto under the paragraph headed “Closing” in this announcement

“Fame Mountain Share Subscription Agreement”	the share subscription agreement dated 4 July 2023 entered into between the Company as the issuer and Fame Mountain as the subscriber in relation to the subscription of 500,000,000 Subscription Shares at the Subscription Price
“General Mandate”	the general mandate granted by the Shareholders at the 2023 Annual General Meeting, pursuant to which the Directors were authorised to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares then existing, that is a total of 2,000,929,509 Shares
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent Board committee, comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Connected Transaction
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Connected Transaction
“Independent Shareholders”	Shareholders other than those required under the Listing Rules to abstain from voting on the resolutions to be proposed at the SGM
“Independent Subscribers”	collectively, Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed
“Independent Subscribers Longstop Date”	30 November 2023, or such later date as the Company and the relevant Subscribers may agree
“Independent Subscriber Share Subscription Agreements”	collectively, the Century Spirit Share Subscription Agreement, the Cubract Ventures Share Subscription Agreement, the Fame Mountain Share Subscription Agreement and the Million Succeed Share Subscription Agreement

“Last Trading Day”	3 July 2023, being the last trading day prior to the signing of the Share Subscription Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Material Adverse Effect”	any material adverse effect on the business, assets and liabilities, condition (financial or otherwise), business operations, results of operations, or general affairs of the Company or the Group taken as a whole
“Million Succeed”	Million Succeed Development Limited (成萬發展有限公司), a company incorporated in the British Virgins Islands with limited liability, which was ultimately beneficially owned by Chu Yajun as at the date of this announcement
“Million Succeed Closing Date”	has the meaning ascribed thereto under the paragraph headed “Closing” in this announcement
“Million Succeed Share Subscription Agreement”	the share subscription agreement dated 4 July 2023 entered into between the Company as the issuer and Million Succeed as the subscriber in relation to the subscription of 500,000,000 Subscription Shares at the Subscription Price
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Region
“Previous Share Issuance”	the subscription and issue of the subscription shares pursuant to the 2022 Water Lily Share Subscription Agreement and the Sunshine Life Share Subscription Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“SGM”	the special general meeting of the Company to be convened and held for the purposes of approving, among others, the Water Lily Share Subscription Agreement and the transactions contemplated therewith (including without limitation, (a) the allotment and issue of the Subscription Shares to Water Lily and (b) the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares to Water Lily)
“Share Subscription Agreements”	collectively, the Independent Subscriber Share Subscription Agreements and the Water Lily Share Subscription Agreement, and each a “Subscription Agreement”
“Share Subscription(s)”	the subscription and issue of the Subscription Shares pursuant to each of the Share Subscription Agreements
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Directors at the SGM for the allotment and issue of the Subscription Shares to Water Lily
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, the Independent Subscribers and Water Lily, and each a “Subscriber”
“Subscription Price”	HK\$1.60 per Subscription Share
“Subscription Shares”	an aggregate of 2,500,000,000 new Shares to be issued and allotted by the Company to the Subscribers pursuant to the terms and conditions of the Share Subscription Agreements
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules

“Sunshine Life Share Subscription Agreement”	the share subscription agreement dated 14 July 2022 entered into between the Company as the issuer and Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) as the subscriber in relation to the subscription of 487,500,000 Shares at HK\$2.40 per Share
“Water Lily”	Water Lily Investment Limited
“Water Lily Longstop Date”	30 November 2023, or such later date as the Company and Water Lily may agree
“%”	per cent

By order of the Board  
**China Ruyi Holdings Limited**  
**Ke Liming**  
*Chairman*

Hong Kong, 4 July 2023

*As at the date of this announcement, the executive Directors of the Company are Mr. Ke Liming, Ms. Chen Xi and Mr. Zhang Qiang; the non-executive Director of the Company is Mr. Yang Ming; and the independent non-executive Directors of the Company are Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin.*