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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)

**DISCLOSEABLE TRANSACTIONS:
ENTERING INTO THE EQUITY TRANSFER AGREEMENT AND
THE SUPPORT AGREEMENT;
AND
RESUMPTION OF TRADING**

FINANCIAL ADVISOR



DISCLOSEABLE TRANSACTIONS

The Company is pleased to announce that on 20 July 2023, Shanghai Ruyi (a controlled structured entity of the Company) (as transferee) entered into the Equity Transfer Agreement with Beijing Culture (as transferor), stipulating that Shanghai Ruyi shall acquire 49% of the shares in Beijing Investment held by Beijing Culture at a Consideration of RMB2,262,000,000. During the signing of the Equity Transfer Agreement, Shanghai Ruyi entered into the Support Agreement with Beijing Culture and Beijing Investment. Upon the Completion of the Equity Transfer, Shanghai Ruyi will directly hold 49% of the shares of Beijing Investment. Beijing Investment will not be a subsidiary of the Company, and its financial results will not be consolidated into the Company's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for each of the transactions under the the Equity Transfer Agreement and the Support Agreement is more than 5% but less than 25%, the transactions under the Equity Transfer Agreement and the Support Agreement respectively constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore shall be subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 21 July 2023 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 July 2023.

Shareholders and potential investors should be aware that there is uncertainty as the transaction under the Equity Transfer Agreement is subject to the fulfillment of a number of conditions agreed in the agreement and the consent of the domestic industry competent authorities. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Company is pleased to announce that on 20 July 2023, Shanghai Ruyi (a controlled structured entity of the Company) (as transferee), entered into the Equity Transfer Agreement with Beijing Culture (as transferor), stipulating that Shanghai Ruyi shall acquire 49% of the shares in Beijing Investment held by Beijing Culture at a Consideration of RMB2,262,000,000. During the signing of the Equity Transfer Agreement, Shanghai Ruyi entered into the Support Agreement with Beijing Culture and Beijing Investment.

If the Equity Transfer Agreement undergoes Completion, the Loan under the Support Agreement will ultimately be converted into part of the Consideration of the Equity Transfer Agreement and Beijing Investment shall provide the Additional Support.

Upon the Completion of the Equity Transfer, Shanghai Ruyi will directly hold 49% of the shares of Beijing Investment. Shanghai Ruyi currently has no intention to appoint a director to Beijing Investment and has no plan to participate in its daily operation and management. Beijing Investment will not be a subsidiary of the Company and its financial results will not be consolidated into the Company's consolidated financial statements. Furthermore, Beijing Investment will directly hold 20% of the shares of the A-share Listed Company. Shanghai Ruyi will not directly hold any shares of the A-share Listed Company and shall not directly enjoy the voting rights and dividend rights under the articles of association of the A-share Listed Company but only act as a passive investor to indirectly hold the listed investment.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date:

20 July 2023

Parties:

Shanghai Ruyi (as transferee);

Beijing Culture (as transferor);

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Beijing Culture and its ultimate beneficial owners are all independent third parties of the Company and its connected persons.

Equity transfer:

Subject to the conditions precedent and relevant terms of the Equity Transfer Agreement, Shanghai Ruyi agreed to acquire and Beijing Culture agreed to transfer 49% of shares in Beijing Investment (the “**Target Equity Interest**”) it held at a cash consideration of RMB2,262,000,000.

Basis for the consideration:

The Consideration for the Equity Transfer (being RMB2,262,000,000 in cash) is determined between the parties on normal commercial terms after arm’s length negotiations and has considered (1) the historical financial performance and future development prospects of Beijing Investment; and (2) the market value of Beijing Investment’s major assets. The Consideration will be funded by the Group’s internal resources.

The Directors of the Company (including the independent non-executive Directors) believe that the terms of the Equity Transfer Agreement and the Consideration for the Equity Transfer are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Payment arrangement:

The parties have agreed to the following payment arrangement for the Equity Transfer:

- (1) Shanghai Ruyi shall pay RMB200,000,000 to the bank account designated by Beijing Culture on the following day after the date of the Equity Transfer Agreement as the Security Deposit for the Equity Transfer, which will be directly converted into part of the Consideration on the Completion Date;
- (2) the Loan of RMB800,000,000 under the Support Agreement will be directly converted into part of the Consideration on a date to be specified by Shanghai Ruyi;

- (3) subject to the conditions precedent of the Equity Transfer Agreement being satisfied or waived, Shanghai Ruyi shall pay the remaining amount of RMB1,262,000,000 to Beijing Culture before the time agreed by the parties, which shall be made by 10:00 a.m. on the date of payment.

Other arrangements:

Beijing Culture shall complete the Asset Restructuring of Beijing Investment within five days after the payment of the Security Deposit by Shanghai Ruyi to achieve, among others, a 20% shareholding of Beijing Investment in the A-share Listed Company. In addition, Beijing Culture shall complete the liquidation of the claims and debts of Beijing Investment before the Completion Date.

After the Completion Date, if requested by Shanghai Ruyi, Beijing Culture shall cooperate with Shanghai Ruyi in amending the articles of association of Beijing Investment to enable Shanghai Ruyi to enjoy shareholders' rights in accordance with the articles of association in proportion to its shareholding.

Conditions precedent:

The Completion of the Equity Transfer is subject to the following conditions being satisfied or waived:

- (1) Shanghai Ruyi has fulfilled its payment obligations prior to the Completion Date as stipulated in the agreement;
- (2) Beijing Culture has completed the Asset Restructuring of Beijing Investment as stipulated in the agreement;
- (3) Beijing Culture has completed the liquidation of the claims and debts of Beijing Investment as stipulated in the agreement;
- (4) Beijing Culture has completed the registration of pledge of 136,646,424 unrestricted listed shares of the A-share Listed Company held by Beijing Culture to Shanghai Ruyi (representing 6.27% of the shares of the A-share Listed Company) ;
- (5) Shanghai Ruyi and Beijing Culture have completed the pledge release of the Relevant Shares (as defined below) as stipulated in the agreement so that 49% of the shares of Beijing Investment held by Beijing Culture are unpledged and freely transferable;
- (6) Beijing Investment has no material adverse change occurred.

Subsequent amendments:

Any amendment to the Equity Transfer Agreement shall be invalid without the written consent and signature of the parties to the agreement.

SUPPORT AGREEMENT

The principal terms of the Support Agreement are set out below:

Date:

20 July 2023

Parties:

Shanghai Ruyi (as lender);

Beijing Culture (as borrower and pledgor I);

Beijing Investment (as pledgor II);

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Beijing Culture, Beijing Investment and their ultimate beneficial owners are all independent third parties of the Company and its connected persons.

Specific arrangements to support the Equity Transfer Agreement:

An interest-free loan in the principal amount of RMB800,000,000 shall be provided by Shanghai Ruyi to Beijing Culture. The term of the Loan is 45 days from the date on which the Loan is actually paid into the bank account designated by Beijing Culture.

Subject to the satisfaction of the pledge arrangement as stipulated in the Support Agreement, Shanghai Ruyi shall release the Loan to Beijing Culture within five business days from the date of the Support Agreement.

The repayment arrangement will be subject to the completion arrangement under the Equity Transfer Agreement, on or before the Maturity Date:

- (1) if the Equity Transfer Agreement undergoes Completion, the Loan shall be converted into part of the Consideration under the Equity Transfer Agreement on the date designated by Shanghai Ruyi and Beijing Investment shall provide the Additional Support;

- (2) if the Equity Transfer Agreement fails to proceed the Completion before the Maturity Date due to reasons attributable to Shanghai Ruyi, Beijing Culture and Beijing Investment shall transfer the shares of the A-share Listed Company held by Beijing Investment to Shanghai Ruyi or a qualified entity designated by it to cover the Loan. The number of the shares of the A-share Listed Company involved in the share transfer in accordance with the relevant laws and regulations shall be calculated by dividing the Loan by the unit price of the shares of the A-share Listed Company (being the higher of RMB 10.593 per share and 90% of the closing price of the shares of the A-share Listed Company on the last trading day prior to the Maturity Date);
- (3) if the Equity Transfer Agreement fails to be completed due to reasons attributable to Beijing Culture or Beijing Investment, Shanghai Ruyi shall be entitled to determine the maturity of the Loan and demand repayment of the Loan from Beijing Culture.

To secure the Loan under the Support Agreement, Beijing Culture, with 49% of the shares of Beijing Investment it held, and Beijing Investment, with 76,931,718 unrestricted listed shares of the A-share Listed Company it held (representing 3.53% of the shares of the A-share Listed Company), will provide a pledge guarantee to Shanghai Ruyi.

If the Equity Transfer Agreement is completed, before the Loan is converted into part of the Consideration in accordance with item (2) of the payment arrangement of the Equity Transfer Agreement above, Beijing Investment will provide a pledge guarantee to Shanghai Ruyi with 136,646,424 unrestricted listed shares of the A-share Listed Company it held (representing 6.27% of the shares of the A-share Listed Company) as the Additional Support.

The above pledge guarantees shall take effect from the date of completion of the pledge registration.

The parties have agreed that if Beijing Culture fails to repay the Loan when due, Shanghai Ruyi may only dispose the shares under the aforesaid pledge guarantees (the “**Relevant Shares**”) to exercise its rights and no other claim for assets or cash, supplementary indemnity or other defaults or indemnity obligations shall be made against Beijing Culture.

Rescission or termination:

The parties have agreed that the Support Agreement may be prematurely rescinded or terminated in the following circumstances:

- (1) the parties agree to prematurely rescind or terminate the agreement by mutual agreement;
- (2) where the pledged shares fail to complete the pledge registration to Shanghai Ruyi due to the pledge, sealing or freezing by third parties, Shanghai Ruyi shall be entitled to terminate the agreement in advance if the pledge is not released within the ninety-day grace period after the occurrence of the relevant circumstance, and Beijing Culture shall immediately repay the Loan provided by Shanghai Ruyi. It shall be deemed that the Conditions Precedent to the Completion of the Equity Transfer Agreement could not be fulfilled due to reasons attributable to Beijing Culture and Beijing Culture shall pay a default payment of RMB200,000,000 to Shanghai Ruyi;

- (3) where the pledged shares have been disposed or transferred pursuant to the pledge arrangement and the remaining amount of proceeds from disposal after the settlement of repayment obligation has been refunded to the respective pledgors.

INFORMATION ON THE PARTIES

Information about Shanghai Ruyi:

Shanghai Ruyi is a company incorporated in the PRC with limited liability on 1 March 2013 and principally engaged in the radio television programme production and operation and film distribution. As at the date of this announcement, Shanghai Ruyi is a controlled structured entity in which the Company has effective interest of 100%.

Information about Beijing Culture:

Beijing Culture is a company incorporated in the PRC with limited liability on 19 September 2012, and principally engaged in the film exhibition and production, large-scale stage performance, film technology entertainment, cultural entertainment chain, journal and media and other businesses. As at the date of this announcement, Beijing Culture is a wholly-owned subsidiary of Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司), which is held as to 99.76% and 0.24% by Dalian Hexing Investment Company Limited (大連合興投資有限公司) and Mr. Wang Jianlin, respectively, while Dalian Hexing Investment Company Limited is held as to 98% and 2% by Mr. Wang Jianlin and Mr. Wang Sicong, respectively.

Information about Beijing Investment

Beijing Investment is a company incorporated in the PRC with limited liability on 25 December 2006, and principally engaged in the investment holding. As at the date of this announcement, Beijing Investment is held as to 98.80% and 1.20% by Beijing Culture and Mr. Wang Jianlin, respectively.

Information about the A-share Listed Company

The A-share Listed Company is a company incorporated in the PRC with limited liability on 20 January 2005, and principally engaged in the film investment, production and distribution and related derived business. As at the date of the Equity Transfer Agreement and the Support Agreement, Beijing Investment holds 36.5% of the shares of the A-share Listed Company. Certain audited consolidated financial information of the A-share Listed Company prepared in accordance with the China Accounting Standards for Business Enterprises for the two years ended 31 December 2022 is as follows:

	For the year ended 31 December 2021/ As at 31 December 2021 (RMB: Yuan)	For the year ended 31 December 2022/ As at 31 December 2022 (RMB: Yuan)
Total assets	29,159,583,437.21	26,706,825,269.07
Net assets	9,075,722,060.82	7,216,989,203.13
Total revenue	12,490,346,327.79	9,695,316,675.41
Profit/loss before tax	72,234,389.04	-1,825,854,911.01
Profit/loss after tax	116,173,391.53	-1,958,120,620.25

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company holds positive views towards the financial performance and future prospect of Beijing Investment. Through the acquisition of 49% of the equity in Beijing Investment, the Company will act as a passive investor to indirectly hold listed investment, which will correspondingly increase the Company's shareholding in valuable and attractive investment, and expand the Company's investment portfolio to enhance the Company's investment returns and ultimately benefit shareholders as a whole with high quality assets.

For the reasons above, the Directors of the Company (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Support Agreement are on normal commercial terms, fair and reasonable, and the transactions under the Equity Transfer Agreement and the Support Agreement are in the interests of the Company and the Shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for each of the transactions under the the Equity Transfer Agreement and the Support Agreement is more than 5% but less than 25%, the transactions under the Equity Transfer Agreement and the Support Agreement respectively constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore shall be subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 21 July 2023 pending the publication of this announcement. Application has be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 24 July 2023.

Shareholders and potential investors should be aware that there is uncertainty as the transaction under the Equity Transfer Agreement is subject to the fulfillment of a number of conditions agreed in the agreement and the consent of the domestic industry competent authorities. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Additional Support”	a pledge guarantee provided by Beijing Investment to Shanghai Ruyi with 136,646,424 unrestricted listed shares of the A-share Listed Company it held (representing 6.27% of the shares of the A-share Listed Company) pursuant to the Support Agreement
“A-share Listed Company”	Wanda Film Holding Co., Ltd. (萬達電影股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002739)
“Asset Restructuring”	the internal asset restructuring of Beijing Investment, to achieve, among others, a 20% shareholding of Beijing Investment in the A-share Listed Company
“Beijing Culture”	Beijing Wanda Cultural Industry Group Co., Ltd. (北京萬達文化產業集團有限公司)
“Beijing Investment”	Beijing Wanda Investment Co., Ltd. (北京萬達投資有限公司)
“Board”	the board of Directors of the Company

“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)
“Completion”	the receipt of the Equity Transfer registration files by the relevant authorities pursuant to the Equity Transfer Agreement
“Completion Date”	the date of submitting the Equity Transfer registration files to the relevant authorities pursuant to the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent set out under the paragraph headed “The Equity Transfer Agreement — Conditions Precedent” of this announcement
“Consideration”	the consideration for the equity transfer transactions under the Equity Transfer Agreement, being RMB2,262,000,000
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the equity transfer transactions under Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between Shanghai Ruyi (as transferee) and Beijing Culture (as transferor) on 20 July 2023, stipulating that Shanghai Ruyi shall acquire 49% of the shares in Beijing Investment held by Beijing Culture at a Consideration of RMB2,262,000,000
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	an interest-free loan in the principal amount of RMB800,000,000 provided by Shanghai Ruyi to Beijing Culture pursuant to the Support Agreement
“Maturity Date”	45 days from the date on which the Loan is actually paid into the bank account designated by Beijing Culture pursuant to the Support Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Region

“Security Deposit”	RMB200,000,000 paid by Shanghai Ruyi to the bank account designated by Beijing Culture on the following day after the date of the Equity Transfer Agreement
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shanghai Ruyi”	Shanghai Ruyi Television Production Co., Ltd. (上海儒意影視製作有限公司)
“Support Agreement”	the loan and pledge agreement entered into between Shanghai Ruyi (as lender), Beijing Culture (as borrower and pledgor I) and Beijing Investment (as pledgor II) on 20 July 2023, in relation to an interest-free Loan in the principal amount of RMB800,000,000 to be provided by Shanghai Ruyi to Beijing Culture, with the corresponding pledge guarantees provided by Beijing Culture and Beijing Investment
“%”	per cent

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

Hong Kong, 23 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.