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儒意控股
RUYI HOLDINGS

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)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Ruyi Holdings Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries and controlled entities (the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”) together with comparative figures as follows:

	Six months ended	
	30 June 2023	30 June 2022
	RMB'000	RMB'000
Revenue	804,056	651,797
Net (loss)/profit	(263,651)	146,567
EBITDA	688,218	343,639
Adjusted EBITDA	540,331	385,634
Adjusted EBITDA margin	67.2%	59.2%
Basic (losses)/earnings per share	RMB(0.0262)	RMB0.0159
Diluted (losses)/earnings per share	RMB(0.0262)	RMB0.0154

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Summary

The Group recorded a loss attributable to equity holders of the Company of approximately RMB262 million for the six months ended 30 June 2023, which decreased by approximately RMB409 million as compared to a profit attributable to equity holders of the Company of approximately RMB147 million for the six months ended 30 June 2022. The basic and diluted losses per share were RMB2.62 cents and RMB2.62 cents for the six months ended 30 June 2023 respectively as compared to the basic and diluted earnings per share of RMB1.59 cents and RMB1.54 cents respectively for the six months ended 30 June 2022.

The Group's turnover increased to approximately RMB804 million during the six months ended 30 June 2023, as compared to the turnover of approximately RMB652 million during the six months ended 30 June 2022. Its revenue from content production, online streaming and online gaming businesses, among others, was approximately RMB785 million for the six months ended 30 June 2023, and was approximately RMB19 million from other businesses.

As at 30 June 2023, the EBITDA of the Company was approximately RMB688 million, while the EBITDA as at 30 June 2022 was approximately RMB344 million. As at 30 June 2023, our adjusted EBITDA and adjusted EBITDA margin were approximately RMB540 million and 67.2%, respectively, while the adjusted EBITDA and adjusted EBITDA margin as at 30 June 2022 were approximately RMB386 million and 59.2%, respectively.

BUSINESS REVIEW AND OUTLOOK

In the “post-pandemic” era of 2023, all business segments of the Company experienced an all-encompassing recovery fueled by robust support from national policies and a rebound in domestic consumption.

The entertainment business of the Company has fully recovered. The Company has actively developed and laid out the film and television drama production business, the online streaming business and gaming business to optimise the revenue structure, especially the film and television drama production business. In the first half of the year, a number of films and television dramas were released with outstanding revenue performance. Total revenue amounted to RMB804 million in the first half of the year, representing a significant increase as compared to the corresponding period last year.

Film and Television Drama Production Business

Ruyi Films is a professional film and television drama production brand of the Group with industry-leading capabilities in content research and development, film production, as well as promotion and distribution. Ruyi Films has an extensive scope of business, covering film, television dramas, online production and other fields.

In the first half of 2023, after the change in pandemic policy, the performance of the film and television industry stood out in the recovery of consumption. According to the data released by the China Film Administration, the Chinese film market recorded a total box office of RMB26.271 billion in the first half of 2023, representing a year-on-year increase of 52.91%. China's box office in 2023 summer movie season has even broken the 2019 box office record of approximately RMB17.8 billion, hitting a new record high of RMB20 billion. Film and television drama production business revenue reached RMB646 million, representing a significant increase as compared to the corresponding period last year.

The Company believes that a good story is the most critical key to success for our work. We have established close cooperation with first-tier film and television industry partners, and gained the attention and recognition of the audience through constant innovation and production of high-quality content. At the same time, adhering to the producer-centric system, with a talented team of producers and the model of “senior employees mentoring new employees” adopted, we have actively fostered a team of post-80s talents to facilitate business development and lay a foundation for team succession while controlling costs more efficiently. In addition, being in charge of our projects, our producers maximise the commercial value while ensuring the artistry of their work, and produce high-quality film and television products through precise control of the script and every production process.

The script reserve of the Company during the pandemic determined whether a timely response can be made upon the resumption of production and operation in the post-pandemic period. Attributable to foresight of our experts on the film and television market, the Company has stocked up scripts during the pandemic, with explored and reserved scripts covering a wide range of genres. Upon the resumption of operation following the pandemic, the Company immediately commenced the production of several films and television dramas. Thanks to the high production rate earlier, the number of films which Ruyi Films participated in the production and distribution during the Reporting Period significantly increased year on year, with a cumulative box office of RMB5.462 billion. Films in which we served as the main producer, including “Five Hundred Miles” (《交換人生》) and “Post-Truth” (《保你平安》), received warm response from the audience. In particular, “Post-Truth” won the “2023 Weibo Movie Night Audience Favorite Movie of the Year” (2023微博電影之夜年度觀眾喜愛影片). Both “Born to Fly” (《長空之王》) and “Lost in the Stars” (《消失的她》), the films in which we served as the co-producer, achieved remarkable results in terms

of reputation and box office. In addition, the television drama “Love Is Full of Jiudaowan” (《情滿九道彎》) produced by the Company was awarded the “Outstanding TV Series of the Year” (年度優秀電視劇) by the “2023 Spring Capital TV Program Forum & Market” (2023首都電視節目春推會). “One and Only” (《熱烈》), an inspirational sports-themed film starring Wang Yibo and Huang Bo in which the Company served as the main producer, has been screened in this summer and acclaimed by the audience, and the television drama “Fireworks of My Heart” (《我的人間煙火》) starring Yang Yang is expected to significantly boost the Company’s revenue and profit in the second half of the year.

The Company also has a rich films and television dramas pipeline pending releases or production which will be successively released to attain revenue, such as “Hengyang 1944” (《援軍明日到達》), a war film with Mr. Liu Heping as the chief producer; “Rechter Tie” (《大唐狄公案》), a feature-length detective television drama in ancient Chinese costumes with Di Renjie, the chancellor of the Tang Dynasty, as the main character; “Heroes Chronicles” (《英雄志》), a television drama in ancient Chinese costumes based on the martial arts novel of the same name by Sun Xiao; and “Chang Feng Po Lang” (《長風破浪》), a television drama set in the Republic of China era starring Wang Yibo and Li Qin.

In recent years, the film and television industry has developed rapidly and experienced rapid changes and innovations. The advancement of digital technology and the rise of new media platforms have promoted the continuous growth of consumers’ demand for film and television content. The management of the Company will continue to pay attention to industry trends and formulate corresponding development strategies to maintain competitive advantages in the industry and continuous business growth. With the continuous technological advancement, technological innovation plays an increasingly important role in the film and television industry. We will continue to apply advanced film and television production technologies, such as virtual reality, augmented reality and artificial intelligence, to enhance the creativity and visual effects of the content. Meanwhile, the international market is also crucial to our development. We will continue to pursue opportunities to cooperate with international film production companies, directors and actors to jointly create more films and television dramas with global influence. We will continue to focus on creativity diversity and depth of content to provide diversified and attractive work.

In the highly competitive film and television industry, the management of the Company will maintain keen market insight and innovation, and continue to develop and expand business to meet the challenges and changes in the industry.

Online Streaming Long Video Platform — Pumpkin Films

In recent years, the streaming media industry has experienced explosive growth, becoming one of the major ways of entertainment and consumption. In this highly competitive industry, the Company is supported by its shareholder Tencent. Our management has been committed to improving content quality, expanding subscriber base and maintaining technological innovation. Debuted in 2015, Pumpkin Films is currently the largest vertical subscription-based streaming media platform in China. Discarding the film sources which are overwhelmingly cumbersome and deterring subscribers, our content focuses on four major categories: films, television dramas, animations and documentaries. Pumpkin Films utilises precise algorithms empowered with technology to conduct digital analysis of subscriber behavior, understands the style and preferences of subscribers, and intelligently recommends personalised contents to its members with a vision of “Pumpkin knows you better than you do”. At the same time, the Company collects mega data on subscriber preferences through data-driven innovation, which provides the foundation for the Company to produce subsequent contents.

Adhering to a subscription-focused business model, the streaming segment of the Company strives to provide ad-free viewer experience with high-quality content as the core to reduce the commercial interference of films. The Company is committed to providing subscribers with a variety of choices through an extensive content library and exclusive copyrights while concurrently acting as the agent and the distributor. During the Reporting Period, the Company established sound cooperation with well-known copyright owners at home and abroad, continued to introduce high-quality films and top-tier new dramas, such as the classic high-scoring drama “Yellowstone 1883” (《黃石1883》), “Halo” (《光環》) and the big IP “Snowpiercer” (《雪國列車》) drama series.

We also notice that original content is of great significance in the streaming media industry. We will continue to increase investment in original content, cultivate more outstanding creators and production teams, and create unique and influential original and innovative products to attract more subscribers and improve subscriber retention. By strengthening cooperation with production companies, directors and actors, we will expand diverse cooperation models and jointly create high-quality content to meet the diverse needs of subscribers.

Technological innovation is an important impetus for the streaming media industry. We will continue to invest in technology research and development and innovation to improve our platform performance and subscriber experience. We will focus on the application of new technologies, such as artificial intelligence, augmented reality and virtual reality, to provide a more extensive and immersive viewer experience.

With the increasing penetration of digital entertainment and ever-changing user demands, streaming media industry is facing new opportunities and challenges. Our management will pay close attention to market trends and formulate a development blueprint that conforms to industry trends, so as to achieve sustainable growth while seizing advantages. We will continue to improve subscriber experience, expand subscriber base, and maintain a leading position in the highly competitive streaming media industry.

Gaming Business — the Key Business Development in the Future which will provide the Company with Robust Cash Flow and Considerable Revenue

“JINGXIU” is a gaming business brand under the Group, which enhances the monetization of the proprietary film and television dramas intellectual properties of the Company through the linkage between films and games. In the long run, it helps to strengthen the Group’s talent pool and consolidate its technological collaboration capability, which in turn allows the Company to leap into a new stage of high-quality development.

According to the “China Gaming Industry Report for January – June 2023” (《2023年1–6月中國遊戲產業報告》) released by the Game Publishers Association Publications Committee (GPC) of The China Audio-video and Digital Publishing Association (中國音數協遊戲工委), the actual sales revenue of the domestic gaming market was RMB144.263 billion, representing a year-on-year decrease of 2.39% and a period-to-period increase of 22.2%, indicating a clear market recovery trend. Based on this trend, a relatively strong bottoming out is expected in the second half of the year. During the same period, China had 668 million game users, representing a year-on-year increase of 0.35%, reaching a record high.

Under the ever-changing environment with fierce competition, we have conducted in-depth analysis on the development of our launched games and future operations. Based on the future development trend of gaming industry, we have determined our future development direction. Building on our two games in operation, the Company adheres to the boutique route. In respect of game distribution, research cooperation, overseas distribution and other fields, we will continue to focus on improving core game modes, aiming to provide users with the best game contents and experience.

At the same time, we will continue to explore joint distribution and development of more top-notch IPs. As such, we will develop our existing game fields with huge potential, covering SLG, action RPG, card game and other categories. Integrating with different themes including sports, ACGN and historical culture, we are keen on differentiated innovation, continuously invest resources and put efforts, and cultivate an outstanding game development and distribution team, striving to achieve sustainable high growth in revenue.

During the Reporting Period, the Company established an excellent product research and development and operation team, and will vigorously develop the aforementioned game genre and theme in the future. We focus on the development of key IP cooperation projects. Through content creation and technology innovation via research and development, as well as quality distribution channels at home and abroad accumulated via distribution and Tencent, our shareholder, we believe this operation will enhance the cash flows and revenue of the Company. Prior to that, we have obtained the publication approval for the licensed distribution of a Three Kingdoms-themed SLG game, and will successively launch a variety of games such as well-known IP classic MMO RPG mobile games and SLG mobile games. In addition, the Company has provided distribution and marketing support for two games that have been launched this year, and will also provide distribution and marketing support for a number of games that will be launched soon. It is expected that the revenue and profit of the game segment will increase significantly in the second half of the year.

In order to maintain our competitiveness and achieve sustainable growth, we attach great importance to global market expansion and strategic cooperation. We will actively explore the opportunities to cooperate with world leading game companies in jointly developing and distributing games, thereby enhancing our market reputation and brand influence. Hence, we will actively develop our overseas distribution team in the second half of the year. Focusing on our strategies and talent introduction, we will gradually develop essential components for overseas distribution, and study the culture and audience needs in different markets, aiming to better adapt to and satisfy the needs of local players, and fully prepare for the introduction of our products to global markets.

At the same time, the Company will reinforce cooperation with Tencent Group and industry-leading distribution partners to carry out diverse cooperation such as game agency distribution cooperation, game joint venture cooperation and marketing services. By creating a diversified product matrix, we will further expand our revenue streams.

ADJUSTED EBITDA

To supplement our consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), we also use adjusted net profit and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with HKFRS. We believe that these non-HKFRS measures, which have excluded certain items, facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, our presentation of

the adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS. The following tables reconcile our adjusted EBITDA for the periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS:

	Six months ended	
	30 June	30 June
	2023	2022
	RMB'000	RMB'000
Reconciliation of net (loss)/profit to adjusted EBITDA		
Net (loss)/profit for the period	(263,651)	146,567
Add:		
Depreciation of property, plant and equipment	1,529	2,085
Depreciation of right-of-use assets	8,852	6,593
Amortisation of film and television programmes rights	892,742	146,423
Amortisation of other intangible assets	1,252	1,304
Finance costs	47,494	40,667
	<u>688,218</u>	<u>343,639</u>
EBITDA	688,218	343,639
Add:		
Share-based compensation expense	39,330	44,282
Fair value change in contingent consideration payable	(187,217)	(2,287)
	<u>540,331</u>	<u>385,634</u>
Adjusted EBITDA	540,331	385,634

LIQUIDITY, CAPITAL RESOURCES, BORROWINGS AND GEARING RATIO

The Group maintains a prudent treasury policy. The Group primarily financed its operations through shareholder's equity, borrowings and cash generated from operations. During the six months ended 30 June 2023, the liquidity of the Group was closely monitored by the Board and the Group reviews its working capital and finance requirements on a regular basis.

Liquidity

As at 30 June 2023, the Group maintained cash and bank balance of approximately RMB889.2 million (as at 31 December 2022: approximately RMB1,189.7 million). The decrease in cash and bank balance was due to the continuous investment in the overall strategy in the first half of the year under the continuous diversified layout of the Company.

Borrowings and Gearing Ratio

The Group maintained a sound financial position, and its borrowing demand was not seasonal. As at 30 June 2023, the Group had borrowings of RMB1,865.2 million (as at 31 December 2022: approximately RMB1,769.9 million), with borrowings at fixed interest rates accounting for 12.33%. Such bank borrowings will be due within five months.

As at 30 June 2023, the Group's net equity amounted to approximately RMB7,713.3 million (as at 31 December 2022: approximately RMB7,971.2 million) with total assets amounting to approximately RMB13,048.2 million (as at 31 December 2022: approximately RMB13,219.0 million). Net current assets were approximately RMB2,276.0 million (as at 31 December 2022: approximately RMB3,159.4 million) and the current ratio was 1.7 times (as at 31 December 2022: 2.5 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings and lease liabilities) over shareholders' funds was 3.5% (as at 31 December 2022: 2.8%).

Charge of Assets

As at 30 June 2023, the Group did not have any charges on assets (as at 31 December 2022: nil).

Commitment

As at 30 June 2023, the Group had no capital commitment (as at 31 December 2022: nil).

Contingent Liabilities

The Company and the Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 30 June 2023 (as at 31 December 2022: nil).

Loan Financing

During the six months ended 30 June 2023, no new loan was granted and therefore no interest income was generated from this segment (the year ended 31 December 2022: nil).

CURRENCY RISK MANAGEMENT

The Group had significant amount of assets and liabilities denominated in Renminbi (RMB) as at 30 June 2023. The content production, online streaming and gaming businesses are mainly carried out in RMB in Mainland China. Therefore, the Group is exposed to the risk of significant fluctuation in RMB exchange rates. During the six months ended 30 June 2023, the Group closely monitored the fluctuation and does not expect any material fluctuation of exchange rates in the near future, but will continue to monitor it.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SHARE-BASED PAYMENTS

Former Share Option Scheme

The Company's share option scheme (the "**Former Share Option Scheme**") adopted pursuant to a resolution passed by the shareholders on 31 October 2013 was terminated by a resolution passed in the annual general meeting of the Company held on 28 June 2023 (the "**2023 AGM**"). During the six months ended 30 June 2023, (1) 181,917,000 share options granted pursuant to the Former Share Option Scheme had not been exercised; and (2) no share options granted under the Former Option Scheme had been lapsed or cancelled (as at 31 December 2022: nil).

2023 Share Option Scheme

The Company adopted the current share option scheme (the "**2023 Share Option Scheme**") pursuant to a resolution passed by the Shareholders in the 2023 AGM. The purpose of the 2023 Share Option Scheme is to provide incentives to eligible participants. As at the date of this announcement, no options have yet been granted under the 2023 Share Option Scheme and no other share option scheme has been adopted by the Company.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed 406 employees. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and others. Total staff costs for the six months ended 30 June 2023, including directors' emoluments, amounted to approximately RMB103.9 million (for the six months ended 30 June 2022: approximately RMB110.8 million).

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Issue of Shares under General Mandate and Specific Mandate (“Share Subscriptions”)

On 4 July 2023, the Company entered into a share subscription agreement separately with each of Century Spirit Investments Limited (“**Century Spirit**”), Cubract Ventures Limited (“**Cubract Ventures**”), Fame Mountain Limited (“**Fame Mountain**”) and Million Succeed Development Limited (“**Million Succeed**”), pursuant to which the Company has agreed to allot and issue, and each of Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed has agreed to subscribe 500,000,000 subscription shares (in aggregate 2,000,000,000 subscription shares) at HK\$1.60 per subscription share, on the respective terms thereunder.

On 4 July 2023, the Company entered into a share subscription agreement (the “**Water Lily Share Subscription Agreement**”) with Water Lily Investment Limited (“**Water Lily**”), pursuant to which the Company has agreed to allot and issue, and Water Lily has agreed to subscribe 500,000,000 subscription shares at HK\$1.60 per subscription share, on the terms of Water Lily Share Subscription Agreement thereunder.

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 special general meeting to be convened on 15 September 2023.

In respect of the Share Subscriptions by Century Spirit, Cubract Ventures, Fame Mountain and Million Succeed, the subscribed shares will be issued under the general mandate. As at the date of the announcement, an aggregate of 693,750,000 subscription shares have been allotted and issued.

For further details of the Share Subscriptions, please refer to the announcement dated 4 July 2023 and the circular dated 30 August 2023.

Beijing Investment Equity Transfer Agreement (“Beijing Investment Equity Transfer”)

On 20 July 2023, Shanghai Ruyi Television Production Co., Ltd. (“**Shanghai Ruyi**”) (a controlled structured entity of the Company) (as transferee) entered into an equity transfer agreement with Beijing Wanda Cultural Industry Group Co., Ltd. (“**Beijing Culture**”) (as transferor), pursuant to which Shanghai Ruyi shall acquire 49% of the shares in Beijing Wanda Investment Co., Ltd. (“**Beijing Investment**”) held by Beijing Culture at a consideration of RMB2,262,000,000. On the same day, Shanghai Ruyi entered into a support agreement with Beijing Culture and Beijing Investment, pursuant to which Shanghai Ruyi provided an interest-free loan in the principal amount of RMB800,000,000 to Beijing Culture.

For further details of the Beijing Investment Equity Transfer, please refer to the announcements dated 23 July 2023 and 28 August 2023.

REVIEW OF INTERIM RESULTS

The interim financial information of the Company for the six months ended 30 June 2023 has been reviewed by the audit committee of the Company (the “**Audit Committee**”), which comprises the three independent non-executive Directors of the Company.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2023, there was no material acquisition and disposal by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Board considers that good corporate governance practices are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the shareholders and other stakeholders of the Company. The Company has put in place internal policies to ensure the compliance and has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the six months ended 30 June 2023 except for the following deviations from the Code provision:

- Code provision C.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2023, the Company has no such title as chief executive officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself. The Board believes that the current structure is conducive to strong and consistent leadership and oversight enabling the Group to operate efficiently.
- Code provision F.2.2 stipulated that the chairman of the board should attend the annual general meeting. During the six months ended 30 June 2023, Mr. Ke Liming, the chairman of the Board, was unable to attend the 2023 AGM due to his other business commitments. Mr. Chau Shing Yim, David (an independent non-executive director, the chairman of the Audit Committee and the chairman of the Remuneration Committee) attended the 2023 AGM and served as the chairman of the meeting. The Board believes that Mr. Chau Shing Yim, David has sufficient ability and knowledge to answer questions at the 2023 AGM. Therefore, the good communication established between the Company and the shareholders is not affected.

COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company, having made specific and cautious enquiries, confirmed that all Directors had complied with the Model Code for the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

This interim results announcement for the six months ended 30 June 2023 is also published on the Stock Exchange's website (<https://www.hkexnews.hk>) and the Company's website (<https://www.ryholdings.com>). The interim report containing all information required by the Listing Rules will be despatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this Management Discussion and Analysis or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

APPRECIATION

The Board would like to express its sincere gratitude to our shareholders, investors, employees and business partners for their continuous support.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

		Six months ended	
		30 June	30 June
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	RMB'000	RMB'000
Revenue	3	804,056	651,797
Cost of revenue	4	<u>(1,149,358)</u>	<u>(297,926)</u>
Gross (loss)/profit		(345,302)	353,871
Selling and marketing costs	4	(6,557)	(2,424)
Administrative expenses	4	(117,224)	(126,511)
Net provision of impairment losses on financial assets		(29,270)	(10,538)
Other income		2,352	577
Other (losses)/gains — net		(27,099)	36,205
Fair value change in contingent consideration payable		<u>187,217</u>	<u>(2,287)</u>
Operating (loss)/profit		(335,883)	248,893
Finance costs		(47,494)	(40,667)
Finance income		<u>37,965</u>	<u>15,071</u>
Finance costs — net	5	<u>(9,529)</u>	<u>(25,596)</u>
Share of losses of associates accounted for using the equity method		<u>(684)</u>	<u>(1,231)</u>
(Loss)/profit before income tax		(346,096)	222,066
Income tax credit/(expenses)	6	<u>82,445</u>	<u>(75,499)</u>
(Loss)/profit for the period		<u><u>(263,651)</u></u>	<u><u>146,567</u></u>

	Six months ended	
	30 June	30 June
	2023	2022
	(Unaudited)	(Unaudited)
<i>Notes</i>	RMB'000	RMB'000
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss:</i>		
Changes at fair value through other comprehensive income	27	—
Currency translation difference	(33,713)	(116,984)
<i>Items that may not be reclassified to profit or loss:</i>		
Currency translation difference	<u>(1,348)</u>	<u>45,084</u>
Other comprehensive loss for the period, net of tax	<u>(35,034)</u>	<u>(71,900)</u>
Total comprehensive (loss)/income for the period	<u><u>(298,685)</u></u>	<u><u>74,667</u></u>

		Six months ended	
		30 June	30 June
		2023	2022
		(Unaudited)	(Unaudited)
<i>Notes</i>		<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the period attributable to:			
	— Equity holders of the Company	(262,250)	147,448
	— Non-controlling interests	<u>(1,401)</u>	<u>(881)</u>
		<u><u>(263,651)</u></u>	<u><u>146,567</u></u>
Total comprehensive (loss)/income for the period attributable to:			
	— Equity holders of the Company	(297,284)	75,548
	— Non-controlling interests	<u>(1,401)</u>	<u>(881)</u>
		<u><u>(298,685)</u></u>	<u><u>74,667</u></u>
(Losses)/earnings per share for (loss)/profit attributable to the equity holders of the Company for the period: (expressed in RMB cents per share)			
	— Basic (losses)/earnings per share	7 <u>(2.62)</u>	<u>1.59</u>
	— Diluted (losses)/earnings per share	7 <u>(2.62)</u>	<u>1.54</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	<i>Notes</i>	
ASSETS		
Non-current assets		
Property, plant and equipment	13,447	9,414
Right-of-use assets	66,319	63,281
Goodwill	4,214,619	4,214,619
Film and television programmes rights	1,823,657	2,443,848
Other intangible assets	681,072	682,324
Deferred tax assets	91,488	19,922
Prepayments and other non-financial assets	140,274	57,969
Deposits	3,308	2,528
Investments accounted for using equity method	34,304	34,897
Financial assets at fair value through other comprehensive income	507	480
Financial assets at fair value through profit or loss	634,225	488,738
	7,703,220	8,018,020
Current assets		
Film and television programmes rights	2,011,133	1,617,136
Inventories	1,316	986
Prepayments and other non-financial assets	281,948	246,059
Trade receivables	871,359	936,344
Other receivables and deposits	1,158,190	1,112,395
Financial assets at fair value through profit or loss	131,817	98,309
Cash and cash equivalents	889,219	1,189,720
	5,344,982	5,200,949
Total assets	13,048,202	13,218,969

		30 June 2023	31 December 2022
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	10	193,805	193,805
Share premium	10	9,379,095	9,379,095
Other reserves		(50,515)	(54,811)
Accumulated losses		(1,809,100)	(1,546,850)
		7,713,285	7,971,239
Non-controlling interests		2,791	4,192
Total equity		7,716,076	7,975,431
LIABILITIES			
Non-current liabilities			
Borrowings		1,815,245	1,719,916
Lease liabilities		24,247	21,703
Deferred tax liabilities		423,052	451,501
Contingent consideration payable		—	610,809
Film and television programmes investment funds from investors		640	398,027
		2,263,184	3,201,956
Current liabilities			
Trade payables	9	355,471	560,463
Other payables and accruals		673,171	314,559
Contract liabilities		7,852	6,324
Current income tax liabilities		205,708	198,979
Borrowings		50,000	50,000
Lease liabilities		14,768	14,487
Contingent consideration payable		1,023,281	569,762
Film and television programmes investment funds from investors		738,691	327,008
		3,068,942	2,041,582
Total liabilities		5,332,126	5,243,538
Total equity and liabilities		13,048,202	13,218,969

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2023 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2 ACCOUNTING POLICIES

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the Group’s financial year beginning on 1 January 2023 for the Group:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above new and amended standards did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments.

- (b) **Amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group**

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 16	Lease liability in sale and leaseback	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)	1 January 2024

The Group has already commenced an assessment of the impact of these amendments to existing standards and interpretation. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (the “CODM”). The CODM of the Group has been identified as the executive directors of the Company who is responsible for reviewing the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Certain corporate expenses, other income, other gains-net and finance income — net are not included in the results for each operating segment.

During the year ended 31 December 2022, due to changes in internal organisational structure and business scale, the Group’s previous reportable segments of “Internet community and related business” and “Manufacture and sales of accessories business” are consolidated as “Other businesses” segment; the Group’s previous reportable segment of “Content production and online streaming business” is converted into two segments as “Content production business” and “Online streaming and online gaming businesses”. Accordingly, the corresponding periods’ comparative figures have also been restated.

Subsequent to the aforementioned changes in presentation, the Group’s three reportable segments now comprised (1) Content production business; (2) Online streaming and online gaming businesses; and (3) Other businesses.

(b) Segment (loss)/profit

The segment results and other segment items included in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2023 are as follows:

	Content production business RMB'000 (Unaudited)	Online streaming and online gaming businesses RMB'000 (Unaudited)	Other businesses RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue				
Timing of revenue recognition				
At a point	646,372	73,506	18,584	738,462
Over time	—	65,594	—	65,594
	<u>646,372</u>	<u>139,100</u>	<u>18,584</u>	<u>804,056</u>
Segment (loss)/profit	<u>(90,177)</u>	<u>(330,910)</u>	<u>3,457</u>	<u>(417,630)</u>
Unallocated corporate expenses				(39,467)
Unallocated other gains — net				128,907
Unallocated finance cost — net				<u>(17,906)</u>
Loss before income tax				<u>(346,096)</u>
Depreciation of property, plant and equipment	698	680	151	1,529
Depreciation of right-of-use assets	6,197	1,949	706	8,852
Amortisation of intangible assets	3	1,249	—	1,252
Amortisation of film and TV programmes rights	506,970	385,772	—	892,742
Share of losses of associates accounted for using the equity method	<u>684</u>	<u>—</u>	<u>—</u>	<u>684</u>

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2022 are as follows:

	Content production business <i>RMB'000</i> (Unaudited)	Online streaming and online gaming businesses <i>RMB'000</i> (Unaudited)	Other businesses <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
Revenue				
Timing of revenue recognition				
At a point	491	533,819	23,579	557,889
Over time	—	93,908	—	93,908
	<u>491</u>	<u>627,727</u>	<u>23,579</u>	<u>651,797</u>
Segment profit/(loss)	<u>(34,449)</u>	<u>278,389</u>	<u>(22,441)</u>	<u>221,499</u>
Unallocated corporate expenses				(17,206)
Unallocated other gains — net				48,878
Unallocated finance cost — net				<u>(31,105)</u>
Profit before income tax				<u>222,066</u>
Depreciation of property, plant and equipment	113	514	1,458	2,085
Depreciation of right-of-use assets	4,061	2,532	—	6,593
Amortisation of intangible assets	3	1,301	—	1,304
Amortisation of film and TV programmes rights	—	146,423	—	146,423
Share of losses of associates accounted for using the equity method	<u>1,231</u>	<u>—</u>	<u>—</u>	<u>1,231</u>

(c) **Segment assets and liabilities**

Segment assets and liabilities as at 30 June 2023 are as follows:

	Content production business RMB'000 (Unaudited)	Online streaming and online gaming businesses RMB'000 (Unaudited)	Other businesses RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
ASSETS				
Segment assets	<u>7,786,441</u>	<u>2,674,001</u>	<u>16,346</u>	<u>10,476,788</u>
Unallocated other receivables and prepayments				824,158
Financial assets at FVPL				766,042
Financial assets at FVOCI				507
Deferred tax assets				91,488
Cash and cash equivalents				<u>889,219</u>
Consolidated total assets				<u>13,048,202</u>
LIABILITIES				
Segment liabilities	<u>(1,512,770)</u>	<u>(508,958)</u>	<u>(21,523)</u>	<u>(2,043,251)</u>
Unallocated other payables				(1,625)
Unallocated borrowings				(1,635,209)
Contingent consideration payable				(1,023,281)
Current income tax liabilities				(205,708)
Deferred tax liabilities				<u>(423,052)</u>
Consolidated total liabilities				<u>(5,332,126)</u>

Segment assets and liabilities as at 31 December 2022 are as follows:

	Content production business <i>RMB'000</i> (Unaudited)	Online streaming and online gaming businesses <i>RMB'000</i> (Unaudited)	Other businesses <i>RMB'000</i> (Unaudited)	Consolidated <i>RMB'000</i> (Unaudited)
ASSETS				
Segment assets	<u>7,492,680</u>	<u>3,129,413</u>	<u>20,450</u>	<u>10,642,543</u>
Unallocated other receivables and prepayments				779,257
Financial assets at FVPL				587,047
Financial assets at FVOCI				480
Deferred tax assets				19,922
Cash and cash equivalents				<u>1,189,720</u>
Consolidated total assets				<u>13,218,969</u>
LIABILITIES				
Segment liabilities	<u>(1,233,483)</u>	<u>(599,329)</u>	<u>(24,179)</u>	<u>(1,856,991)</u>
Unallocated other payables				(9,991)
Unallocated borrowings				(1,545,505)
Contingent consideration payable				(1,180,571)
Current income tax liabilities				(198,979)
Deferred tax liabilities				<u>(451,501)</u>
Consolidated total liabilities				<u>(5,243,538)</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain other receivables and prepayments, financial assets at FVPL, financial assets at FVOCI, deferred tax assets and cash and cash equivalents; and
- all liabilities are allocated to reportable and operating segments, other than certain other payables, borrowings, contingent consideration payables, current income tax liabilities and deferred tax liabilities.

(d) **Disaggregation of revenue from contracts with customers**

Revenue of the Group is analysed as follows:

	Six months ended	
	30 June 2023	30 June 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Content production	646,372	491
Online streaming	95,662	586,386
Online gaming	43,438	41,341
Sales of goods	18,584	23,579
	804,056	651,797

(e) **Geographical information**

The Group's operations are located in the PRC and Hong Kong for the six months ended 30 June 2023 and 2022.

Information about the Group's revenue from external customers is presented based on the location at which the goods or services are delivered or provided.

The Group's total revenue from sales of goods and provision of services by geographical location is detailed below:

	Six months ended	
	30 June 2023	30 June 2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
PRC	792,255	630,251
Europe	6,678	13,445
Hong Kong	4,136	6,301
Others	987	1,800
	804,056	651,797

The Group's non-current assets excluding financial instruments and deferred tax assets by geographical location of the assets are detailed below:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
PRC	6,976,774	7,508,559
Hong Kong	226	321
	<u>6,977,000</u>	<u>7,508,880</u>

4 EXPENSES BY NATURE

Major expenses included in cost of revenue, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Employees benefit expenses (including directors' emoluments)	103,866	113,418
Content revenue-sharing, distribution and promotion costs	191,006	—
Cost of inventories sold	7,984	11,945
Depreciation		
— Property, plant and equipment	1,529	2,085
— Right-of-use assets	8,852	6,593
Amortisation		
— Film and television programmes rights	892,742	146,423
— Other intangible assets	1,252	1,304
Advertising and promotion costs	2,631	19,264
Bandwidth and server custody fees	17,864	26,168
Distribution cost and payment handling fees	12,144	71,466
Short-term rental expenses	1,093	615
Travelling expenses	1,204	797
Others	30,972	26,783
	<u>1,273,139</u>	<u>426,861</u>

5 FINANCE COSTS — NET

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Finance costs:		
— Interests expenses on borrowings	(6,754)	(5,770)
— Interests expenses on film and television programmes investment funds from investors	(1,458)	—
— Interests expenses on lease liabilities	(959)	(1,193)
— Imputed interest expense	<u>(38,323)</u>	<u>(33,704)</u>
	<u>(47,494)</u>	<u>(40,667)</u>
Finance income:		
— Interest income on saving deposits	3,495	1,606
— Interest income on receivables from investments in film and television programme rights	<u>34,470</u>	<u>13,465</u>
	<u>37,965</u>	<u>15,071</u>
Finance costs — net	<u><u>(9,529)</u></u>	<u><u>(25,596)</u></u>

6 INCOME TAX (CREDIT)/EXPENSES

	Six months ended	
	30 June 2023 RMB'000 (Unaudited)	30 June 2022 RMB'000 (Unaudited)
Current income tax		
— PRC corporate income tax	<u>17,570</u>	81,857
Deferred income tax	<u>(100,015)</u>	<u>(6,358)</u>
Income tax (credit)/expenses	<u><u>(82,445)</u></u>	<u><u>75,499</u></u>

7 (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<u>(262,250)</u>	<u>147,448</u>
Weighted average number of ordinary shares in issue (thousands)	<u>10,004,648</u>	<u>9,296,305</u>
Basic (losses)/earnings per share (RMB cents per share)	<u><u>(2.62)</u></u>	<u><u>1.59</u></u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share: share warrants.

The number of shares that would have been issued assuming the exercise of the share warrants less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted (losses)/earnings per share.

	Six months ended	
	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Weighted average number of ordinary shares for calculation of basic earnings per share (thousands)	10,004,648	9,296,305
Adjustment for:		
— Share warrants (thousands)	<u>—</u>	<u>351,926</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	10,004,648	9,648,231
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(262,250)	147,448
Diluted (losses)/earnings per share (RMB cents per share) for the period	<u>(2.62)</u>	<u>1.54</u>

The share options granted by the Company should also have potential dilutive effect on the earnings per share. During the six months ended 30 June 2023 and 2022, these share options have anti-dilutive effect to the Group's diluted earnings per share.

As the Group incurred losses for the six months ended 30 June 2023, the potential ordinary shares were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the six months ended 30 June 2023 are the same as basic losses per share.

8 TRADE RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables to:		
— Related parties	22,458	—
— Third parties	<u>974,207</u>	<u>1,034,744</u>
	996,665	1,034,744
Less: allowance for impairment of trade receivables	<u>(125,306)</u>	<u>(98,400)</u>
Trade receivables — net	<u>871,359</u>	<u>936,344</u>

- (a) Trade receivables mainly arose from sales of goods and provision of content production, online streaming platform and gaming promotion services. The following is an ageing analysis of trade receivables net of allowance for impairment, based on the recognition date at the end of the reporting period.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 90 days	47,738	641,195
91 days to 180 days	585,599	11,533
181 days to 365 days	14,805	2,181
1 year to 2 years	111,597	266,699
Over 2 years	<u>111,620</u>	<u>14,736</u>
	<u>871,359</u>	<u>936,344</u>

9 TRADE PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables to:		
— Third parties	355,471	550,120
— Related parties	<u>—</u>	<u>10,343</u>
	<u>355,471</u>	<u>560,463</u>

The ageing analysis of trade payables of the Group based on invoice date are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 60 days	39,040	469,807
61 days to 150 days	98,527	29,708
Over 151 days	217,904	60,948
	<u>355,471</u>	<u>560,463</u>

10 SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000
At 31 December 2022 (Audited)	<u>10,004,647,545</u>	<u>193,805</u>	<u>9,379,095</u>
Balance at 1 January and 30 June 2023 (Unaudited)	<u>10,004,647,545</u>	<u>193,805</u>	<u>9,379,095</u>

Dividend

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

Hong Kong, 31 August 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 Min; 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.