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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)

**REVISION OF EXISTING ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE 2023 GAME COOPERATION
FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 22 February 2023 and the CCT Circular in relation to, among others, the 2023 Game Cooperation Framework Agreement entered into between Beijing Jingxiu and Tencent Computer on 22 February 2023 in respect of the cooperation of Beijing Jingxiu and Tencent Representative Companies in the field of gaming.

**PROPOSED REVISION OF THE EXISTING 2023 RECEIVABLE ANNUAL
CAP**

After taking into account (i) the actual total amount received by the Group from Tencent Representative Companies for the period from June 2023 to October 2023 amounted to approximately RMB501 million, representing approximately 71.6% of the Existing 2023 Receivable Annual Cap; and (ii) the estimated total amount receivables by the Group from Tencent Representative Companies for the year ending 31 December 2023, the Board expected that the actual total amount receivable by the Group from Tencent Representative Companies for the year ending 31 December 2023 will exceed the Existing 2023 Receivable Annual Cap. As such, the Board has resolved to revise the Existing 2023 Receivable Annual Cap from RMB700 million to RMB1,200 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent Holdings is a shareholder indirectly holding more than 10% of the shares of the Company. Pursuant to Chapter 14A of the Listing Rules, Tencent Holdings and its subsidiaries are connected persons of the Company. Accordingly, the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions under the Revised 2023 Receivable Annual Cap calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5%, such transactions and the Revised 2023 Receivable Annual Cap shall be subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on, among other things, the Revised 2023 Receivable Annual Cap. The voting at the SGM will be conducted by poll and Water Lily Investment Limited and its associate(s) will abstain from voting at the SGM.

An Independent Board Committee will be formed to advise the Independent Shareholders on the Revised 2023 Receivable Annual Cap. The Company has appointed Maxa Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised 2023 Receivable Annual Cap.

A circular containing, among other things: (i) further details of the Revised 2023 Receivable Annual Cap; (ii) the recommendations of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) notice of the SGM, is expected to be despatched to the Shareholders on or before 13 December 2023 in order to allow sufficient time for preparation of the relevant information to be included in the circular.

BACKGROUND

Reference is made to the announcement of the Company dated 22 February 2023 and the CCT Circular in relation to, among others, the 2023 Game Cooperation Framework Agreement entered into between Beijing Jingxiu and Tencent Computer on 22 February 2023 in respect of the cooperation of Beijing Jingxiu and Tencent Representative Companies in the field of gaming.

Pursuant to the 2023 Game Cooperation Framework Agreement, the parties shall cooperate on the following matters:

1. Tencent Representative Companies agreed to license Beijing Jingxiu to distribute and operate the Cooperation Products as (i) exclusive distributor; or (ii) distributor on certain platforms (the “**Distribution Cooperation**”);
2. Tencent Representative Companies and Beijing Jingxiu agreed to jointly distribute and operate the Cooperation Products, and the parties shall be responsible for managing the settlement of fees on different platforms based on actual demand as agreed between the parties (the “**Joint Operation Cooperation**”); and
3. Beijing Jingxiu agreed to provide marketing and advertising services to Tencent Representative Companies (the “**Marketing Services**”).

Please refer to the CCT Circular for further details of the 2023 Game Cooperation Framework Agreement.

The 2023 Game Cooperation Framework Agreement, the transactions contemplated thereunder and the relevant annual caps for the three years ending 31 December 2025 were approved by the Independent Shareholders at the special general meeting of the Company held on 28 June 2023.

PROPOSED REVISION OF THE EXISTING 2023 RECEIVABLE ANNUAL CAP

During a recent review by the Board on the existing continuing connected transactions of the Group, the Board anticipates that the Existing 2023 Receivable Annual Cap may not be sufficient to meet the needs of the Group. As such, the Board has resolved to revise the Existing 2023 Receivable Annual Cap from RMB700 million to RMB1,200 million.

Historical transaction amount

Based on the Company’s unaudited financial information as at 31 October 2023, the total amount received by the Company from Tencent Representative Companies under the 2023 Game Cooperation Framework Agreement for the period from June 2023 to October 2023 amounted to approximately RMB501 million.

The Directors confirm that, based on the Company’s unaudited financial information, the Existing 2023 Receivable Annual Cap under the 2023 Game Cooperation Framework Agreement has not been exceeded as at the date of this announcement.

The Existing Annual Caps and the Revised 2023 Receivable Annual Cap

The Existing Annual Caps and the Revised 2023 Receivable Annual cap for the total amount receivable by the Group from Tencent Representative Companies for the transactions under the 2023 Game Cooperation Framework Agreement are as follows:

	For the year ending 31 December		
	2023	2024	2025
	<i>(RMB million)</i>		
Existing Annual Caps⁽¹⁾	700	700	700
Revised 2023 Receivable Annual Cap	1,200	—	—

Note (1): The total amount receivable by the Group from Tencent Representative Companies is (a) the relevant fees payable by Tencent Representative Companies to the Group after Tencent Representative Companies derive income from the end users of the Cooperation Products, which are jointly operated and distributed by the parties, on the platform they are responsible for; and (b) marketing service fees. For details of the relevant cooperation and provision of services, please refer to the CCT Circular.

Basis for the Revised 2023 Receivable Annual Cap

The Revised 2023 Receivable Annual Cap had been determined with reference to the following factors:

1. the actual fees received by the Group from Tencent Representative Companies for the period from June 2023 to October 2023 recorded in the unaudited financial information of the Company which accounted for approximately 71.6% of the Existing 2023 Receivable Annual Cap. Such increase in the fees receivable was attributed to (i) the launch of 11 Cooperation Products before the end of October 2023, as compared to five Cooperation Products originally anticipated by the management of the Company at the time of determining the Existing 2023 Receivable Annual Cap; and (ii) additional scope of Marketing Services required by Tencent Representative Companies from the Group, including provision of market planning and online advertising resources, which the Group gained additional service fees; and

2. the anticipated increase in fees payable by Tencent Representative Companies to the Group between November 2023 and December 2023 under the 2023 Game Cooperation Framework Agreement based on the status of the existing Cooperation Products and Marketing Services projects in the pipeline.

If further revisions are proposed to the Existing Annual Caps (other than the Existing 2023 Receivable Annual Cap), the Company will re-comply with the relevant requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE REVISED 2023 RECEIVABLE ANNUAL CAP

After taking into account (i) the actual total amount received by the Group from Tencent Representative Companies for the period from June 2023 to October 2023 amounted to approximately RMB501 million, representing approximately 71.6% of the Existing 2023 Receivable Annual Cap; and (ii) the estimated total amount of receivable by the Group from Tencent Representative Companies for the year ending 31 December 2023, the Board expected that the actual total amount receivable by the Group from Tencent Representative Companies for the year ending 31 December 2023 will exceed the Existing 2023 Receivable Annual Cap and therefore proposed to revise the Existing 2023 Receivable Annual Cap for the continuing connected transaction contemplated under the 2023 Game Cooperation Framework Agreement.

As the total amount receivable by the Group from Tencent Representative Companies for the year ending 31 December 2023 will be recognised as a revenue of the Group for the financial year ending 31 December 2023, the proposed revision of the Existing 2023 Receivable Annual Cap would allow the Group to cater the changes in demand from Tencent Representative Companies and ensure the Company's income and business growth.

Having considered the above, the Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser as and when appropriate) consider that the proposed Revised 2023 Receivable Annual Cap is entered into in the ordinary and usual course of business of the Group, on normal commercial terms after arm's length negotiations between the parties, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, BEIJING JINGXIU AND TENCENT COMPUTER

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.

Beijing Jingxiu

Beijing Jingxiu (former name was Shenzhen Jingxiu Network Technology Co., Ltd.* (深圳市景秀網絡科技有限公司)) is a company established under the laws of the PRC and a subsidiary of the Company. It is principally engaged in the development and procurement of film and television copyrights.

The Tencent Group

The Tencent Group is principally engaged in value-added services, online advertising, fintech and business services.

Tencent Computer

Tencent Computer is a company established under the laws of the PRC and a subsidiary of Tencent Holdings. It is principally engaged in the development and provision of integrated internet services in the PRC.

INTERNAL CONTROL

The Company continues to monitor the historical aggregate accumulated transaction amount and has been monitoring the approval of the Existing Annual Caps under the 2023 Game Cooperation Framework Agreement. The Company has adopted a series of internal control policies in its daily operations. These internal control policies are implemented and monitored by the Company's internal audit and internal control department, independent non-executive Directors and external auditors:

- (1) the Company's internal control department conducts regular monitoring of connected transactions, the results of which together with the external auditor's report are then submitted to the audit committee and independent non-executive Directors for review. The Company's internal audit and internal control department supervises connected transactions and ensures that these transactions are carried out in the following ways: (a) in accordance with the pricing principles of the 2023 Game Cooperation Framework Agreement; (b) in the ordinary and usual course of business of the Group; (c) on normal or better commercial terms; and (d)

in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole;

- (2) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions and confirm in the annual report whether: these transactions are entered into on normal or better commercial terms; in accordance with the 2023 Game Cooperation Framework Agreement, and that the terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole; and
- (3) the Company's external auditors will also conduct annual reviews of the pricing principles, total amount of accumulated transactions and, if applicable, the annual caps of the 2023 Game Cooperation Framework Agreement and make corresponding confirmations in the Company's annual report.

The Board believes that the above internal control procedures can ensure that the transactions under the 2023 Game Cooperation Framework Agreement will continue to be implemented on normal or better commercial terms and will not harm the interests of the Company and its Shareholders.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent Holdings is a shareholder indirectly holding more than 10% of the shares of the Company. Pursuant to Chapter 14A of the Listing Rules, Tencent Holdings and its subsidiaries are connected persons of the Company. Accordingly, the 2023 Game Cooperation Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions under the Revised 2023 Receivable Annual Cap calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5%, such transactions and the Revised 2023 Receivable Annual Cap shall be subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser as and when appropriate) believe that, the Revised 2023 Receivable Annual Cap is fair and reasonable, on normal commercial terms and beneficial to the business development of the Group. In addition, the Revised 2023 Receivable Annual Cap is no less favourable than those offered to or by independent third parties. 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 Revised 2023 Receivable Annual Cap or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

GENERAL

The Company will convene the SGM for the purpose of seeking approval from the Independent Shareholders on, among other things, the Revised 2023 Receivable Annual Cap. The voting at the SGM will be conducted by poll and Water Lily Investment Limited and its associate(s) will abstain from voting at the SGM.

An Independent Board Committee will be formed to advise the Independent Shareholders on the Revised 2023 Receivable Annual Cap. The Company has appointed Maxa Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Revised 2023 Receivable Annual Cap.

A circular containing, among other things: (i) further details of the Revised 2023 Receivable Annual Cap; (ii) the recommendations of the Independent Board Committee; (iii) the advice of the Independent Financial Adviser; and (iv) notice of the SGM, is expected to be despatched to the Shareholders on or before 13 December 2023 in order to allow sufficient time for preparation of the relevant information to be included in the circular.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“2023 Game Cooperation Framework Agreement”	the continuing connected transaction agreement dated 22 February 2023 entered into between Beijing Jingxiu and Tencent Computer, pursuant to which the parties agreed that, (1) Tencent Representative Companies and Beijing Jingxiu shall carry out Distribution Cooperation, (2) Tencent Representative Companies and Beijing Jingxiu shall carry out Joint Operation Cooperation and (3) Beijing Jingxiu shall provide Marketing Services to Tencent Representative Companies
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Beijing Jingxiu”	Beijing Ruyi Jingxiu Network Technology Co., Ltd.* (北京儒意景秀網絡科技有限公司) (formerly known as Shenzhen Jingxiu Network Technology Co., Ltd.* (深圳市景秀網絡科技有限公司)), a company established in the PRC with limited liability and a subsidiary of the Company
“Board”	the board of directors of the Company
“CCT Circular”	the circular of the Company dated 12 June 2023 in relation to, among others, the 2023 Game Cooperation Framework Agreement entered into between Beijing Jingxiu and Tencent Computer
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cooperation Products”	the games developed by the Tencent Group or of which the Tencent Group owns the IP rights which shall be published and operated by the Group in the PRC under the continuing connected transactions
“Director(s)”	the director(s) of the Company
“Distribution Cooperation”	has the meaning ascribed thereto under the section headed “Background” in this announcement
“Existing Annual Caps”	the annual caps in respect of the expected maximum annual transaction amount receivable by Beijing Jingxiu from Tencent Representative Companies, and payable by Beijing Jingxiu to Tencent Representative Companies for the three years ending 31 December 2025 in relation to the transactions contemplated under the 2023 Game Cooperation Framework Agreement as approved by the Independent Shareholders at the special general meeting of the Company held on 28 June 2023

“Existing 2023 Receivable Annual Cap”	the annual cap in respect of the total amount receivable by Beijing Jingxiu from Tencent Representative Companies for the year ending 31 December 2023 as approved by the Independent Shareholders at the special general meeting of the Company held on 28 June 2023
“Group”	the Company, its subsidiaries and controlled entities
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Chau Shing Yim, David, Mr. Nie Zhixin, Mr. Chen Haiquan and Professor Shi Zhuomin, being the independent non-executive Directors, formed to advise the Independent Shareholders on the Revised 2023 Receivable Annual Cap
“Independent Financial Adviser”	Maxa Capital Limited, being appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Revised 2023 Receivable Annual Cap
“Independent Shareholders”	Shareholders other than Water Lily Investment Limited and its respective associates
“Joint Operation Cooperation”	has the meaning ascribed thereto under the section headed “Background” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marketing Services”	has the meaning ascribed thereto under the section headed “Background” in this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Revised 2023 Receivable Annual Cap”	the proposed annual cap in respect of the total amount receivable by Beijing Jingxiu from Tencent Representative Companies for the year ending 31 December 2023
“RMB”	Renminbi, the lawful currency of the PRC

“SGM”	the special general meeting of the Company to be convened, as and when appropriate, for the Independent Shareholders to consider, and vote on, the Revised 2023 Receivable Annual Cap
“Shareholders”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a company established in the PRC and a subsidiary of Tencent Holding
“Tencent Group”	Tencent Holdings and its subsidiaries
“Tencent Representative Companies”	Tencent Group, but excluding (i) China Literature Limited, its subsidiaries and its controllable companies through contractual arrangements; and (ii) Tencent Music Entertainment Group, its subsidiaries, and its controllable companies through contractual arrangements
“Tencent Holdings”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700) and the controlling shareholder of Tencent Computer
“%”	per cent.

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

Hong Kong, 22 November 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.

* for identification purposes.