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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Revenue	<b>1,319,928</b>	2,318,132
Gross profit	<b>261,615</b>	1,032,268
Gross profit margin	<b>19.8%</b>	44.5%
Net profit	<b>787,552</b>	1,173,652
Net profit margin	<b>59.7%</b>	50.6%
Adjusted net profit <sup>(Note)</sup>	<b>256,974</b>	470,110
Adjusted EBITDA	<b>830,391</b>	944,971
Adjusted EBITDA margin	<b>62.9%</b>	40.8%
Basic earnings per share	<b>RMB0.08430</b>	RMB0.12792
Diluted earnings per share	<b>RMB0.07629</b>	RMB0.11056

*Note:* We define adjusted net profit as adjusted net profit for the year net of (i) equity-settled share-based payments; (ii) changes in fair value of contingent consideration payable; (iii) imputed interest expense and income; and (iv) impairment of film and television programmes rights.

The board (the “**Board**”) of directors (the “**Directors**”) of China Ruyi Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Performance Summary**

The Group recorded a profit attributable to owners of the Company of approximately RMB790 million for the year ended 31 December 2022, which decreased by approximately RMB386 million as compared to the profit attributable to owners of the Company of approximately RMB1,174 million for the year ended 31 December 2021. The decrease in the profit attributable to owners of the Company was mainly due to the pandemic. The basic and diluted earnings per share were RMB0.08430 and RMB0.07629 for the year ended 31 December 2022, respectively, as compared to the basic and diluted earnings per share of RMB0.12792 and RMB0.11056 for the year ended 31 December 2021, respectively.

For the year ended 31 December 2022, the Group’s revenue decreased from RMB2,318 million for the year ended 31 December 2021 to RMB1,320 million for the year ended 31 December 2022, including revenue from film and television drama production, online streaming and game businesses of RMB1,269.2 million, and revenue from other business segment of RMB50.8 million.

The costs of film and television drama production, online streaming and game businesses are mainly content costs, labour costs, and depreciation and amortization costs. The gross profit margin of these segments was approximately 19.1% for the year. After deducting selling and marketing costs, administrative and other expenses of approximately RMB1,218.1 million, these segments recorded a profit of approximately RMB94.5 million.

For the year ended 31 December 2022, the adjusted net profit<sup>(Note)</sup> of the Company was RMB257.0 million, while the adjusted net profit<sup>(Note)</sup> for the year ended 31 December 2021 was RMB470.1 million. For the year ended 31 December 2022, our adjusted EBITDA and adjusted EBITDA margin were RMB830.4 million and 62.9%, respectively, while the adjusted EBITDA and adjusted EBITDA margin for the year ended 31 December 2021 were RMB945.0 million and 40.8%, respectively.

*Note:* We define adjusted net profit as adjusted net profit for the year net of (i) equity-settled share-based payments; (ii) changes in fair value of contingent consideration payable; (iii) imputed interest expense and income; and (iv) impairment of film and television programmes rights.

## **Business Review and Outlook**

After fully tapping into streaming media business for almost two years, the Group has been fully leveraging its professional and talent competitive edges in terms of content and technology, as well as the resources of its major shareholders, including Tencent Holdings Limited (“**Tencent Holdings**”, together with its subsidiaries and controlled entities referred to as “**Tencent Group**”) (stock code: 0700), aiming to provide quality contents for users. The Group has provided users with high-quality streaming services through continuous investments in research and product innovation.

2022 was a year full of changes and challenges. We actively innovated and strengthened the exploration and development of various cooperation models. Despite certain impacts on its financial position due to the pandemic, the Group managed to deliver strategic progress in terms of business development, including developing mobile game business, producing extensive film and television drama contents, strengthening the member stickiness of its streaming platform, and expanding its copyright distribution business.

We believe that the film and television industry in the “post-pandemic” era has been returning to its essence with a focus on contents, technological innovation and social responsibility. Driven by contents, the integration of film industry and elements such as technology and the internet has become an irreversible trend. The Group will continue to fully leverage its professional and talent competitive edges in terms of content and technology, as well as the resources of its major shareholders, including Tencent Holdings, aiming to provide quality contents for users. The Group will provide users with experiences that exceed expectations through continuous investments in research and product innovation.

### **Film and television drama production business**

Ruyi Films is a professional film and television production brand of the Group with industry-leading capabilities in content research and development, film production, as well as promotion and distribution.

In 2022, Ruyi Films participated in the production of the film “Moon Man” (《獨行月球》), which achieved a cumulative box office of RMB3.1 billion. Even though the recurring pandemic frequently affected the film arrangement in cinemas, a sound momentum in the development and production of high-quality content was sustained during the year. While maintaining a high production rate, the Group commenced its cooperation in film production with overseas companies.

In addition, Ruyi Films produced and completed the post-production for the films “Five Hundred Miles” (《交換人生》) and “Post-Truth” (《保你平安》) during the year, and they have been released in cinemas. The television drama “Love Is Full of Jiudaowan” (《情滿九道彎》) has been simultaneously broadcast on television and online streaming platforms. In addition, the film “One and Only” (《熱烈》) and television dramas such as “Rechter Tie” (《大唐狄公案》), “Fireworks of My Heart” (《我的人間煙火》) and “Gone with the Wind” (《微暗之火》) are also scheduled to be successively released in 2023.

Adhering to the business philosophy of the producer management system, Ruyi Films will continue to produce high-quality content by virtue of diverse creative drama content, effective cost control, extensive industry experience and professional resources integration.

## **Online streaming business**

As an online streaming media and vertical content platform under the Group, Pumpkin Films is committed to creating a more immersive and customized viewing experience for audience through data algorithms based on its subscription-based business model as the core.

With the enhancing awareness towards copyright protection and the continuous advancement of the legalization process, users' awareness on paid copyrights has gradually increased. During the year, Pumpkin Films continued to purchase high-quality domestic content and import film and television drama content, and used high-quality content and innovative services to meet the diverse needs of its subscribers.

At the same time, in response to the changes in the industry and market environment, the Company has been developing its new media copyright operation and distribution business at a steady pace, with an aim to achieve a breakthrough in the profit model of its existing business. The operational stability and risk resistance of the Company has improved in an ongoing basis with the ability to monetize through diverse channels.

## **Game business**

“JINGXIU” is a game 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.

During the year, the Group officially entered the game business sector. On 26 May 2022, the Group launched its first mobile game, “The War of Three Kingdoms” (《亂世逐鹿》), which is a Three Kingdoms-based strategy card game presented in a novel format. Endorsed by Tony Leung Chiu-wai, an award-winning actor, the game was recommended by the “App Store Today” and ranked top in the free game rankings on the day of its launch. After that, on 26 July 2022, the Group launched “Chuanqi Tianxia” (《傳奇天下》), a large-scale multiplayer online role-playing mobile game with official license from the Chuanqi Series. Inheriting the oriental fantasy background from its original IP, the game brings players a more realistic and fierce battling experience with a powerful physically-based rendering system.

The Group remains committed to developing the game business in the future. It plans to launch a game of the same name adapted from the well-known Japanese animation IP “Fullmetal Alchemist” (《鋼之煉金術師》) in the summer of 2023, and launch a new game “Ragnarok Origin” (《仙境傳說：愛如初見》) based on the well-known IP “Ragnarok” (《仙境傳說》) by the end of 2023. Meanwhile, the Group will also continue to deepen its cooperation with Tencent Group to commence a variety of businesses such as distribution cooperation, joint operation cooperation and marketing services in terms of game business. While establishing a new brand image, we will continue to expand our game offerings, thereby expanding the Company's revenue.

## ADJUSTED NET PROFIT AND 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 our management. However, our presentation of the adjusted net profit and 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 net profit and adjusted EBITDA for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<i><b>RMB’000</b></i>	<i>RMB’000</i>
<b>Reconciliation of net profit to adjusted net profit</b>		
Net profit for the year	<b>787,552</b>	1,173,652
Add:		
Share-based compensation expense	<b>91,280</b>	8,603
Imputed interest income	—	(373,091)
Imputed interest expenses	<b>70,919</b>	23,118
Fair value change in contingent consideration payable	<b>(988,615)</b>	(362,172)
Impairment of film and television programmes rights	<b>295,838</b>	—
<b>Adjusted net profit</b>	<b>256,974</b>	470,110
Add:		
Depreciation of property, plant and equipment	<b>4,159</b>	4,997
Depreciation of right-of-use assets	<b>14,531</b>	13,774
Amortisation of film and television programmes rights	<b>538,218</b>	441,691
Amortisation of other intangible assets	<b>2,497</b>	2,972
Other finance costs	<b>14,012</b>	11,427
<b>Adjusted EBITDA</b>	<b>830,391</b>	944,971

## **LIQUIDITY, CAPITAL RESOURCES, BORROWINGS AND GEARING RATIO**

The Group maintains a prudent treasury policy. The Group primarily financed its operations through shareholder's equity and cash generated from operations. During the year ended 31 December 2022, 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 31 December 2022, the Group maintained cash and bank balance of approximately RMB1,189.7 million (as at 31 December 2021: approximately RMB1,139.5 million). The increase in cash and bank balance was mainly due to operation.

### **Borrowings and Gearing Ratio**

The Group maintained a sound financial position, and its borrowing demand was not seasonal. As at 31 December 2022, the Group had borrowings of RMB1,769.9 million (as at 31 December 2021: approximately RMB1,523.0 million), borrowings at fixed interest rates accounted for 12.7%. Such bank borrowings will be due within 11 months.

As at 31 December 2022, the Group's net equity amounted to approximately RMB7,971.2 million (as at 31 December 2021: approximately RMB5,613.3 million) with total assets amounting to approximately RMB13,219.0 million (as at 31 December 2021: approximately RMB10,619.9 million). Net current assets were approximately RMB3,159.4 million (as at 31 December 2021: approximately RMB2,267.9 million) and the current ratio was 2.5 times (as at 31 December 2021: 2.4 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings and lease liabilities) over shareholders' funds was 2.8% (as at 31 December 2021: 3.4%).

### **Charge of Assets**

During the year ended 31 December 2022, the Group did not have any charges on assets.

### **Commitment**

As at 31 December 2022, the Group had no capital commitment (as at 31 December 2021: capital commitments contracted but not provided for of approximately RMB544 million).

### **Contingent Liabilities**

The Company and the Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other significant contingent liabilities as at 31 December 2022 (as at 31 December 2021: nil).

## **Loan financing**

During the year ended 31 December 2022, no new loan was granted and therefore no interest income was generated from this segment (the year ended 31 December 2021: nil).

## **CURRENCY RISK MANAGEMENT**

The Group had significant amount of assets and liabilities denominated in Renminbi (“**RMB**”) as at 31 December 2022. The content production and online streaming business is 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 year ended 31 December 2022, 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.

## **SHARE-BASED PAYMENTS**

### **2013 Share Option Scheme**

The Company’s share option scheme (the “**Share Option Scheme**”) was adopted pursuant to a resolution passed by the shareholders on 31 October 2013. The purpose of the 2013 Share Option Scheme is to provide incentives to eligible participants. On 26 November 2021, the Company granted 181,917,000 share options pursuant to the Share Option Scheme. During the year ended 31 December 2022, the Company has not granted any other new share option under such Share Option Scheme or adopt any other share option scheme. For the year ended 31 December 2022, (i) 181,917,000 share options granted under the Share Option Scheme had not been exercised; and (ii) no share option granted under the Share Option Scheme had been lapsed or cancelled (for the year ended 31 December 2021: nil).

## **NUMBER OF EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group employed approximately 374 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 and mandatory provident fund, etc. Total staff costs for the year ended 31 December 2022, including directors’ emoluments, amounted to approximately RMB202.2 million (2021: RMB113.5 million).

## **EVENT AFTER THE END OF THE REPORTING PERIOD**

### **Continuing Connected Transactions in relation to Game Technology and Channel Promotion Services with Shenzhen Tencent Computer Systems Company Limited**

On 22 February 2023, Beijing Ruyi Jingxiu Network Technology Co., Ltd. (北京儒意景秀網絡科技有限公司) (“**Beijing Jingxiu**”), a subsidiary of the Company, and Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) (“**Tencent Computer**”), a subsidiary of Tencent Holding, entered into a continuing connected transaction agreement (the “**CCT Agreement**”) for a term of three years, pursuant to which the parties agreed that Beijing Jingxiu and 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 Representative Companies**”), shall cooperate in the field of gaming, including (1) distribution cooperation between Tencent Representative Companies and Beijing Jingxiu; (2) joint operation cooperation between Tencent Representative Companies and Beijing Jingxiu; and (3) provision of marketing services by Beijing Jingxiu to Tencent Representative Companies (the “**CCTs**”). The Company will convene a special general meeting to seek approval from the independent shareholders on the CCT Agreement and the annual caps of the transactions contemplated thereunder. For further details of the aforesaid CCTs, please refer to the announcement dated 22 February 2023 of the Company. As at the date of this announcement, the Company has not yet determined the date for the relevant special general meeting. The Company will make further announcements in due course in accordance with the Listing Rules.

## **MATERIAL ACQUISITION AND DISPOSAL**

During the year ended 31 December 2022, there was no material acquisition and disposal by the Company or any of its subsidiaries.

## FINANCIAL INFORMATION

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		31 December 2022	31 December 2021
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	1,319,928	2,318,132
Cost of revenue	3	<u>(1,058,313)</u>	<u>(1,285,864)</u>
<b>Gross profit</b>		<b>261,615</b>	1,032,268
Selling and marketing costs	3	(60,713)	(248,418)
Administrative expenses	3	(251,924)	(150,544)
Net impairment losses on financial assets		(102,290)	(35,612)
Other income	4	6,034	7,682
Other gains — net	5	<u>1,031,025</u>	<u>362,238</u>
<b>Operating profit</b>		<b>883,747</b>	967,614
Finance costs		(84,931)	(34,545)
Finance income		<u>52,576</u>	<u>382,673</u>
Finance (cost)/income — net	6	<u>(32,355)</u>	348,128
Share of losses of associates accounted for using the equity method		<u>(1,551)</u>	<u>(337)</u>
<b>Profit before income tax</b>		<b>849,841</b>	1,315,405
Income tax expenses	7	<u>(62,289)</u>	<u>(141,753)</u>
<b>Profit for the year, net of tax</b>		<b><u>787,552</u></b>	<b><u>1,173,652</u></b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Changes at fair value through other comprehensive income		(59)	(14)
Currency translation difference		(161,435)	(11,559)
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation difference		<u>(863)</u>	<u>5,437</u>
<b>Other comprehensive loss for the year, net of tax</b>		<b><u>(162,357)</u></b>	<b><u>(6,136)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>625,195</u></b>	<b><u>1,167,516</u></b>

		<b>31 December</b>	31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit attributable to:</b>			
— Owners of the Company		<b>789,525</b>	1,175,339
— Non-controlling interests		<u><b>(1,973)</b></u>	<u>(1,687)</u>
		<u><b>787,552</b></u>	<u>1,173,652</u>
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>627,168</b>	1,169,203
— Non-controlling interests		<u><b>(1,973)</b></u>	<u>(1,687)</u>
		<u><b>625,195</b></u>	<u>1,167,516</u>
<b>Earnings per share for profit attributable to owners of the Company for the years: (expressed in RMB cents per share)</b>			
— Basic earnings per share	8	<u><b>8.430</b></u>	<u>12.792</u>
— Diluted earnings per share	8	<u><b>7.629</b></u>	<u>11.056</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,414	8,826
Right-of-use assets		63,281	68,600
Goodwill		4,214,619	4,214,619
Other intangible assets		682,324	684,821
Film and television programmes rights		2,443,848	1,403,045
Deferred tax assets		19,922	1,693
Investments accounted for using equity method		34,897	34,448
Financial assets at fair value through profit or loss		488,738	136,000
Financial assets at fair value through other comprehensive income		480	539
Prepayments and other non-financial assets		57,969	74,400
Deposits		<u>2,528</u>	<u>—</u>
		<b><u>8,018,020</u></b>	<b><u>6,626,991</u></b>
<b>Current assets</b>			
Film and television programmes rights		1,617,136	1,178,828
Inventories		986	2,257
Prepayments and other non-financial assets		246,059	326,978
Other receivables and deposits		1,112,395	239,332
Trade receivables	9	936,344	1,061,197
Financial assets at fair value through profit or loss		98,309	44,846
Cash and cash equivalents		<u>1,189,720</u>	<u>1,139,463</u>
		<b><u>5,200,949</u></b>	<b><u>3,992,901</u></b>
<b>Total assets</b>		<b><u><u>13,218,969</u></u></b>	<b><u><u>10,619,892</u></u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	10	193,805	180,467
Share premium	10	9,379,095	7,752,893
Other reserves		(54,811)	40,240
Accumulated losses		<u>(1,546,850)</u>	<u>(2,360,349)</u>
		<b>7,971,239</b>	<b>5,613,251</b>
Non-controlling interests		<u>4,192</u>	<u>6,165</u>
<b>Total equity</b>		<b><u>7,975,431</u></b>	<b><u>5,619,416</u></b>

		<b>31 December 2022</b>	31 December 2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>1,719,916</b>	1,373,018
Lease liabilities		<b>21,703</b>	26,797
Deferred tax liabilities		<b>451,501</b>	501,958
Contingent consideration payable	12	<b>610,809</b>	1,373,719
Film and television programmes investment funds from investors		<b>398,027</b>	—
		<b>3,201,956</b>	3,275,492
<b>Current liabilities</b>			
Contract liabilities		<b>6,324</b>	16,083
Borrowings		<b>50,000</b>	150,000
Trade payables	11	<b>560,463</b>	50,418
Film and television programmes investment funds from investors		<b>327,008</b>	559,058
Other payables and accruals		<b>314,559</b>	80,603
Current income tax liabilities		<b>198,979</b>	168,432
Lease liabilities		<b>14,487</b>	13,531
Contingent consideration payable	12	<b>569,762</b>	686,859
		<b>2,041,582</b>	1,724,984
<b>Total liabilities</b>		<b>5,243,538</b>	5,000,476
<b>Total equity and liabilities</b>		<b>13,218,969</b>	10,619,892

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and contingent consideration payable which are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in.

#### (a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

Annual improvements Project	Annual improvements to HKFRSs 2018–2020 (amendments)
Amendments to HKAS 3, HKAS 16, and HKAS 37	Narrow-scope amendments (amendments)
Amendment to HKAS 16	COVID-19-Related Rent Concessions beyond 2021 (amendments)
Amendment to AG 5	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group**

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	1 January 2023
HKAS 8	Definition of Accounting Estimates (amendments)	1 January 2023
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)	1 January 2023
HKFRS 17	Insurance Contracts (new standard)	1 January 2023
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 (amendments)	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	A date to be determined by the IASB

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. 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.

## **2 SEGMENT INFORMATION**

### **(a) Description of segments and principal activities**

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 business" segment; the Group's previous reportable segment of "Content production and online streaming business" convert 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 profit/(loss)**

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2022 are as follows:

	<b>Content production business RMB'000</b>	<b>Online streaming and online gaming businesses RMB'000</b>	<b>Other businesses RMB'000</b>	<b>Consolidated RMB'000</b>
Revenue				
Timing of revenue recognition				
At a point	105,641	1,012,166	50,765	1,168,572
Over time	—	151,356	—	151,356
	<u>105,641</u>	<u>1,163,522</u>	<u>50,765</u>	<u>1,319,928</u>
Segment (loss)/profit	<u>(283,115)</u>	<u>377,636</u>	<u>(82,115)</u>	12,406
Unallocated corporate expenses				(97,277)
Unallocated other gains				981,919
Unallocated finance cost-net				<u>(47,207)</u>
Profit before income tax				<u>849,841</u>
Depreciation of property, plant and equipment	1,057	572	2,530	4,159
Depreciation of right-of-use assets	10,944	2,838	749	14,531
Amortisation of other intangible assets	7	2,490	—	2,497
Amortisation of film and television programmes rights	64,717	473,501	—	538,218
Share of losses of associate accounted for using the equity method	1,551	—	—	1,551
Impairment of film and television programmes rights	<u>295,838</u>	<u>—</u>	<u>—</u>	<u>295,838</u>

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2021 are as follows:

	Content production business <i>RMB'000</i>	Online streaming business <i>RMB'000</i>	Other businesses <i>RMB'000</i> (Restated)	Consolidated <i>RMB'000</i>
<b>Revenue</b>				
<b>Timing of revenue recognition</b>				
At a point	1,296,216	667,378	60,607	2,024,201
Over time	—	251,478	42,453	293,931
	<u>1,296,216</u>	<u>918,856</u>	<u>103,060</u>	<u>2,318,132</u>
Segment profit/(loss)	<u>375,752</u>	<u>321,143</u>	<u>(71,641)</u>	625,254
Unallocated corporate expenses				(22,646)
Unallocated other gains				361,924
Unallocated finance income-net				<u>350,873</u>
Profit before income tax				<u>1,315,405</u>
Depreciation of property, plant and equipment	103	594	4,300	4,997
Depreciation of right-of-use assets	8,812	1,363	3,599	13,774
Amortisation of other intangible assets	1	2,733	238	2,972
Amortisation of film and television programmes rights	210,127	231,564	—	441,691
Share of losses of associate accounted for using the equity method	<u>337</u>	<u>—</u>	<u>—</u>	<u>337</u>

During the years ended 31 December 2022 and 2021, all of the segment revenue reported above was from external customers and there were no inter-segment sales.

(c) **Segment assets and liabilities**

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

	<b>Content production business RMB'000</b>	<b>Online streaming and online gaming businesses RMB'000</b>	<b>Other businesses RMB'000</b>	<b>Consolidated RMB'000</b>
<b>ASSETS</b>				
Segment assets	<u>7,492,680</u>	<u>3,129,413</u>	<u>20,450</u>	10,642,543
Unallocated other receivables and deposits				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>
<b>LIABILITIES</b>				
Segment liabilities	<u>(1,233,483)</u>	<u>(599,329)</u>	<u>(24,179)</u>	(1,856,991)
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>

Segment assets and liabilities as at 31 December 2021 are as follows:

	Content production business <i>RMB'000</i>	Online streaming business <i>RMB'000</i>	Other businesses <i>RMB'000</i> (Restated)	Consolidated <i>RMB'000</i>
<b>ASSETS</b>				
Segment assets	<u>7,030,253</u>	<u>2,192,126</u>	<u>74,972</u>	9,297,351
Financial assets at FVPL				180,846
Financial assets at FVOCI				539
Deferred tax assets				1,693
Cash and cash equivalents				<u>1,139,463</u>
Consolidated total assets				<u>10,619,892</u>
<b>LIABILITIES</b>				
Segment liabilities	<u>(713,323)</u>	<u>(143,791)</u>	<u>(22,532)</u>	(879,646)
Unallocated other payables				(4,145)
Unallocated borrowings				(1,373,018)
Contingent consideration payable				(2,073,277)
Current income tax liabilities				(168,432)
Deferred tax liabilities				<u>(501,958)</u>
Consolidated total liabilities				<u>(5,000,476)</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 deposits, 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, certain borrowings, contingent consideration payable, current income tax liabilities and deferred tax liabilities.

**(d) Geographical information**

The Group's operations are located in the PRC and Hong Kong for the years ended 31 December 2022 and 2021.

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:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
PRC	<b>1,277,010</b>	2,277,676
Europe	<b>27,640</b>	22,531
Hong Kong	<b>12,116</b>	14,313
Others	<b>3,162</b>	3,612
	<b><u>1,319,928</u></b>	<b><u>2,318,132</u></b>

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

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
PRC	<b>7,508,559</b>	4,975,866
Hong Kong	<b>321</b>	1,000
	<b><u>7,508,880</u></b>	<b><u>4,976,866</u></b>

**(e) Information about major customers**

During the year ended 31 December 2022, two customers contributed over 10% of the Group's revenue. The revenue from these two customers during the year were approximately RMB697,893,000 (2021: RMB455,524,000), accounting for 41% and 12% of the Group's revenue, respectively.

### 3 EXPENSES BY NATURE

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

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Employees benefit expenses (including directors' emoluments)	<b>202,204</b>	113,538
Content revenue-sharing, distribution and promotion costs	—	774,134
Cost of inventories sold	<b>26,933</b>	50,357
Impairment of film and television programmes rights	<b>295,838</b>	—
Amortisation		
— Film and television programmes rights	<b>538,218</b>	441,691
— Other intangible assets	<b>2,497</b>	2,972
Depreciation		
— Property, plant and equipment	<b>4,159</b>	4,997
— Right-of-use assets	<b>14,531</b>	13,774
Advertising and promotion costs	<b>49,753</b>	9,331
Bandwidth and server custody fees	<b>75,195</b>	46,830
Distribution cost and payment handling fees	<b>62,166</b>	105,398
Rental expenses	<b>3,941</b>	5,499
Travelling expenses	<b>1,402</b>	4,836
Research and development expenses	<b>27,702</b>	11,732
Legal and professional fees	<b>19,876</b>	21,045
Auditor's remuneration		
— Audit services	<b>4,800</b>	3,667
— Non-audit services	<b>1,407</b>	929
Write-down/(net reversal of write-down) of inventories	<b>416</b>	(2,789)
Others	<b>39,912</b>	76,885
	<b><u>1,370,950</u></b>	<b><u>1,684,826</u></b>

### 4 OTHER INCOME

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Government grants	<b>5,997</b>	3,592
Tax credit of input tax additional deduction	—	4,056
Dividend income from financial assets at FVOCI	<b>37</b>	34
	<b><u>6,034</u></b>	<b><u>7,682</u></b>

## 5 OTHER GAINS — NET

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Fair value change in contingent consideration payable ( <i>Note 12</i> )	<b>988,615</b>	362,172
Net fair value change in financial assets at FVPL	<b>(24,555)</b>	7,640
Penalty income	<b>2,452</b>	420
Gains on disposals of property, plant and equipment	<b>4,785</b>	—
Write-off of property, plant and equipment	<b>(138)</b>	(3,192)
Write-off of intangible assets	—	(1,934)
Write-off of long term prepayments	—	(3,821)
Remeasurement of film and television programmes investment funds from investors	<b>59,866</b>	—
Others	<u>—</u>	<u>953</u>
Total other gains — net	<u><b>1,031,025</b></u>	<u>362,238</u>

## 6 FINANCE (COST)/INCOME — NET

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Finance costs:		
— Interests expenses on borrowings	<b>(11,698)</b>	(9,420)
— Interests expenses on film and television programmes investment funds from investors	<b>(482)</b>	—
— Interests expenses on lease liabilities	<b>(1,832)</b>	(2,007)
— Imputed interest expenses	<u><b>(70,919)</b></u>	<u>(23,118)</u>
	<u><b>(84,931)</b></u>	<u>(34,545)</u>
Finance income:		
— Interest income on saving deposits	<b>3,002</b>	6,292
— Interest income on receivables from investments in film and television programme rights	<b>49,574</b>	2,480
— Imputed interest income	<u>—</u>	<u>373,901</u>
	<u><b>52,576</b></u>	<u>382,673</u>
Finance (cost)/income — net	<u><b>(32,355)</b></u>	<u>348,128</u>

## 7 INCOME TAX EXPENSES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Current income tax		
— Provision for the year	<u>(131,091)</u>	<u>(135,560)</u>
Total current income tax expense	<b>(131,091)</b>	(135,560)
Deferred income tax	<u>68,802</u>	<u>(6,193)</u>
Income tax expenses	<u><b>(62,289)</b></u>	<u>(141,753)</u>

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rates applicable to subsidiaries comprising the Group as follows:

### **Bermuda corporate tax**

The Company is incorporated in the Bermuda under the Companies Act 1981 of Bermuda and, accordingly, are exempted from the Bermuda corporate tax.

### **Hong Kong profits tax**

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profit for the year, based on the existing legislation, interpretations and practices in respect thereof. No Hong Kong profits tax has been provided for during the year ended 31 December 2022 (year ended 31 December 2021: Nil).

### **PRC corporate income tax**

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%, except for a subsidiary of the Group which are entitled to preferential tax rate applicable to advanced and new technology enterprises of 15% in 2021 on the estimated assessable profit for the year, based on the existing legislation, interpretations and practices in respect thereof.

## 8 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for such purpose has been retrospectively adjusted for the effects of the share consolidation effective on 20 January 2021, whereby every ten issued and unissued then existing shares of the Company were consolidated into one consolidated share.

	<b>31 December 2022</b>	31 December 2021
Profit attributable to owners of the Company (RMB'000)	<u>789,525</u>	<u>1,173,652</u>
Weighted average number of ordinary shares in issue (thousands)	<u>9,365,893</u>	<u>9,174,559</u>
Basic earnings per share (RMB cents per share) for the year	<u>8.430</u>	<u>12.792</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 being 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 year) 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 earnings per share.

	<b>31 December 2022</b>	31 December 2021
Weighted average number of ordinary shares for calculation of basic earnings per share (thousands)	<b>9,365,893</b>	9,174,559
Adjustment for:		
— share warrants (thousands)	<u>983,515</u>	<u>1,440,808</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>10,349,408</u>	<u>10,615,367</u>
Profit attributable to owners of the Company (RMB'000)	<b>789,525</b>	1,173,652
Diluted earnings per share (RMB cents per share) for the year	<b>7.629</b>	11.056

The share options granted by the Company should also have potential dilutive effect on the earnings per share. During the years ended 31 December 2022 and 2021, these share options has anti-dilutive effect to the Group's diluted earnings per share.

## 9 TRADE RECEIVABLES

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Trade receivables from third parties	<b>1,034,744</b>	1,074,417
Less: allowance for impairment of trade receivables	<u><b>(98,400)</b></u>	<u>(13,220)</u>
	<u><b>936,344</b></u>	<u>1,061,197</u>

(a) Trade receivables were denominated in the following currencies:

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
— RMB	<b>928,168</b>	1,056,397
— US\$	<b>8,164</b>	4,338
— HK\$	<u><b>12</b></u>	<u>462</u>
	<u><b>936,344</b></u>	<u>1,061,197</u>

(b) Trade receivables mainly arose from sales of goods and provision of content production and online streaming platform 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.

	<b>31 December 2022 RMB'000</b>	31 December 2021 RMB'000
Within 90 days	<b>641,195</b>	919,218
91 days to 180 days	<b>11,533</b>	40,859
Over 181 days	<u><b>283,616</b></u>	<u>101,120</u>
	<u><b>936,344</b></u>	<u>1,061,197</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 1 January 2021	80,803,166,025	161,228	4,511,147
Share Consolidation ( <i>Note (a)</i> )	(72,722,849,423)	—	—
Issuance of ordinary shares as consideration for a business combination, net of transaction costs and tax	<u>1,154,330,943</u>	<u>19,239</u>	<u>3,241,746</u>
At 1 January 2022	9,234,647,545	180,467	7,752,893
Issuance of ordinary shares ( <i>Note (b)</i> )	<u>770,000,000</u>	<u>13,338</u>	<u>1,626,202</u>
At 31 December 2022	<u><u>10,004,647,545</u></u>	<u><u>193,805</u></u>	<u><u>9,379,095</u></u>

*Notes:*

- (a) Pursuant to the share consolidation approved by the shareholders, every ten issued ordinary shares of Company had been consolidated into one ordinary share (“**share consolidation**”). The share consolidation became effective as from 20 January 2021.
- (b) During the year ended 31 December 2022, a total of 770,000,000 placing shares were placed at an average placing prices of HK\$2.42 per placing share with gross proceeds of approximately HK\$1,863,400,000 was raised by the Company. After netting off these gross proceeds with share issuance costs, the respective share capital amount was approximately RMB13,338,000 and share premium arising from the issuance was approximately RMB1,626,202,000. The share issuance costs mainly include share underwriting commissions, lawyers’ fees and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These share issuance costs were treated as a deduction against the share premium arising from the issuance.

### Dividend

The directors do not recommend the payment of final dividend for the year ended 31 December 2022 (2021: Nil).

## 11 Trade payables

	<b>31 December 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables to:		
— Third parties	<b>550,120</b>	50,418
— Related parties	<b>10,343</b>	—
	<b>560,463</b>	50,418

(a) Trade payables were denominated in the following currencies:

	<b>31 December 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
— RMB	<b>559,640</b>	49,475
— HK\$	<b>742</b>	906
— US\$	<b>81</b>	37
	<b>560,463</b>	50,418

(b) The ageing analysis of trade payables of the Group based on invoice date is as follows:

	<b>31 December 2022</b>	31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	<b>469,807</b>	33,269
61 days to 150 days	<b>29,708</b>	13,035
Over 151 days	<b>60,948</b>	4,114
	<b>560,463</b>	50,418

The carrying amounts of trade payables approximate their fair values as at 31 December 2022 and 2021.

## 12 CONTINGENT CONSIDERATION PAYABLE

On 20 January 2021 (“**acquisition date**”), the Group completed its acquisition (“**Acquisition**”) of 100% of all issued shares in Virtual Cinema, which, together with its subsidiaries and variable interest entities, are principally engaged in film and television programmes production and online streaming platform.

The consideration of the Acquisition was settled by a combination of (i) HK\$3,913,182,000 (approximately RMB3,260,985,000) of the consideration settled in 1,154,330,943 shares (after share consolidation) at the issue price of HK\$3.39 (after share consolidation); and (ii) a maximum of HK\$2,907,300,000 (approximately RMB2,422,750,000) of the consideration settled by way of allotment and issue at maximum 1,834,279,307 warrants (after share consolidation) at the initial warrants exercise price of HK\$0.96 (after share consolidation) per each warrant.

The actual number of warrants to be issued is subject to the net profit of Virtual Cinema in a specified time frame following the Acquisition.

Based on the final purchase price allocation, the following table summarises the fair value movement of the consideration paid for Virtual Cinema:

	<i>RMB'000</i>
<b>As at 20 January 2021</b>	
Issued as consideration for business combination	2,422,750
Fair value change of the contingent consideration payable	<u>(362,172)</u>
<b>At 31 December 2021</b>	<u><u>2,060,578</u></u>
<b>As at 1 January 2022</b>	2,060,578
Fair value change of the contingent consideration payable	(988,615)
Currency translation differences	<u>108,608</u>
<b>At 31 December 2022</b>	<u><u>1,180,571</u></u>

	<b>At 31 December 2022 <i>RMB'000</i></b>	At 31 December 2021 <i>RMB'000</i>
Represented by		
Current portion	<b>569,762</b>	686,859
Non-current portion	<u><b>610,809</b></u>	<u>1,373,719</u>
	<u><u><b>1,180,571</b></u></u>	<u><u>2,060,578</u></u>

## **OTHER INFORMATION**

### **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (for the year ended 31 December 2021: nil).

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

#### **The First Water Lily Share Subscription Agreement**

On 25 January 2022, the Company entered into a share subscription agreement with Water Lily Investment Limited (“**Water Lily**”) (the “**First Water Lily Share Subscription Agreement**”), pursuant to which, the Company conditionally agreed to allot and issue, and Water Lily conditionally agreed to subscribe at HK\$2.50 per subscription share for 64,000,000 new shares on the terms of the First Water Lily Share Subscription Agreement. On the same day, the Company also entered into a share subscription agreement with Mr. Liu Xueheng (劉學恒) (“**Mr. Liu**”) (the “**Mr. Liu Share Subscription Agreement**”), pursuant to which, the Company agreed to allot and issue, and Mr. Liu agreed to subscribe at HK\$2.50 per subscription share for 56,000,000 new shares on the terms of the Mr. Liu Share Subscription Agreement.

In respect of the subscription under the First Water Lily Share Subscription Agreement, the relevant subscription shares were allotted and issued under the specific mandate approved by the independent shareholders at the special general meeting convened on 30 March 2022. In respect of the subscription under the Mr. Liu Share Subscription Agreement, the subscribed shares were issued under the general mandate.

For further details of the First Water Lily Share Subscription Agreement and the Mr. Liu Share Subscription Agreement, please refer to the announcement dated 26 January 2022, the circular dated 14 March 2022, and the poll results of the special general meeting of the Company dated 30 March 2022.

#### **The Second Water Lily Share Subscription Agreement**

On 13 July 2022, the Company entered into a share subscription agreement with Water Lily (the “**Second Water Lily Share Subscription Agreement**”), pursuant to which, the Company agreed to allot and issue, and Water Lily agreed to subscribe at HK\$2.40 per subscription share for 162,500,000 new shares of the Company on the terms of the Second Water Lily Share Subscription Agreement. The Second Water Lily Share Subscription Agreement was completed on 13 October 2022.

In respect of the subscription under the Second Water Lily Share Subscription Agreement, the relevant subscription shares were allotted and issued under the specific mandate approved by the independent shareholders at the special general meeting convened on 23 September 2022.

For further details of the Second Water Lily Share Subscription Agreement, please refer to the announcement dated 14 July 2022, the circular dated 7 September 2022, and the poll results of the special general meeting of the Company dated 23 September 2022.

### **The Sunshine Life Share Subscription Agreement**

On 14 July 2022, the Company entered into a share subscription agreement with Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) (“**Sunshine Life**”) (the “**Sunshine Life Share Subscription Agreement**”), pursuant to which, the Company agreed to allot and issue, and Sunshine Life agreed to subscribe at HK\$2.40 per subscription share for 487,500,000 subscription shares on the terms of the Sunshine Life Share Subscription Agreement. The Sunshine Life Share Subscription Agreement was completed on 21 December 2022.

In respect of the subscription under the Sunshine Life Share Subscription Agreement, the subscribed shares were issued under the general mandate.

For further details of the Sunshine Life Share Subscription Agreement, please refer to the announcements dated 14 July 2022 and 21 December 2022 of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company’s listed securities during the year ended 31 December 2022.

### **CORPORATE GOVERNANCE PRACTICES**

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 year ended 31 December 2022 except for the following deviation from the Code:

- 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 year ended 31 December 2022, 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 year ended 31 December 2022, Mr. Ke Liming, the chairman of the Board, was unable to attend the annual general meeting held on 13 June 2022 (the “**2022 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 2022 AGM and served as the chairman of the meeting. The Board believes that Mr. Chau Shing Yim, David had sufficient ability and knowledge to answer questions at the 2022 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 year ended 31 December 2022.

## **REVIEW OF RESULTS**

The Audit Committee of the Company consists of three of the independent non-executive Directors, namely Mr. Chau Shing Yim, David, Mr. Nie Zhixin and Mr. Chen Haiquan. The Audit Committee assists the Board in, among others, providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The Audit Committee has reviewed the results of the Group for the year ended 31 December 2022.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement of the results of the Group have been agreed by the auditor of the Company, PricewaterhouseCoopers, to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2022. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance will be expressed on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE**

The annual results announcement for the year ended 31 December 2022 is also published on the Stock Exchange's website (<https://www.hkexnews.hk>) and the Company's website (<https://www.ryholdings.com>). The annual report containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

## **2023 ANNUAL GENERAL MEETING**

As at the date of this announcement, the Company has not determined the date when the Company's 2023 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

## **FORWARD LOOKING STATEMENTS**

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this announcement 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 the Company's shareholders, investors, employees and business partners for their continuous support.

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

Hong Kong, 31 March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Ke Liming, Ms. Chen Xi, Mr. Wan Chao and Mr. Zhang Qiang; 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.*