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**a metaverse company**

**A Metaverse Company**

**— 元 宇 宙 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1616)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO  
SUPPLEMENTAL AGREEMENT  
TO THE REPURCHASE AGREEMENT**

**INTRODUCTION**

References are made to the announcements of the Company dated 5 July 2022 and 12 July 2022 in relation to, among others, the discloseable and exempt connected transaction in relation to repurchase of equity interest in a non wholly-owned subsidiary from Seller A.

On 5 June 2023 (after the trading hours), the Company and the Purchaser, among the others, entered into the Supplemental Repurchase Agreement to revise certain terms and conditions of the Repurchase Agreement A.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Repurchase from Seller A (as revised by the Supplemental Repurchase Agreement) exceed 5% but are all less than 25%, the Repurchase from Seller A (as revised by the Supplemental Repurchase Agreement) and the transactions contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

As (i) Seller A is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Repurchase from Seller A; and (iii) the independent non-executive Directors have confirmed that the Repurchase from Seller A are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the entering into the Supplemental Repurchase Agreement is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As Seller A was a substantial shareholder of the Target Company as at the material time the Supplemental Repurchase Agreement was entered into, Seller A was a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Repurchase from Seller A (as revised by the Supplemental Repurchase Agreement) and the transactions contemplated thereunder constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

References are made to the announcements of A Metaverse Company (the “**Company**”) dated 5 July 2022 and 12 July 2022 (the “**Announcements**”) in relation to the discloseable and exempt connected transaction in relation to repurchase of equity interest in a non wholly-owned subsidiary from Seller A. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcements.

On 5 June 2023 (after the trading hours), the Company and the Purchaser, among the others, entered into the Supplemental Repurchase Agreement to revise certain terms and conditions of the Repurchase Agreement A.

## **SUPPLEMENTAL REPURCHASE AGREEMENT**

The principal terms of the Supplemental Repurchase Agreement are set out below: –

Date: 5 June 2023

Parties:

- (i) Target Company
- (ii) Seller A
- (iii) the Purchaser
- (iv) the Company (as one of the guarantors)
- (v) the Guarantor

Subject Matter: approximately 39% registered capital in Target Company

Revised Consideration: The consideration is revised from approximately RMB43.71 million (represents the sum of the repurchase principal in the amount of approximately RMB39.04 million with interest in the amount of approximately RMB4.67 million) to approximately RMB47.26 million.

The revised consideration of approximately RMB47.26 million represents the sum of (i) the Repurchase Balance in the amount of approximately RMB37.93 million (the said repurchase principal in the amount of RMB39.04 million minus the amount of approximately RMB1.11 million which the Purchaser has already paid to the Seller A) with (ii) the Delay Interest in the amount of approximately RMB9.33 million, on the Repurchase Balance at the rate of 12.3% per annum for a period of two years from 19 November 2021 to 19 November 2023.

Consideration payment arrangement: The Purchaser shall pay:

- (a) the amount of approximately RMB4.67 million (equivalent to the interest between 19 November 2021 to 19 November 2022) to Seller A by 30 June 2023;
- (b) the monthly interest by the end of each month, in the amount of RMB600,000 from July 2023; and
- (c) the Repurchase Balance and the outstanding Delay Interest in the amount of approximately RMB1.67 million on 19 November 2023.

Guarantee: The Company and the Guarantor undertook to guarantee the Purchaser's payment obligation under the Repurchase Agreement A (as revised by the Supplemental Repurchase Agreement) for two years from 19 November 2023.

If the Purchaser fails to fully repay the Repurchase Balance and Delayed Interest by 19 November, 2023, the Purchaser shall pay a late fee to Seller A for the overdue payment (at a daily interest rate of 0.05%) until the full amount of the overdue payment and late fees have been paid.

## **INFORMATION OF THE GROUP AND THE PURCHASER**

The Group is principally engaged in the licensing of drama series and films and the production of drama series and films, and distribution and related services.

The Purchaser is an investment holding company and a wholly-owned subsidiary of the Company.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is principally engaged in the investment and production of drama series and films. Immediately before the entering into the Supplemental Repurchase Agreement, each of the Purchaser and Seller A held 61% and 39% equity interest in the Target Company, respectively.

After the completion of the Repurchase from Seller A, the Purchaser will hold 100% of the equity interest in the Target Company and the Target Company will become a wholly-owned subsidiary of the Company.

## **INFORMATION OF THE SELLER A**

Seller A is a limited partnership established under the laws of the PRC, and is principally engaged in, among other things, the provision of investment management and industrial investment services in the PRC, the entire partnership interest of which is directly owned by a total of 16 investors, none of whom holds individually more than 10% partnership interest in Seller A (limited partnership) except for Chengdu Gangjian holding its 49.8629% partnership interest.

Chengdu Gangjian, the limited partner holding 49.8629% partnership interest in Seller A, is indirectly held as to approximately 51% by Xizang Gangjian and 49% by Yan Wei. The ultimate beneficial owner(s) of Xizang Gangjian is not publicly disclosed and no public information is available in relation to the ultimate beneficial owner(s) of Xizang Gangjian.

To the best knowledge, information and belief of the Directors after making reasonable enquiries and based on the confirmation provided by Shoujiantou Investment, the general partner of Seller A, Xizang Gangjian and its ultimate beneficial owners are all third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Shoujiantou Investment is the general partner of Seller A. Based on public information, the largest ultimate beneficial owner of Shoujiantou Investment is Liu Chang, a PRC resident and businessman. As at the date of this announcement, Liu Chang holds 56% equity interest in Beijing Yalong Technology Centre (Limited Partnership) (北京樅欏科技中心(有限合伙)), which in turn holds 55% equity interest in Shoujiantou Capital Management (Beijing) Co., Ltd\* (首建投資本管理(北京)股份有限公司), which in turn holds 52% equity interest in Shoujiantou Investment.

Seller A held approximately 39% equity interest in the Target Company since December 2019. As Seller A was a substantial shareholder of the Target Company as at the material time the Supplemental Repurchase Agreement was entered into, Seller A was a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Repurchase from Seller A constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL REPURCHASE AGREEMENT**

Due to the impact of the COVID-19 pandemic in the PRC last year, the Purchaser had to allocate and reserve most of its financial resources for daily operations. As a result, the Purchaser decided to renegotiate the terms and conditions of Repurchase Agreement A with Seller A.

After the COVID-19 pandemic control measures were relaxed and the film and television media industry gradually recovered, both parties agreed to continue with the Repurchase from Seller A. Consequently, Seller A and the Purchaser entered into the Supplemental Repurchase Agreement to secure the Repurchase from Seller A by extending the consideration payment arrangement under the Repurchase Agreement A.

As the terms of the Supplemental Repurchase Agreement were negotiated on an arm's length basis and the Directors are of the view that the terms of the Supplemental Repurchase Agreement are of normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Repurchase from Seller A (as revised by the Supplemental Repurchase Agreement) exceed 5% but are all less than 25%, the Repurchase from Seller A (as revised by the Supplemental Repurchase Agreement) and the transactions contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

As Seller A was a substantial shareholder of the Target Company as at the material time the Supplemental Repurchase Agreement was entered into, Seller A was a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Repurchase from Seller A (as revised by the Supplemental Repurchase Agreement) and the transactions contemplated thereunder constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As (i) Seller A is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Repurchase from Seller A; and (iii) the independent non-executive Directors have confirmed that the Repurchase from Seller A are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the entering into the Supplemental Repurchase Agreement is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022, and will remain suspended until further notice pending the publication of the announcement in relation to the audited annual results of the Group for the two years ended 31 December 2022 and the interim results of the Group for the six months ended 30 June 2022.

**Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings.

“Delay Interest”	the delay interest in the amount of approximately RMB9.33 million, on the Repurchase Balance at the rate of 12.3% per annum for a period of two years from 19 November 2021 to 19 November 2023
“Repurchase Balance”	the repurchase balance in the amount of approximately RMB37.93 million, represents the repurchase principal in the amount of RMB39.04 million in the Repurchase Agreement A, minus the amount of approximately RMB1.11 million which the Purchaser has already paid to the Seller A upon the entering into the Repurchase Agreement A
“Repurchase from Seller A”	the repurchase of approximately 39% equity interest in the Target Company from Seller A
“Supplemental Repurchase Agreement”	the supplemental repurchase agreement entered into among the Company, the Purchaser, the Seller A and the Guarantor dated 5 June 2023, in relation to repurchase of equity interest in a non wholly-owned subsidiary from Seller A

By order of the Board  
**A Metaverse Company**  
**LIU Dong**  
*Chairman*

People’s Republic of China, 5 June 2023

*As at the date of this announcement, the Board comprises seven directors, namely Mr. LIU Dong, Mr. LIU Zongjun, Ms. YANG Qinyan and Mr. HE Han as the executive Directors; and Mr. LAM Kai Yeung, Ms. LIU Chen Hong and Mr. KWOK Pak Shing as the independent non-executive Directors.*