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乐华娱乐
YUE HUA
ENTERTAINMENT

YH Entertainment Group
乐华娱乐集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2306)

**CONNECTED TRANSACTIONS RELATING TO
ENTERTAINMENT CONTENT PROGRAM PRODUCTIONS
AND BUSINESS COOPERATION AGREEMENTS**

INTRODUCTION

The Board wishes to announce that during the year ended December 31, 2023 and as of the date of this announcement, the Group entered into several agreements with Shine Entertainment and Youku Information Technology respectively in relation to entertainment content program productions and business cooperations. Transactions under these agreements, in aggregate and/or on a standalone basis, constituted connected transactions with the Company which are subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS WITH SHINE ENTERTAINMENT

A. Entertainment Content Program Production Agreement Dated January 6, 2023

On January 6, 2023, Tibet Yuehua entered into an entertainment content program production agreement with Shine Entertainment (the "**Agreement I**"), pursuant to which certain managed artists of the Group would perform in entertainment content programs produced by Shine Entertainment.

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

Date: January 6, 2023

Parties: (i) Tibet Yuehua; and
(ii) Shine Entertainment.

Subject matter

Pursuant to the Agreement I, Tibet Yuehua agreed to arrange certain managed artists of the Group to perform in entertainment content programs produced by Shine Entertainment.

Consideration

The consideration of RMB750,000 (including taxes) shall be payable by Shine Entertainment to Tibet Yuehua through bank transfer.

The consideration was determined after arm's length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group's other customers which are Independent Third Parties.

B. Music IP Licensing Agreement Dated January 28, 2023

On January 28, 2023, Tianjin Chufa (a wholly-owned subsidiary of the Company) entered into a music IP licensing agreement with Shine Entertainment (the "**Agreement II**"), pursuant to which Tianjin Chufa would license the music IP rights to Shine Entertainment for use in the entertainment content program produced by Shine Entertainment.

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

Date: January 28, 2023

Parties: (i) Tianjin Chufa; and
(ii) Shine Entertainment.

Subject matter

Pursuant to the Agreement II, Tianjin Chufa agreed to license the music IP rights of a designated song to Shine Entertainment on agreed forms.

Consideration

The consideration of RMB21,200 (including taxes) shall be payable by Shine Entertainment to Tianjin Chufa through bank transfer.

The consideration was determined after arm's length negotiation between parties with reference to various related commercial factors, including (i) the cost and expenses of the music IP production; (ii) the popularity of the managed artist who performed the designated song; (iii) the prevailing market rates of engagement fees for licensing the same and similar music IPs; (iv) the popularity of the designated song; and (v) the forms in which the licensee would use the designated song. The aforesaid factors setting the consideration are no more favorable than those available to the Group's other customers which are Independent Third Parties.

C. Entertainment Content Program Production Agreement Dated May 4, 2023

On May 4, 2023, Tibet Yuehua entered into an entertainment content program production agreement with Shine Entertainment (the "**Agreement III**"), pursuant to which certain managed artists of the Group would perform in entertainment content programs produced by Shine Entertainment.

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

Date: May 4, 2023

Parties: (i) Tibet Yuehua; and
(ii) Shine Entertainment.

Subject matter

Pursuant to the Agreement III, Tibet Yuehua agreed to arrange certain managed artists of the Group to perform in entertainment content programs produced by Shine Entertainment.

Consideration

The consideration of RMB7,300,000 (including taxes) shall be payable by Shine Entertainment to Tibet Yuehua through bank transfer.

The consideration was determined after arm's length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group's other customers which are Independent Third Parties.

D. Entertainment Content Program Production Agreement Dated March 1, 2024

On March 1, 2024, Yuehua Limited entered into an entertainment content program production agreement with Shine Entertainment (the "**Agreement IV**," together with Agreement I, Agreement II and Agreement III, the "**Agreements with Shine Entertainment**"), pursuant to which certain managed artists of the Group would perform in entertainment content programs produced by Shine Entertainment.

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

Date: March 1, 2024

Parties: (i) Yuehua Limited; and
(ii) Shine Entertainment.

Subject matter

Pursuant to the Agreement IV, Yuehua Limited agreed to arrange certain managed artists of the Group to perform in entertainment content programs produced by Shine Entertainment.

Consideration

The consideration of RMB60,000 (including taxes) shall be payable by Shine Entertainment to Yuehua Limited through bank transfer.

The consideration was determined after arm's length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group's other customers which are Independent Third Parties.

CONNECTED TRANSACTIONS WITH YOUKU INFORMATION TECHNOLOGY

E. Entertainment Content Program Production Agreement Dated January 10, 2024

On January 10, 2024, Yuehua Limited entered into an entertainment content program production agreement with Youku Information Technology (the “**Agreement V**”), pursuant to which certain managed artists of the Group would perform in entertainment content programs produced by Youku Information Technology.

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

Date: January 10, 2024

Parties: (i) Yuehua Limited; and
(ii) Youku Information Technology.

Subject matter

Pursuant to the Agreement V, Yuehua Limited agreed to arrange certain managed artists of the Group to perform in entertainment content programs produced by Youku Information Technology.

Consideration

The consideration of RMB30,000 (including taxes) shall be payable by Youku Information Technology to Yuehua Limited through bank transfer.

The consideration was determined after arm’s length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group’s other customers which are Independent Third Parties.

F. Entertainment Content Program Production Agreement Dated January 16, 2024

On January 16, 2024, Tianjin Yuehua entered into an entertainment content program production agreement with Youku Information Technology (the “**Agreement VI**”), pursuant to which certain managed artists of the Group would perform in entertainment content programs produced by Youku Information Technology.

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

Date: January 16, 2024

Parties: (i) Tianjin Yuehua; and
(ii) Youku Information Technology.

Subject matter

Pursuant to the Agreement VI, Tianjin Yuehua agreed to arrange certain managed artists of the Group to perform in entertainment content programs produced by Youku Information Technology.

Consideration

The consideration of RMB800,000 (including taxes) shall be payable by Youku Information Technology to Tianjin Yuehua through bank transfer.

The consideration was determined after arm’s length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group’s other customers which are Independent Third Parties.

G. Business Cooperation Agreement Dated January 16, 2024

On January 16, 2024, Tianjin Yuehua entered into a business cooperation agreement with Youku Information Technology (the “**Agreement VII**”), pursuant to which certain managed artists of the Group would participate in certain business promotional activities as requested by Youku Information Technology.

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

Date: January 16, 2024

Parties: (i) Tianjin Yuehua; and
(ii) Youku Information Technology.

Subject matter

Pursuant to the Agreement VII, Tianjin Yuehua agreed to arrange certain managed artists of the Group to participate in the business promotional activities in relation to the publicity of entertainment content programs produced by Youku Information Technology in accordance with agreed terms.

Consideration

The consideration of RMB2,000,000 (including taxes) shall be payable by Youku Information Technology to Tianjin Yuehua through bank transfer.

The consideration was determined after arm’s length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for performing the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group’s other customers which are Independent Third Parties.

H. Business Cooperation Agreement Dated January 16, 2024

On January 16, 2024, Tianjin Yuehua entered into a business cooperation agreement with Youku Information Technology (the “**Agreement VIII**”), pursuant to which Youku Information Technology would entrust Tianjin Yuehua to choose and arrange clothing and styling services for certain managed artists of the Group who would participate in the production of entertainment content programs produced by Youku Information Technology.

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

Date: January 16, 2024

Parties: (i) Tianjin Yuehua; and
(ii) Youku Information Technology.

Subject matter

Pursuant to the Agreement VIII, Youku Information Technology agreed to entrust Tianjin Yuehua to choose and arrange clothing and styling services for certain managed artists of the Group who would participate in the production of entertainment content programs produced by Youku Information Technology in accordance with agreed terms.

Consideration

The consideration of RMB200,000 (including taxes) shall be payable by Youku Information Technology to Tianjin Yuehua through bank transfer.

The consideration was determined after arm’s length negotiation between parties with reference to various related commercial factors, including (i) the forms of business activities and the duration of the agreement; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of service fees for performing the same and similar functions by Tianjin Yuehua; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group’s other customers which are Independent Third Parties.

I. Business Cooperation Agreement Dated January 16, 2024

On January 16, 2024, Tianjin Yuehua entered into a business cooperation agreement with Youku Information Technology (the “**Agreement IX**”), pursuant to which certain artist groups of the Group would perform in entertainment content programs produced by Youku Information Technology.

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

Date: January 16, 2024

Parties: (i) Tianjin Yuehua; and
(ii) Youku Information Technology.

Subject matter

Pursuant to the Agreement IX, Youku Information Technology agreed to arrange certain artist groups of the Group to perform in entertainment content programs produced by Youku Information Technology.

Consideration

The consideration of RMB60,000 (including taxes) shall be payable by Youku Information Technology to Tianjin Yuehua through bank transfer.

The consideration was determined after arm’s length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists and artist groups; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists and the artist group of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group’s other customers which are Independent Third Parties.

J. Entertainment Content Program Production Agreement Dated January 24, 2024

On January 24, 2024, Yuehua Limited entered into an entertainment content program production agreement with Youku Information Technology (the “**Agreement X**,” together with the Agreement V, the Agreement VI, the Agreement VII, the Agreement VIII and the Agreement IX, the “**Agreements with Youku Information Technology**”), pursuant to which certain managed artists of the Group would perform in entertainment content programs produced by Youku Information Technology.

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

Date: January 24, 2024

Parties: (i) Yuehua Limited; and
(ii) Youku Information Technology.

Subject matter

Pursuant to the Agreement X, Yuehua Limited agreed to arrange certain managed artists of the Group to perform in entertainment content programs produced by Youku Information Technology.

Consideration

The consideration of RMB30,000 (including taxes) shall be payable by Youku Information Technology to Yuehua Limited through bank transfer.

The consideration was determined after arm’s length negotiation between parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of participating managed artists; (iii) the prevailing market rates of engagement fees for attending the same and similar functions by artists of the same ranking; (iv) the quality and impacts of the relevant engagement; and (v) the workload and duration of the relevant engagement. The aforesaid factors setting the consideration are no more favorable than those available to the Group’s other customers which are Independent Third Parties.

INFORMATION OF SHINE ENTERTAINMENT AND YOUKU INFORMATION TECHNOLOGY

Shine Entertainment is a company established in the PRC with limited liability. It is principally engaged in the production of variety programs and events planning. Shine Entertainment is a fellow subsidiary of our substantial shareholder, CMC Sports Group Limited. Therefore, CMC Sports Group Limited and its associates are connected persons of the Company. Accordingly, transactions under the Agreements with Shine Entertainment constituted connected transactions for the Company and are subject to Chapter 14A of the Listing Rules.

Youku Information Technology is a consolidated affiliated entity of Beijing Youku Technology Co., Ltd. (北京優酷科技有限公司), a company wholly owned by Alibaba Investment Limited, which is in turn wholly owned by Alibaba Group Holding Limited. Interform Construction Supplies Limited is an indirect wholly-owned subsidiary of Alibaba Pictures Group Limited. Accordingly, Youku Information Technology and Interform Construction Supplies Limited are fellow subsidiaries of Alibaba Group Holding Limited. Therefore, Youku Information Technology is an associate of Interform Construction Supplies Limited, one of our substantial shareholders. Accordingly, transactions under the Agreements with Youku Information Technology constituted connected transactions for the Company and are subject to Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of aggregate transaction amount with Shine Entertainment and Youku Information Technology, respectively, exceeds 0.1% but is less than 5%, these transactions are subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

With respect to the connected transactions with Shine Entertainment, due to an inadvertent error, the Company was not aware of Shine Entertainment's association with our substantial shareholder, CMC Sports Group Limited and entered into the Agreements with Shine Entertainment without complying with relevant requirements under Chapter 14A of the Listing Rules.

With respect to the connected transactions with Youku Information Technology, due to an inadvertent error, the Company did not timely renew and set annual caps for the Business Cooperation Framework Agreement as disclosed in the Prospectus and entered into the Agreements with Youku Information Technology without complying with relevant requirements under Chapter 14A of the Listing Rules.

Upon enquiries and review of the records of the Group, the Company identified the aforementioned connected transactions with Shine Entertainment and Youku Information Technology that were not previously disclosed in accordance with the relevant requirements under Chapter 14A of the Listing Rules.

The Company takes the incidents seriously and has taken a number of remedial actions to prevent recurrence of similar incidents, including establishing a Connected Transaction Committee to monitor the ongoing compliance of connected transactions and launching additional trainings for Directors.

The connected transactions with Shine Entertainment were fully settled in March 2024. Save as disclosed above and as of the date of this announcement, no further transactions with Shine Entertainment, which shall be subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, have been entered. In addition, having considered the business relationship with Shine Entertainment and the current market demands and prospective development of our pan-entertainment business, the Company is considering entering into a business cooperation framework agreement with Shine Entertainment to further enhance our business performance, pursuant to which the Group will cooperate with Shine Entertainment in relation to the licensing of musical works owned by the Group and relevant engagements performed by the Group's managed artist(s) or artist group(s). Details of the proposed business cooperation framework agreement will be announced as and when it is entered into.

The connected transactions with Youku Information Technology were fully settled in March 2024. Save as disclosed above and as of the date of this announcement, no further transactions with Youku Information Technology, which shall be subject to reporting and announcement requirements under the Listing Rules, have been entered. In addition, having taken into consideration of the continuing business cooperative relationship with Youku Information Technology, the Company is considering the renewal of the Business Cooperation Framework Agreement by entering into a new framework agreement applying similar terms and conditions. Details of the renewal will be announced as and when the new framework agreement is entered into.

REMEDIAL ACTIONS

The Company deeply regrets for the failure to comply with the relevant requirements under Chapter 14A of the Listing Rules as abovementioned and would like to stress that non-compliance was inadvertent and unintentional.

In order to prevent the occurrence of similar non-compliance incidents in the future and to ensure compliance with the Listing Rules on an on-going basis, the Company has adopted and implemented the following remedial measures and internal control procedures:

1. the Company has established a connected transaction task force, consisting of key members from finance department, internal control department, investor relations department and legal department, which is responsible for monitoring relevant connected transactions, including their compliance with relevant Listing Rules and reviewing the ongoing compliance such as the annual caps and fairness of pricing policies and to update the list of connected persons on a regular basis; and

2. the Board and the senior management team of the Company has scheduled a training in May 2024 with respect to compliance with the Listing Rules and applicable laws and regulations; and, similar trainings will be carried out regularly in the future.

Save as stated above, the Directors confirmed that there were no other connected transactions in respect of which the Company failed to comply with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Chairlady”	the chairlady of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan
“Company,” “our Company,” “the Company” or “YH Entertainment”	YH Entertainment Group (乐华娱乐集团), an exempted company incorporated in Cayman Islands with limited liability on June 10, 2021
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“Group,” “our Group,” “the Group,” “we,” “us,” or “our”	our Company and our subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Prospectus”	the prospectus of the Company published on December 30, 2022
“RMB” or “Renminbi”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	shareholder(s) of the Shares
“Shine Entertainment”	Shenzhen Shine Entertainment Co., Ltd. (深圳日月星光傳媒有限公司), a limited liability company established in the PRC on January 13, 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Tianjin Chufa”	Tianjin ChuFa Culture Technology Co., Ltd. (天津觸發文化科技有限公司) (formerly known as Shanghai Chufa Culture Technology Co., Ltd. (上海觸發文化科技有限公司) and Shanghai Chufa Culture Communication Co., Ltd. (上海觸發文化傳播有限公司)), a limited company established in the PRC on April 17, 2014 and a wholly-owned subsidiary of Yuehua Limited
“Tianjin Yuehua”	Tianjin Yuehua Music and Culture Communication Co., Ltd. (天津樂華音樂文化傳播有限公司), a limited liability company established in the PRC on August 1, 2011 and a wholly-owned subsidiary of Yuehua Limited
“Tibet Yuehua”	Tibet Yuehua Culture Communication Co., Ltd. (西藏樂華文化傳播有限公司), a limited company established in the PRC on December 25, 2011 and a wholly-owned subsidiary of Yuehua Limited
“Youku Information Technology”	Youku Information Technology (Beijing) Co., Ltd. (優酷信息技術(北京)有限公司), a limited liability company established in the PRC on February 24, 2006

“Yuehua Investment”	Tianjin Yuehua Investment Co., Ltd. (天津樂華投資有限公司), a limited liability company established in the PRC on September 24, 2021 and an indirect wholly-owned subsidiary of our Company in the PRC
“Yuehua Limited”	YueHua Entertainment Co., Ltd. (北京樂華圓娛文化傳播有限公司), a limited liability company established in the PRC on July 3, 2009 and a non-wholly owned subsidiary of Yuehua Investment
“%”	Percentage

In this announcement, the terms “affiliate,” “associate,” “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules unless the context otherwise requires.

By order of the Board
YH Entertainment Group
DU Hua

*Executive Director, Chairlady of the Board and
Chief Executive Officer*

Hong Kong, April 19, 2024

As of the date of this announcement, the Board comprises Ms. DU Hua, Mr. SUN Yiding and Mr. SUN Le as executive Directors, Mr. MENG Jun, as non-executive Director, and Mr. FAN Hui, Mr. LU Tao and Mr. HUANG Jiuling as independent non-executive Directors.