

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 together with the comparative figures for the same period in 2023:

FINANCIAL HIGHLIGHTS

	For the six months ended		Period-over-
	June 30,	2023	Period
	2024		change
	<i>(RMB in thousands,</i>		
	<i>except for percentages)</i>		
	(Unaudited)	(Unaudited)	
Revenue	347,270	364,821	(4.8%)
Gross profit	89,072	76,161	17.0%
Gross profit margin	25.6%	20.9%	22.5%
Operating profit	35,197	1,793	1,863.0%
Profit/(Loss) before income tax	44,013	(160,747)	N/A
Profit/(Loss) for the period	29,351	(175,913)	N/A
Non-IFRS measures:			
Adjusted net profit for the period	59,060	49,892	18.4%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an established artist management company in China. Since our establishment in 2009, we have grown into a culture and entertainment platform comprising three complementary businesses of artist management, music IP production and operation, and pan-entertainment business.

During the Reporting Period, despite the complicated market environment, we made endeavors to maintain and develop our connection and cooperation with our suppliers, customers and other business partners.

Based on our full-fledged professional artist management system, we have been continually exploring diversified career path and training scheme for our managed artists and trainees. As of June 30, 2024, we had 76 managed artists and 65 trainees enrolled in our trainee program. Leveraging their positive public images and popularity, our managed artists have played important roles in various popular productions, such as the movies “Formed Police Unit (維和防暴隊)” and “Exhuma (破墓),” drama series “Link Clink (時光代理人),” “I Am Nobody (異人之下)” and “Burning Flames (烈焰),” and the variety programs “Go Fighting! (極限挑戰),” “All-Out action (全力以赴的行動派),” and “Asia Super Young (亞洲超星團).” In addition, during the Reporting Period, several of our managed artists successfully held their concerts, including Mr. Wang Xi’s (王晰) nationwide concert tour and Ms. Meng Meiqi’s (孟美岐) solo concerts.

We are also dedicated to the development of our music IP production and operation business. During the Reporting Period, we successfully released five digital singles and five digital albums covering a diverse range of genres, which enjoyed wide-ranged popularity.

During the Reporting Period, we generated revenue from the investment in and commercial development of virtual artists and sales of artist-related merchandise for our pan-entertainment business.

To maintain our leading position in the area of virtual artists and pan-entertainment market, on April 19, 2024, Yuehua Limited, a wholly owned subsidiary of the Company, entered into a series of transactions with the Vendors to acquire the target assets in relation to the operation of certain virtual artist projects, including the A-SOUL project. For details, please refer to the announcements published by the Company on April 19, 2024 and July 16, 2024. With the increasing popularity of A-SOUL across China among young internet users, it is critical for the Group to keep pace with the development of internet services and information technology, which serves as the underlying technology of developing the virtual artists, so as to continually enhancing our market exposure and participation in the area of virtual artists. We believe that the acquisition of the target assets will more efficiently boost the Company’s

general capability in further developing the virtual artists and exploring more market opportunities.

Our total revenue decreased from RMB364.8 million for the six months ended June 30, 2023 to RMB347.3 million during the Reporting Period, primarily due to the decrease of revenue generated from artist management. We recorded a profit of RMB29.4 million during the Reporting Period, compared to a loss of RMB175.9 million for the six months ended June 30, 2023, primarily because we incurred fair value loss of convertible preferred shares of RMB160.5 million for the six months ended June 30, 2023, while we did not record any such fair value change for the Reporting Period.

Leveraging our long-time experience accumulated in the entertainment industry and the brand influence further enhanced by the Listing on the Stock Exchange, we will keep executing our comprehensive development strategies and capture opportunities in existing and new business initiatives in the coming future with the efficient and effective utilization of our resources across the market.

BUSINESS ANALYSIS BY BUSINESS LINE

We generated revenue from (i) artist management, (ii) music IP production and operation, and (iii) pan-entertainment business during the Reporting Period. The table below sets forth a breakdown of our revenue by business line for the periods indicated.

	For the six months ended June 30,				Period-over-Period change
	2024		2023		
	Amount	% of total revenue	Amount	% of total revenue	
	<i>(RMB in thousands, except for percentages)</i>				
	(Unaudited)		(Unaudited)		
Artist management	303,183	87.3%	319,437	87.6%	(5.1%)
Music IP production and operation	35,049	10.1%	29,638	8.1%	18.3%
Pan-entertainment business	9,038	2.6%	15,746	4.3%	(42.6%)
Total Revenue	347,270	100.0%	364,821	100.0%	(4.8%)

Artist Management

We continued to reinforce our leading position in China's artist management market during the Reporting Period and continuously identify candidates with high artistic potential to build a robust pipeline of trainees and provide comprehensive and high-quality training classes to such trainees.

During the Reporting Period, we primarily generated revenue from providing services to our customers, including corporate customers, media platforms, content producers and advertising agencies, by arranging our managed artist to participate in commercial activities and provide entertainment content services.

We arrange our managed artists to participate in various commercial activities at the request of our customers, including endorsement deals, business promotion activities and other commercial activities. During the Reporting Period, our managed artists attended various high-profile business promotion activities and other commercial activities, underscoring their substantial commercial value. Meanwhile, our managed artists have starred in a wide selection of movies, drama series, variety programs and public performances, and have gained wide popularity.

The revenue we generated from artist management business decreased by 5.1% from RMB319.4 million for the six months ended June 30, 2023 to RMB303.2 million during the Reporting Period, primarily due to a decrease in entertainment content services provided by our managed artists.

The gross profit for artist management increased by 2.4% from RMB63.6 million for the six months ended June 30, 2023 to RMB65.2 million during the Reporting Period. The gross profit margin for artist management increased from 19.9% for the six months ended June 30, 2023 to 21.5% during the Reporting Period, as the decrease in costs incurred for artist management outpaced the decrease in revenue generated from artist management.

In the future, we will further increase the quality and quantity of our managed artists to solidify our advantage as a leading artist management company in China. With our own artist training center coming into use in the second half of 2024, our core capabilities in artist training will be enhanced and upgraded to the new level. Leveraging our professional and systematic Yuehua trainee program, we will continue to expand our roster of trainees with artistic potential. We plan to continue enhancing our artist operation capabilities to boost the popularity and commercial value of our managed artists and also increase our efforts in marketing and promoting our managed artists as well as recent debutants.

Music IP Production and Operation

We continued to develop our music IP production and operation business during the Reporting Period.

We maintain an extensive library of original and licensed music IPs, which is continuously expanding. As of June 30, 2024, we had built an extensive music IP library comprising more than 1,323 musical works we produced for our managed artists. During the Reporting Period, we released five digital singles and five digital albums, comprising 22 songs in total.

During the Reporting Period, we generated revenue from licensing our music IPs to music streaming platforms and other music service providers, and selling digital and physical copies of our music IPs. We granted license on the music IPs in our music IP library to a wide selection of music service providers, including major music streaming platforms such as NetEase Cloud Music and Tencent Music for licensing fees and royalties.

The revenue we generated from music IP production and operation business increased by 18.3% from RMB29.6 million for the six months ended June 30, 2023 to RMB35.0 million during the Reporting Period, primarily due to an increase in revenue generated from licensing our music IPs to our cooperating music streaming platforms and other music service providers.

The gross profit for our music IP production and operation business increased significantly from RMB6.6 million for the six months ended June 30, 2023 to RMB17.2 million during the Reporting Period. The gross profit margin for our music IP production and operation business increased from 22.2% for the six months ended June 30, 2023 to 49.0% for the six months ended June 30, 2024, primarily due to an increase in revenue generated from music IP licensing to music streaming platforms and other music service providers, while the cost incurred for licensing our music IPs was insignificant, resulting in a relatively higher gross profit margin.

In the future, we will further develop our music IP production and operation business in response to the rapidly growing digital music market in China. We will continue to produce digital singles and albums for our managed artists who have developed a music career. We also intend to further expand our music IP library by acquiring the copyrights of quality musical works from copyright holders.

Pan-entertainment Business

In addition to artist management and music IP production and operation, during the Reporting Period, we also generated revenue from pan-entertainment business, including our investment in and commercial development of virtual artists and sales of artist-related merchandise.

During the Reporting Period, leveraging the operation of YH SPACE, we continually explore the market potentials for the sales of artist-related merchandise. Since its opening in September 2023, YH SPACE has become a go-to destination for shopping and leisure activities. People can find items they are interested in there, from artist-related merchandise to physical albums, closely interact with our managed artists, have fun at the exciting skate park, or take breaks at the cozy café in YH SPACE. The operation of YH SPACE not only diversifies our connections and interactions with the audience but also marks a milestone in our venture to make strides along with the trending combination of entertainment and retail.

To further explore the market opportunity of A-SOUL and efficiently utilize related assets we acquired from the Vendors, Yuehua Limited and Nice Future entered into a business cooperation agreement in connection with the operation of the target business, pursuant to which Nice Future and one of its wholly owned subsidiaries shall be exclusively authorized by Yuehua Limited to operate and manage related interests in A-SOUL and other virtual artists owned by Yuehua Limited. Nice Future has been an important market player in the areas of virtual artist operation with accumulated experiences over the years. We believe that the cooperation with Nice Future could not only benefit our Company, but also facilitate the professional and satisfactory operation of A-SOUL by Nice Future given its track record in developing and operating virtual artists. For details, please refer to the announcements published by the Company on April 19, 2024 and July 16, 2024, respectively.

The revenue we generated from pan-entertainment business decreased by 42.6% from RMB15.7 million for the six months ended June 30, 2023 to RMB9.0 million for the six months ended June 30, 2024, primarily due to a decrease in revenue generated from concerts we organized.

The gross profit for our pan-entertainment business increased by 12.7% from RMB6.0 million for the six months ended June 30, 2023 to RMB6.7 million during the Reporting Period. The gross profit margin for our pan-entertainment business increased from 37.8% for the six months ended June 30, 2023 to 74.3% during the Reporting Period, primarily due to an increase in revenue generated from investment in and commercial development of virtual artists, which has a relatively higher gross profit margin.

Going forward, we will keep pace with the market trends in the virtual artist industry and continually optimize our offerings. We also plan to further diversify our business model and build a comprehensive culture and entertainment platform.

Our Global Footprint

Building on our market leading position in China, we actively promoted and marketed our managed artists and our Yuehua brand in Asian markets during the Reporting Period. When our managed artists published a musical work, we simultaneously published it on multiple music streaming platforms overseas. Our musical works have been published on various overseas music streaming platforms, including Apple Music, Spotify, YouTube and KKBox, leading Chinese pop culture trend worldwide.

Yuehua Korea is an important part of our global strategy. With its strong music production capabilities, Yuehua Korea has produced many musical works that are widely popular. In addition to Korea, we were also actively expanding our business in other regions across the world during the Reporting Period. We will continue to build our team in Korea and enhance the artist operation capacities of Yuehua Korea through recruiting more professional instructors, establishing business cooperation with leading content producers and media platforms in Korea.

During the Reporting Period, we continued to explore the overseas markets and promote our managed artists globally. Movies starring Mr. Wang Yibo (王一博), such as “One and Only (熱烈),” “Formed Police Unit (維和防暴隊),” “Hidden Blade (無名),” and “Born to Fly (長空之王)” were distributed in Korea, Australia, New Zealand, the United Kingdom, Ireland and Japan. These movies have been widely popular since their international distribution. We have expanded our footprint into American entertainment market with the establishment of YH Entertainment USA, headquartered in California, the United States in September 2023. During the Reporting Period, we made endeavors to select and enroll qualified artists as our managed artists under YH Entertainment USA to explore our market opportunity and enhance our brand exposure globally. Moving forward, we will also explore business opportunities in other regions of the global market, such as Southeast Asia and Japan.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 4.8% from RMB364.8 million for the six months ended June 30, 2023 to RMB347.3 million during the Reporting Period, primarily due to a decrease in revenue generated from artist management.

The revenue we generated from artist management business decreased by 5.1% from RMB319.4 million for the six months ended June 30, 2023 to RMB303.2 million during the Reporting Period, primarily due to a decrease in entertainment content services provided by our managed artists.

The revenue we generated from music IP production and operation business increased by 18.3% from RMB29.6 million for the six months ended June 30, 2023 to RMB35.0 million during the Reporting Period, primarily due to an increase in revenue generated from licensing our music IPs to our cooperating music streaming platforms and other music service providers.

The revenue we generated from pan-entertainment business decreased by 42.6% from RMB15.7 million for the six months ended June 30, 2023 to RMB9.0 million during the Reporting Period, primarily due to a decrease in revenue generated from concerts we organized.

Cost of Revenue

Our cost of revenue decreased by 10.6% from RMB288.7 million for the six months ended June 30, 2023 to RMB258.2 million during the Reporting Period, primarily attributable to a decrease in (1) overall revenue generated from the operation of our business; and (2) equity settled share-based payments made to eligible participants under our Share Incentive Plan during the Reporting Period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded (i) a gross profit of RMB76.2 million and RMB89.1 million for the six months ended June 30, 2023 and 2024, respectively; and (ii) a gross profit margin of 20.9% and 25.6% for the six months ended June 30, 2023 and 2024, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by businesses for the periods indicated.

	For the six months ended June 30,			
	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>(RMB in thousands, except for percentages)</i>			
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Artist management	65,176	21.5%	63,627	19.9%
Music IP Production and operation	17,185	49.0%	6,578	22.2%
Pan-entertainment business	6,711	74.3%	5,956	37.8%
Total/Overall	89,072	25.6%	76,161	20.9%

The gross profit for artist management increased by 2.4% from RMB63.6 million for the six months ended June 30, 2023 to RMB65.2 million during the Reporting Period. The gross profit margin for artist management increased from 19.9% for the six months ended June 30, 2023 to 21.5% during the Reporting Period, as the decrease in costs incurred for artist management outpaced the decrease in revenue generated from artist management.

The gross profit for our music IP production and operation business increased significantly from RMB6.6 million for the six months ended June 30, 2023 to RMB17.2 million during the Reporting Period. The gross profit margin for our music IP production and operation business increased from 22.2% for the six months ended June 30, 2023 to 49.0% during the Reporting Period, primarily due to an increase in revenues generated from our music IP licensing to music streaming platforms and other music service providers, while the cost incurred for licensing our music IPs was insignificant, resulting in which has a relatively higher gross profit margin.

The gross profit for our pan-entertainment business increased by 12.7% from RMB6.0 million for the six months ended June 30, 2023 to RMB6.7 million for the six months ended June 30, 2024. The gross profit margin for our pan-entertainment business increased from 37.8% for the six months ended June 30, 2023 to 74.3% during the Reporting Period, primarily due to an increase in revenue generated from investment in and commercial development of virtual artists, which has a relatively higher gross profit margin.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 25.6% from RMB16.8 million for the six months ended June 30, 2023 to RMB21.1 million during the Reporting Period, primarily due to an increase in (1) employee benefits for selling and marketing personnel and (2) the depreciation and amortization.

General and Administrative Expenses

The Group's general and administrative expenses decreased by 30.7% from RMB64.2 million for the six months ended June 30, 2023 to RMB44.5 million during the Reporting Period, primarily because (1) we did not incur listing expenses since the Listing was completed in January 2023 and (2) equity settled share-based payments to eligible participants under our Share Incentive Plan decreased.

Net Impairment Gains/(Losses) on Financial Assets

Our net impairment gains/(losses) on financial assets are primarily related to the credit risk of our trade receivables and other receivables. We recorded reversal of impairment loss on financial assets of RMB0.9 million and impairment loss on financial assets of RMB4.8 million for the six months ended June 30, 2024 and 2023, respectively.

Other Income

Our other income consists of (i) government subsidies; (ii) rental income from investment properties; and (iii) tax credit of input tax additional deduction (if applicable). The government subsidies were unconditional and granted by the local government in recognition of our contributions during the Reporting Period. There were no unfulfilled conditions or contingencies attached to these government grants during the Reporting Period. The tax credit of input tax additional deduction is a kind of exemptions on value-added tax granted by PRC government authorities as tax benefits applicable to certain subsidiaries of our Company. The rental income from investment properties is generated from rents we collect from leases of our office building in Korea which we purchased in September 2019.

The table below sets forth a breakdown of the components of our other income in absolute amounts and as a percentage of our total other income for the periods indicated.

	For the six months ended June 30,	
	2024	2023
	<i>(RMB in thousands)</i>	
	(Unaudited)	(Unaudited)
Government subsidies	10,852	318
Rental income from investment properties	110	299
Tax credit of input tax additional deduction	–	390
	<hr/>	<hr/>
Total	10,962	1,007
	<hr/> <hr/>	<hr/> <hr/>

Other (Losses)/Gains, Net

Our other gains or losses primarily comprise (i) fair value gains from unlisted funds, (ii) impairment provision for investments accounted for using the equity method, (iii) fair value losses from investments in an unlisted entity, (iv) fair value gains from wealth management products, and (v) net exchange losses or gains. Our net other losses during the Reporting Period were RMB73.0 thousand and our net other gains for the six months ended June 30, 2023 were RMB10.4 million.

The table below sets forth a breakdown of our net other (losses)/gains for the periods indicated.

	For the six months ended June 30,	
	2024	2023
	<i>(RMB in thousands)</i>	
	(Unaudited)	(Unaudited)
Fair value gains from unlisted funds	2,622	–
Fair value gains from wealth management products	303	6,824
Fair value losses from investments in an unlisted equity	(890)	–
Impairment provision for investments accounted for using the equity method	(1,785)	–
Net exchange (losses)/gains	(805)	441
Net losses on disposal of right-of-use assets	(84)	–
Gains on disposal of an associate	–	309
Others	566	2,802
	<hr/>	<hr/>
Total	(73)	10,376
	<hr/> <hr/>	<hr/> <hr/>

Finance Income, Net

Our finance income consists of interest income from bank deposits, while our finance costs comprise interest expenses on bank borrowings and lease liabilities. Our net finance income increased from RMB0.7 million for the six months ended June 30, 2023 to RMB7.9 million during the Reporting Period, primarily due to an increase in interest income on bank deposits.

Share of Gains/(Losses) of Investment Accounted for Using the Equity Method

Our share of gains/(losses) of investment accounted for using the equity method is primarily related to our equity investment in our associates. Our share of gains of investment accounted for using the equity method during the Reporting Period amounted to RMB0.9 million, compared to share of losses of RMB2.7 million for the six months ended June 30, 2023, primarily due to share of gains of our investments in our associates which recorded net profits for the six months ended June 30, 2024.

Fair Value Changes of Convertible Preferred Shares

The fair value changes of convertible preferred shares are primarily related to Series A-1, A-2 and A-3 convertible preferred shares issued by our Company to certain shareholders on January 28, 2022. For the six months ended June 30, 2023, the fair value changes of convertible preferred shares amounted to RMB160.5 million. The convertible preferred shares had been redesignated from financial liabilities to equity as a result of automatic conversion into ordinary shares upon our Listing on January 19, 2023. As a result, we did not record any fair value changes of convertible preferred shares during the Reporting Period.

Income Tax Expense

Our income tax expense during the Reporting Period was RMB14.7 million.

Profit/(Loss) for the Period

As a result of the foregoing, we recorded a profit for the period of RMB29.4 million during the Reporting Period, compared to a loss for the period of RMB175.9 million for the six months ended June 30, 2023.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net profit as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that such measures provide useful information to investors 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 may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit as profit/(loss) for the period adjusted for (i) equity settled share-based payments, (ii) fair value changes of convertible preferred shares, (iii) listing expenses and (iv) fair value changes on financial assets. Equity settled share-based payments consist of non-cash expenses arising from granting RSUs to eligible individuals under our Share Incentive Plan. Fair value changes of convertible preferred shares reflect the changes in fair value of the Series A-1, A-2 and A-3 convertible preferred shares issued by our Company to certain shareholders on January 28, 2022. Listing expenses mainly include professional fees paid in relation to the Listing and the Global Offering. Fair value changes on financial assets refer to the fair value changes from our investments in wealth management products, unlisted or listed equities and funds. We define adjusted net profit margin as adjusted net profit divided by revenue. The table below sets forth our adjusted net profit and adjusted net profit margin for the periods indicated.

	For the six months ended June 30,	
	2024	2023
	<i>(RMB in thousands, except for percentages)</i>	
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	29,351	(175,913)
Adjusted for:		
Equity settled share-based payments	31,744	56,995
Fair value changes of convertible preferred shares	–	160,524
Listing expenses	–	8,286
Fair value changes of financial assets	(2,035)	–
Non-IFRS measures:		
Adjusted net profit	59,060	49,892
Adjusted net profit margin	17.0%	13.7%

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss comprise our investments in wealth management products, unlisted equity securities at fair value and a listed equity security at fair value.

Our financial assets at fair value through profit or loss decreased by 43.5% from RMB230.5 million as of December 31, 2023 to RMB130.2 million as of June 30, 2024, primarily due to the redemption of our wealth management products during the Reporting Period.

Trade Receivables

Our net trade receivables decreased by 23.2% from RMB95.7 million as of December 31, 2023 to RMB73.5 million as of June 30, 2024, which was generally in line with our overall business performance during the Reporting Period.

As of December 31, 2023 and June 30, 2024, we made allowance for impairment of trade receivables of approximately RMB30.4 million and RMB32.9 million, respectively, which we believe were sufficient as of December 31, 2023 and June 30, 2024, respectively.

Prepayments and Other Receivables

Our prepayments decreased from RMB519.1 million as of December 31, 2023 to RMB70.4 million as of June 30, 2024, primarily due to the conversion of our prepayment for the acquisition of property into fixed assets.

Our other receivables increased significantly from RMB15.9 million as of December 31, 2023 to RMB43.2 million as of June 30, 2024, primarily due to an increase in input tax as a result of our acquisition of property, which, as applicable, will be deducted by output tax in accordance with relevant tax laws.

Investments Measured at Amortized Cost

Our investments measured at amortized cost was nil as of June 30, 2024, as a result of full redemption of our investment in unsecured debt instruments during the Reporting Period.

Restricted Cash

We had restricted cash of RMB12.3 million as of June 30, 2024, as a result of the pledging of our deposits to guarantee the loans in relation to the acquisition of property.

Trade Payables

Our trade payables decreased by 3.8% from RMB149.6 million as of December 31, 2023 to RMB143.9 million as of June 30, 2024, which was generally in line with our overall business performance during the Reporting Period.

Other Payables and Accruals

Our other payables and accruals decreased by 26.4% from RMB52.3 million as of December 31, 2023 to RMB38.4 million as of June 30, 2024, primarily due to (a) the decrease in value-added tax and additional tax payable; and (b) the payment of accrued expenses for auditing.

Contract Liabilities

Our contract liabilities decreased by 12.5% from RMB197.6 million as of December 31, 2023 to RMB172.9 million as of June 30, 2024, which was generally in line with our overall business performance during the Reporting Period.

Financial Position, Liquidity and Capital Resources

We have historically funded our cash requirements principally from cash generated from our business operations. After the Global Offering, we financed our capital requirements through cash generated from our business operations, the net proceeds from the Global Offering, and other future equity or debt financings. We currently do not anticipate any material changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB613.4 million and RMB738.7 million and term deposits of RMB95.5 million and RMB324.7 million as of December 31, 2023 and June 30, 2024, respectively. As of December 31, 2023 and June 30, 2024, we had restricted cash of RMB12.3 million and RMB12.3 million, respectively.

We had borrowings of RMB266.2 million and RMB253.9 million as of December 31, 2023 and June 30, 2024, respectively, which comprised (i) RMB62.3 million denominated in KRW, in relation to our secured loan from a Korean bank for the purchase of Yuehua Korea's office building in Korea in 2019; and (ii) RMB191.6 million in RMB in relation to our secured loan from Chinese banks for the acquisition of property in China in 2023. As of June 30, 2024, our borrowings were secured by certain property, plant and equipment and investment properties with floating interest rates of 2.76% to 5.23% per annum. Our Group does not have any interest rate hedging policy as of the date of this announcement.

We intend to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate liquid assets including cash and cash equivalents or to retain adequate financing arrangements to meet our liquidity requirements.

Gearing Ratio

Gearing ratio is calculated based on our total debt divided by our total equity as of the same dates and multiplied by 100%. Our gearing ratio was 21.1% as of December 31, 2023. Our gearing ratio was 21.3% as of June 30, 2024.

Significant Investments Held

Our Group did not make or hold any significant investments during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this announcement, as of June 30, 2024, we did not have other plans for material investments and capital assets.

Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

Our Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the Reporting Period.

Employee and Remuneration Policy

The following table sets forth the numbers of our employees dedicated to our business and operations categorized by function as of June 30, 2024.

Function	Number of Employees	% of Total
Artist operation	45	21.0%
Artist training	31	14.5%
Artist promotion	23	10.7%
Music and Pan-entertainment Business	65	30.4%
Administration	50	23.4%
Total	214	100.0%

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

Our Company also has a pre-IPO employee share incentive plan.

The total employee benefit expenses, including share-based payments, for the six months ended June 30, 2024 were RMB69.9 million, as compared to RMB90.4 million for the six months ended June 30, 2023, representing a period-over-period decrease of 22.7%.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of the entities of our Group. The functional currency of our Company is HKD and our Company is exposed to foreign currency risk with respect to our Company's monetary assets and liabilities denominated in RMB and USD. The functional currency of our subsidiaries that operate in the PRC is RMB and such PRC subsidiaries are exposed to foreign exchange risk arising from recognized assets and liabilities denominated in USD. Since balances denominated in USD are reasonably stable with the Hong Kong dollars under the Linked Exchange Rate System, our Directors are of the opinion that our Group is not exposed to significant foreign exchange risk and that the exposure to fluctuation in exchange rates will only arise from the translation to RMB, the presentation currency of our Group. For the six months ended June 30, 2024, our net exchange losses were RMB0.8 million, as compared to net exchange gains of RMB0.4 million for the six months ended June 30, 2023. We currently have no hedging policy with respect to foreign exchange risks. Therefore, we have not entered into any hedging transactions to manage potential fluctuation in foreign currencies. We will closely monitor our foreign exchange risks and will utilize appropriate financial tools for hedging purposes when necessary to help reduce foreign exchange risk.

Pledge of Assets

As of June 30, 2024, certain property, plant and equipment and investment properties of our Group with an aggregate carrying value of RMB537.4 million were pledged to secure the bank borrowings of our Group.

Treasury Policy

Our Group adopts a prudent financial management approach for its treasury policy to ensure that our Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities or guarantees.

Subsequent Events After the Reporting Period

As of the date of this announcement, there were no other significant events that might affect our Group since June 30, 2024.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	Note	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	347,270	364,821
Cost of revenue	5	(258,198)	(288,660)
Gross profit		89,072	76,161
Selling and marketing expenses	5	(21,131)	(16,820)
General and administrative expenses	5	(44,499)	(64,176)
Net impairment gains/(losses) on financial assets		866	(4,755)
Other income	6	10,962	1,007
Other (losses)/gains, net	7	(73)	10,376
Operating profit		35,197	1,793
Finance income	8	13,281	2,898
Finance costs	8	(5,393)	(2,176)
Finance income, net		7,888	722
Share of gains/(losses) of investments accounted for using the equity method		928	(2,738)
Fair value changes of convertible preferred shares		-	(160,524)
Profit/(loss) before income tax		44,013	(160,747)
Income tax expense	9	(14,662)	(15,166)
Profit/(loss) for the period		29,351	(175,913)
Other comprehensive income/(loss), net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(3,321)	(166)
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		7,280	62,440
Total comprehensive income/(loss) for the period		33,310	(113,639)
Profit/(loss) attributable to:			
Owners of the Company		30,796	(175,413)
Non-controlling interests		(1,445)	(500)
		29,351	(175,913)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in RMB per share)			
Basic	11	0.04	(0.22)
Diluted	11	0.04	(0.22)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		35,273	(113,139)
Non-controlling interests		(1,963)	(500)
		33,310	(113,639)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		604,499	103,520
Right-of-use assets		41,968	13,564
Investment properties		7,359	14,141
Intangible assets		3,855	4,366
Investments accounted for using the equity method		14,251	16,608
Financial assets at fair value through profit or loss		130,192	123,505
Prepayments and other receivables		65,927	517,604
Deferred income tax assets		5,756	4,693
		873,807	798,001
Current assets			
Inventories		7,976	5,026
Trade receivables	12	73,478	95,687
Prepayments and other receivables	13	47,685	17,334
Investments measured at amortized cost		–	300,754
Financial assets at fair value through profit or loss		–	107,000
Restricted cash		12,300	12,300
Term deposits		324,715	95,453
Cash and cash equivalents		738,696	613,371
		1,204,850	1,246,925
Total assets		2,078,657	2,044,926
EQUITY			
Share capital		300	300
Share premium		1,418,731	1,418,731
Treasury shares		(63)	(3)
Reserves		(2,308,706)	(2,344,927)
Retained earnings		2,276,776	2,245,980
		1,387,038	1,320,081
Non-controlling interests		1,101	3,064
Total equity		1,388,139	1,323,145

	<i>Note</i>	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		236,636	266,167
Lease liabilities		26,037	6,484
Contract liabilities		21,040	24,576
Deferred income tax liabilities		–	1,737
		<u>283,713</u>	<u>298,964</u>
Current liabilities			
Borrowings		17,237	–
Trade payables	14	143,897	149,603
Other payables and accruals	15	38,445	52,268
Contract liabilities		151,864	173,054
Current income tax liabilities		40,052	40,921
Lease liabilities		15,310	6,971
		<u>406,805</u>	<u>422,817</u>
Total liabilities		<u>690,518</u>	<u>721,781</u>
Total equity and liabilities		<u>2,078,657</u>	<u>2,044,926</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

YH Entertainment Group (“**the Company**”) was incorporated in the Cayman Islands on June 10, 2021 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On January 19, 2023, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in artist management, music IP production and operation and pan-entertainment business in the People’s Republic of China (the “**PRC**”) and Korea. The ultimate holding company of the Company is DING GUOHUA LIMITED, a company incorporated in the British Virgin Islands (“**BVI**”). The ultimate controlling shareholder is Ms. DU Hua (“**Ms. Du**”), who has been controlling the group companies since their incorporation.

These condensed consolidated financial statements for the six months ended June 30, 2024 are presented in Renminbi (“**RMB**”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on August 30, 2024.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six-month reporting period ended June 30, 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim report does not include all of the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023.

3. SEGMENT INFORMATION

The Group’s business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-makers, being the executive directors of the Group.

As a result of this evaluation, the executive directors of the Group consider that the Group’s operations are operated and managed as a single segment. Accordingly, no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC. During the six months ended June 30, 2024 and 2023, breakdown of the total revenue by geographical location is as follows:

	Six months ended June 30,	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Mainland China	315,053	327,056
Korea	32,217	37,765
	347,270	364,821

During the six months ended June 30, 2024 and 2023, all of the Group’s revenues are from contracts with customers.

As at June 30, 2024 and December 31, 2023, the Group's non-current assets other than financial instruments and deferred income tax assets were located in Mainland China and Korea as follows:

	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Mainland China	601,480	524,377
Korea	100,452	107,833
	701,932	632,210

4. REVENUES

	Six months ended June 30, 2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Artist management	303,183	319,437
Music IP production and operation	35,049	29,638
Pan-entertainment business	9,038	15,746
	347,270	364,821

The timing of revenue recognition of the Group's revenue was as follows:

	Six months ended June 30, 2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Revenue at a point in time	69,205	64,200
Revenue over time	278,065	300,621
	347,270	364,821

During the six months ended June 30, 2024 and 2023, there were no customers who contributed to 10% or more of the total revenue of the Group in each respective period.

5. EXPENSES BY NATURE

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue sharing for artist management business	189,202	196,571
Employee benefits expenses other than equity settled share-based payments	38,183	33,418
Equity settled share-based payments	31,744	56,995
Production costs of music content	14,718	16,469
Artist promotion costs	11,542	15,357
Costs of inventories sold	4,956	5,163
Depreciation of property, plant and equipment	4,961	3,708
Professional service fees	4,311	1,613
Cost of concert organisation	3,954	5,502
Travelling expenses	3,075	4,919
Depreciation of right-of-use assets	3,131	3,068
Taxes and surcharges	2,194	1,816
Rental expenses for short-term and low-value leases	1,861	1,533
Advertising and promotion expenses	843	838
Amortization of intangible assets	514	1,010
Depreciation of investment properties	40	94
Listing expenses	–	8,286
Others	8,599	13,296
	<hr/>	<hr/>
Total cost of revenue, selling and marketing expenses, and general and administrative expenses	323,828	369,656
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INCOME

	Six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government subsidies and others	10,852	318
Rental income from investment properties	110	299
Tax credit of input tax additional deduction	–	390
	<hr/>	<hr/>
	10,962	1,007
	<hr/> <hr/>	<hr/> <hr/>

7. OTHER (LOSSES)/GAINS, NET

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value gains from unlisted funds	2,622	–
Fair value gains from wealth management products	303	6,824
Fair value losses from investments in an unlisted equity	(890)	–
Impairment provision for investments accounted for using the equity method	(1,785)	–
Net exchange (losses)/gains	(805)	441
Net losses on disposal of right-of-use assets	(84)	–
Gains on disposal of an associate	–	309
Others	566	2,802
	<u> </u>	<u> </u>
	(73)	10,376
	<u><u> </u></u>	<u><u> </u></u>

8. FINANCE INCOME, NET

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income		
– Interest income from bank deposits	5,969	2,898
– Interest income from investments measured at amortized cost	3,000	–
– Interest income from term deposits with original maturity of more than three months	4,312	–
	<u> </u>	<u> </u>
	13,281	2,898
	<u> </u>	<u> </u>
Finance costs		
– Interest expenses on bank borrowings	(5,146)	(2,002)
– Interest expenses on lease liabilities	(247)	(174)
	<u> </u>	<u> </u>
	(5,393)	(2,176)
	<u> </u>	<u> </u>
Finance income – net	7,888	722
	<u><u> </u></u>	<u><u> </u></u>

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	17,468	16,673
– Hong Kong profits tax	–	10
Deferred income tax	(2,806)	(1,517)
	<u>14,662</u>	<u>15,166</u>

10. DIVIDENDS

The Board of Directors did not recommend the payment of dividends for the six months ended June 30, 2024 and 2023.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended June 30, 2024 and 2023.

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to owners of the Company (RMB'000)	30,796	(175,413)
Weighted average number of ordinary shares in issue (thousand)	843,755	797,020
	<u>0.04</u>	<u>(0.22)</u>

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

As the Group incurred loss for the six months ended June 30, 2023, the impact of restricted share units (“RSUs”) as detailed in Note 33 was not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. During the six months ended June 30, 2024, the impact of RSUs was anti-dilutive and therefore not included in the calculation of diluted earnings per share. Accordingly, diluted earnings/(loss) per share for the six months ended June 30, 2024 and 2023 is the same as basic (earnings)/loss per share.

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Profit/(loss) used to determine diluted earnings per share (RMB'000)	30,796	(175,413)
Weighted average number of ordinary shares in issue (thousand)	843,755	797,020
Adjustments for share-based compensation – RSUs (thousand)	–	–
	<hr/>	<hr/>
Weighted average number of shares for diluted earnings/(loss) per share (thousand)	843,755	797,020
	<hr/>	<hr/>
Diluted earnings/(loss) per share (expressed in RMB per share)	0.04	(0.22)
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE RECEIVABLES

	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Trade receivables	106,351	126,052
Less: allowance for impairment	(32,873)	(30,365)
	<hr/>	<hr/>
Trade receivables – net	73,478	95,687
	<hr/> <hr/>	<hr/> <hr/>

The Group normally allows nil to 30 days credit period to its customers. Aging analysis of trade receivables as at June 30, 2024 and December 31, 2023, based on date of recognition, is as follows:

	As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Up to 3 months	42,000	77,102
3 to 6 months	14,112	9,381
6 months to 1 year	16,402	15,656
1 to 2 years	11,687	5,362
2 to 3 years	3,621	6,957
Over 3 years	18,529	11,594
	<hr/>	<hr/>
	106,351	126,052
	<hr/> <hr/>	<hr/> <hr/>

13. PREPAYMENTS AND OTHER RECEIVABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Prepayment for acquisitions of assets	30,000	480,011
Other prepayments	40,431	39,055
	<u>70,431</u>	<u>519,066</u>
Prepayments	<u>70,431</u>	<u>519,066</u>
Loans to third parties	4,402	3,926
Rental and other deposits	3,840	4,576
Other tax recoverables	34,153	5,286
Others	1,306	2,471
	<u>43,701</u>	<u>16,259</u>
Less: allowance for impairment	(520)	(387)
Other receivables – net	43,181	15,872
	<u>43,701</u>	<u>16,259</u>
Total prepayments and other receivables	113,612	534,938
Less: Non-current deposits and prepayments	(65,927)	(517,604)
	<u>47,685</u>	<u>17,334</u>
Current portion	<u>47,685</u>	<u>17,334</u>

14. TRADE PAYABLES

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Trade payables	143,897	149,603
	<u>143,897</u>	<u>149,603</u>

Aging analysis of trade payables as at June 30, 2024 and December 31 2023, based on date of recognition, is as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Up to 3 months	101,357	89,212
3 to 6 months	30,470	45,094
6 months to 1 year	3,533	4,300
Over 1 year	8,537	10,997
	<u>143,897</u>	<u>149,603</u>
	<u>143,897</u>	<u>149,603</u>

15. OTHER PAYABLES AND ACCRUALS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Accrual for payroll, employee benefit and other expenses	22,370	23,310
Payables in respect of sharing in the receipts from movies and variety programs	8,703	8,703
VAT and surcharges payable	4,824	11,079
Payables for investments accounted for using the equity method	–	1,500
Others	2,548	7,676
	<hr/> 38,445 <hr/>	<hr/> 52,268 <hr/>

CHANGES SINCE DECEMBER 31, 2023

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report for the year ended December 31, 2023.

COMPLIANCE WITH THE CG CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code, except for a deviation from the code provision C.2.1 of part 2 of the CG Code, the roles of chairperson and chief executive officer of the Company are not separate and are both performed by Ms. DU Hua. The Board believes that vesting the roles of both chairperson and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairperson of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry to all the Directors, each of the Directors has confirmed that he/she has strictly complied with the required standards set out in the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. FAN Hui, Mr. LU Tao and Mr. HUANG Jiuling. Mr. FAN Hui, being the chairperson of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has, together with the Board, reviewed the accounting principles and policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2024. The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

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

During the Reporting Period, the Company repurchased a total of 108,000 Shares on the Stock Exchange for an aggregate consideration of HKD65,579.97 before expenses. All the repurchased Shares were held as treasury shares. The repurchased Shares was effected for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Date of purchase	No. of Shares purchased	No. of treasury shares	Purchase consideration per share		Aggregate consideration paid (HKD)
			Highest price paid (HKD)	Lowest price paid (HKD)	
June 27, 2024	51,000	51,000	0.64	0.59	30,929.97
June 28, 2024	57,000	57,000	0.62	0.59	34,650.00
Total	108,000	108,000			65,579.97

The Company intends to use the treasury shares to resell on the market prices to raise additional funds for the Company, or transfer or use for share grants under share schemes that comply with Chapter 17 of the Listing Rules and for other purposes permitted under the Listing Rules, the articles of association of the Company and the applicable laws of the Cayman Islands, which subject to market conditions and the Group's capital management needs.

Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

INTERIM DIVIDEND

The Board has resolved not to recommend payment of an interim dividend for the six months ended June 30, 2024.

USE OF PROCEEDS

The Shares were listed on the Stock Exchange on January 19, 2023. The net proceeds from the Global Offering (following partial exercise of the Over-allotment Option) were approximately HK\$398.4 million after deducting underwriting commissions and other related expenses.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of June 30, 2024:

Purpose	Percentage of net proceeds from the Global Offering	Allocation of net proceeds from the Global Offering in the proportion as disclosed in the Prospectus	Actual use of proceeds			Expected timeline of full utilization
			Unutilized amount as of January 1, 2024	during the six months ended June 30, 2024	Unutilized amount as of June 30, 2024	
Continuing to invest in our artist operation	60.0%	239.0	33.6	12.0	21.6	
– purchase and renovation of an artist training center in China	45.0%	179.3	nil	–	nil	N/A ⁽¹⁾
– artist operation and promotion in China	15.0%	59.7	33.6	12.0	21.6	By the end of 2024
Expanding our music IP library	15.0%	59.8	32.7	15.7	17.0	By the end of 2024
Expanding our pan-entertainment business	15.0%	59.8	29.9	13.8	16.1	By the end of 2024
Promote our artist performance in other countries	5.0%	19.9	16.1	7.1	9.0	By the end of 2024
Working capital and general corporate purposes	5.0%	19.9	10.5	5.7	4.8	By the end of 2024
Total	100.0%	398.4	122.8	54.3	68.5	

Note:

- (1) As disclosed in the circular of the Company dated August 22, 2023 in respect of the acquisition of the Property, after taking into accounts the commercial negotiation with the vendor, Beijing Jinkai Liantai Real Estate Development Co., Ltd. (北京金開連泰房地產開發有限公司) on payment arrangement and after careful assessment and detailed evaluation of the Group's current business needs, the Company decided to apply the net proceeds for purchase and renovation of an artist training center in the amount of approximately HKD179.3 million to partially fund the consideration for the acquisition of the Property by the end of 2023. Although there will be an advancement of the utilization timeline, as the Property will be primarily used and developed as the Company's artist training center to provide the Group's trainees and managed artists with customized training facilities and a pleasant training environment, the Company considers that the usage of such net proceeds is still in line with the intended usage of net proceeds to purchase and develop an artist training center as disclosed in the Prospectus. For further details, please refer to the section headed "Use of Proceeds" in the circular of the Company dated August 22, 2023.

During the Reporting Period, there has been no change in the intended use of the net proceeds and the expected implementation timeline as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.yuehuamusic.com. The interim report of the Company for the six months ended June 30, 2024 containing all the information required by the Listing Rules will be published on the aforesaid websites in due course.

DEFINITIONS AND GLOSSARY

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

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"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 and except where the context requires otherwise, 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
“Directors”	director(s) of the Company
“Global Offering”	has the meaning ascribed to it in the Prospectus
“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)
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Korea”	The Republic of Korea
“KRW”	Korean Republic won, the lawful currency of Korea
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on January 19, 2023
“Listing Date”	the date, namely January 19, 2023, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“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 Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C1 to the Listing Rules
“Nice Future”	Nice Future (Beijing) Culture Communication Co., Ltd.* (尼斯未來(北京)文化傳播有限公司), a limited liability company established in the PRC on July 7, 2021
“Over-allotment Option”	has the meaning ascribed to it in the Prospectus
“Prospectus”	the prospectus of the Company published on December 30, 2022
“Reporting Period”	the six months ended June 30, 2024
“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)”	holder(s) of the Shares
“Share Incentive Plan”	the share incentive plan that our Company adopted on December 10, 2021
“US\$” or “USD”	United States dollars, the lawful currency for the time being of the United States
“Vendors”	containing (1) Hangzhou Kanchao Information Consulting Co., Ltd.* (杭州看潮信息諮詢有限公司), a limited liability company established in the PRC on March 22, 2019; (2) Beijing Zitiao Network Technology Co., Ltd.* (北京字跳網絡技術有限公司), a limited liability company established in the PRC on October 15, 2018; and (3) Douyin Vision Co., Ltd.*, a limited liability company established in the PRC on July 25, 2012

“Yuehua Korea”	Yuehua Entertainment Korea Co., Ltd., a company incorporated in the Republic of Korea on August 28, 2014 and a non-wholly owned subsidiary of Yuehua Limited
“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

* *the English translation of the Chinese name is for information purpose only and should not be regarded as the official English translation of such Chinese name.*

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, August 30, 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.