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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)**

**VOLUNTARY ANNOUNCEMENT**

**MEMORANDUM OF UNDERSTANDING IN RELATION TO  
A PROPOSED ACQUISITION**

This announcement is made by the Company on a voluntary basis.

**THE MEMORANDUM OF UNDERSTANDING**

The Board is pleased to announce that on June 27, 2023, a non-legally binding MOU was entered into between the Proposed Purchaser (a wholly-owned subsidiary of the Company) and the Proposed Vendor in relation to the Proposed Acquisition.

The principal terms of the MOU are summarized below:

Date of the MOU : June 27, 2023

Parties : (1) Yuehua Limited, as the Proposed Purchaser; and  
(2) Beijing Jinkai Liantai, as the Proposed Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Proposed Vendor and its ultimate beneficial owners are Independent Third Parties.

- Property to be acquired : Tower 1, Courtyard No. 28, Chuangyuan Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區創遠路28號院1號樓) with a total gross floor area of approximately 10,575.42 square meters (including the above-ground and underground spaces) and 53 parking lots at the basement of the Property. The Property is owned by the Proposed Vendor and is designated for commercial and office use.
- Consideration and payment schedules : Subject to further negotiation between the Proposed Purchaser and the Proposed Vendor, the tentative consideration for the Proposed Acquisition is RMB480,000,000, which shall be settled according to the tentative payment schedules set out in the MOU as follows:
- (1) RMB144,000,000, being 30% of the total consideration (the “**Earnest Money**”), shall be paid by the Proposed Purchaser into the Escrow Account upon signing of the MOU but no later than June 30, 2023. Upon signing of the Formal Agreement, the Earnest Money shall be applied towards the payment of total consideration. However, whereas the Formal Agreement is not entered into by the parties by July 31, 2023 or such date as otherwise agreed between the parties, or whereas necessary approval for the Formal Agreement and/or the Proposed Acquisition is not obtained, a full refund (without interest) of the Earnest Money shall be made by the Proposed Vendor to the Proposed Purchaser within 15 business days upon the request of the Proposed Purchaser.
  - (2) RMB96,000,000, being 20% of the total consideration, shall be paid by the Proposed Purchaser directly to the Proposed Vendor within 7 business days upon signing of the Formal Agreement and fulfillment of the conditions contained in the Formal Agreement.

- (3) RMB240,000,000, being the remaining balance of the total consideration, shall be paid by the Proposed Purchaser into the Escrow Account prior to the completion of the Proposed Acquisition pursuant to the terms and conditions of the Formal Agreement, and the consideration deposited in the Escrow Account shall be released after receiving instructions from the Proposed Purchaser, which instructions shall be given within 2 business days upon completion of the procedures for transfer of title of the Property from the Proposed Vendor to the Proposed Purchaser.

Formal Agreement and : The Proposed Purchaser and the Proposed Vendor will  
legality of the MOU proceed with further negotiation for entering into a formal and binding sale and purchase agreement in respect of the Proposed Acquisition. The terms of the MOU, including the consideration and payment schedules for the Proposed Acquisition contained therein, are non-legally binding and shall be subject to further negotiation between the Proposed Purchaser and the Proposed Vendor.

## **INFORMATION ABOUT THE GROUP**

The Group is an established artist management platform in China and has grown into a culture and entertainment platform comprising three complementary businesses of artist management, music IP production and operation, and pan-entertainment business since its establishment in 2009.

## **INFORMATION ABOUT THE PROPOSED VENDOR**

To the best of knowledge of the Company, Beijing Jinkai Liantai is a company established in the PRC and is principally engaged in development and management of offices, property management, sale of self-developed commercial housing, engineering survey and design. As of the date of this announcement, to the best of knowledge of the Company, Beijing Jinkai Liantai is directly held as to 55.0% and 45.0% by Beijing Jindi Hongzhi Enterprise Management and Consulting Co., Ltd. (北京金地鴻志企業管理諮詢有限公司) and Beijing Capital Development Co. Ltd. (北京首都開發股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600376)), respectively. Beijing Jindi Hongzhi Enterprise Management and Consulting Co., Ltd. is indirectly held as to 98.93% by Vision (Shenzhen) Software Technology Co., Ltd. (深圳威新軟件科技有限公司), which is ultimately controlled by Gemdale Properties and Investment Corporation Limited (金地商置集團有限公司) (a company listed on the Stock Exchange (stock code: 535)).

As of the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing Jinkai Liantai and its ultimate beneficial owners are Independent Third Parties.

## **REASONS FOR THE PROPOSED ACQUISITION**

With the expansion of the Group's business and the growing market demand for professional artists, a stable pipeline of well-trained, talented artists is critical to the Group's business success. To ensure that the Group can continuously train and promote high-quality artists, the Group intends to provide its trainees and managed artists with systematic training programs, customized training facilities, and safe and comfortable training conditions. However, few training facilities for rent can meet such requirements and they may incur additional costs as the Group needs to install acoustic panels and other professional equipment. In order to meet the business development needs of the Group and further improve the operation management of the Company, the Company intends to purchase the Property which will more effectively provide the Company's trainees and managed artists with customized training facilities and a pleasant training environment and further enhance the Company's capability of providing better artist management services, boosting its corporate competitiveness and social influence.

The Directors consider that the terms of the MOU are fair and reasonable and that the Proposed Acquisition is in the interest of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

As of the date of this announcement, the terms and conditions of the Proposed Acquisition are still being negotiated between the Proposed Purchaser and the Proposed Vendor and no legally binding agreement has been entered into. The Proposed Acquisition, if materialized, may constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

**As the Proposed Acquisition is subject to the signing of the Formal Agreement, the Proposed Acquisition may or may not proceed. Shareholders and prospective investors of the Company are advised to take caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

|  |   |
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| “Board”                                | the board of Directors of the Company   |
| “Company”                              | YH Entertainment Group (乐华娱乐集团), an exempted company incorporated in Cayman Islands with limited liability on June 10, 2021, the share of which are listed on the Stock Exchange (stock code: 2306)   |
| “connected person(s)”                  | has the meaning ascribed to it under the Listing Rules  |
| “Directors”                            | the directors of the Company  |
| “Escrow Account”                       | an escrow account to be opened, maintained and operated in accordance with the Escrow Agreement   |
| “Escrow Agreement”                     | an escrow agreement to be entered into among the Proposed Purchaser, the Proposed Vendor and a designated bank for the purpose of holding the consideration payable by the Proposed Purchaser to the Proposed Vendor for the Proposed Acquisition |
| “Formal Agreement”                     | the formal sale and purchase agreement that may be entered into between the Proposed Vendor and the Proposed Purchaser in respect of the Proposed Acquisition   |
| “Group”                                | the Company and its subsidiaries  |
| “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   |
| “Memorandum of Understanding” or “MOU” | the memorandum of understanding dated June 27, 2023 entered into between the Proposed Vendor and the Proposed Purchaser in respect of the Proposed Acquisition;   |

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| “PRC”   | the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement only)    |
| “Property”                                    | Tower 1, Courtyard No. 28, Chuangyuan Road, Chaoyang District, Beijing, the PRC (中國北京市朝陽區創遠路28號院1號樓)   |
| “Proposed Acquisition”                        | the proposed acquisition of the Property   |
| “Proposed Purchaser” or “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 wholly-owned subsidiary of the Company |
| “Proposed Vendor” or “Beijing Jinkai Liantai” | Beijing Jinkai Liantai Real Estate Development Co., Ltd. (北京金開連泰房地產開發有限公司), a company incorporated in the PRC with limited liability                             |
| “RMB” or “Renminbi”                           | 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 Company  |
| “Stock Exchange”                              | The Stock Exchange of Hong Kong Limited  |
| “subsidiary(ies)”                             | has the meaning ascribed to it under the Listing Rules   |
| “%”   | per cent   |

By order of the Board  
**YH Entertainment Group**  
**DU Hua**  
*Chairlady and Executive Director*

Hong Kong, June 27, 2023

*As of the date of this announcement, the Board comprises Ms. DU Hua, Mr. SUN Yiding and Mr. SUN Le as the executive Directors; Ms. YAO Lu, Mr. MENG Qingguang and Ms. ZHAO Wenjie as the non-executive Directors; and Mr. FAN Hui, Mr. LU Tao and Mr. HUANG Jiuling as the independent non-executive Directors.*