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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)

PROFIT WARNING

This announcement is made by YH Entertainment Group (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors that, based on the information currently available to the Company, the Group is expected to record (1) a net loss attributable to Shareholders within a range from RMB160.0 million to RMB180.0 million for the six months ended June 30, 2023 as compared to a net profit attributable to Shareholders of approximately RMB92.7 million for the same period in 2022; and (2) an adjusted net profit within a range from RMB40.0 million to RMB60.0 million for the six months ended June 30, 2023 as compared to that of approximately RMB168.7 million for the same period in 2022, representing a decrease by 76.3% to 64.4%.

Based on the information currently available to the Board, the Board believes that such net loss attributable to Shareholders and the decrease in the adjusted net profit was primarily attributable to the following factors:

- (i) an increase in share-based payment primarily attributable to the Group’s share incentive plan adopted on December 10, 2021;
- (ii) a decrease in revenues due to unpromising market conditions; and

- (iii) an increase in fair value changes on convertible preferred shares for the six months ended June 30, 2023 when compared to the fair value change for the same period in 2022.

The Board wishes to highlight that the “adjusted net profit” is not defined under the International Financial Reporting Standards (“IFRSs”), and is a non-IFRSs measure. It is defined by the Group as profit for the period adjusted for (i) equity settled share-based payments; (ii) fair value changes of convertible preferred shares; (iii) listing expenses; and (iv) interest expenses on redemption liabilities (the “**Adjusted Items**”). The management of the Company believes that the “adjusted net profit” would facilitate the comparison of the operating results of the Group from period to period by eliminating potential impact of the Adjusted Items, which is non-operating in nature and is not indicative of the actual operating performance of the Group.

As at the date of this announcement, the Company is still in the process of finalizing its interim results of the Group for the six months ended June 30, 2023. The information contained in this announcement is only a preliminary assessment by the Board based on the figures and information currently available, and is not based on data or information audited or reviewed by the independent auditor or the audit committee of the Company. Shareholders and potential investors of the Company should refer to and carefully read the interim results announcement of the Company for the six months ended June 30, 2023, which is expected to be published by the end of August 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
YH Entertainment Group
Ms. DU Hua
*Executive Director, Chairlady of the
Board and Chief Executive Officer*

Hong Kong, August 17, 2023

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