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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

On May 3, 2024, Yuehua Limited (a wholly-owned subsidiary of the Company) and Youku Information Technology entered into the 2024 Business Cooperation Framework Agreement, pursuant to which the Continuing Connected Transaction is renewed commencing from May 3, 2024 and will terminate on December 31, 2024.

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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (calculated with reference to Rule 14.07 of the Listing Rules) in respect of the Continuing Connected Transaction is expected to be more than 0.1% but less than 5%, the Continuing Connected Transaction is subject to reporting, announcement and annual review requirements, but is exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors was regarded as having a material interest in the 2024 Business Cooperation Framework Agreement and transactions thereunder, no Director shall be required to abstain from voting on the relevant Board resolutions.

Reference is made to the Business Cooperation Framework Agreement with Youku Information Technology (Beijing) Co., Ltd. (優酷信息技術(北京)有限公司) (“**Youku Information Technology**”) as disclosed in the section headed “Connected Transactions” of the Company’s Prospectus (the “**Existing Framework Agreement**”), pursuant to which the term of the Existing Framework Agreement expired on December 31, 2023. On May 3, 2024, the Company and Youku Information Technology entered into the 2024 Business Cooperation Framework Agreement, pursuant to which, the Continuing Connected Transaction is renewed commencing from May 3, 2024 and will terminate on December 31, 2024 (the “**2024 Business Cooperation Framework Agreement**”).

PRINCIPAL TERMS OF THE 2024 BUSINESS COOPERATION FRAMEWORK AGREEMENT

A summary of the principal terms of the 2024 Business Cooperation Framework Agreement with respect to the Continuing Connected Transaction is set out below:

Date: May 3, 2024

Parties: Yuehua Limited; and
Youku Information Technology

Term: From May 3, 2024 to December 31, 2024

Pursuant to the 2024 Business Cooperation Framework Agreement, Yuehua Limited (for itself and on behalf of its subsidiaries) shall procure suitable managed artists to perform relevant engagements with Youku Information Technology, including but not limited to entering into endorsement deals for the promotion of Youku membership, performing in variety programs, movies and drama series and other commercial activities.

Separate underlying agreements will be entered into between the parties to set out the detailed terms, including details of engagements, promotion fee, milestone payment schedules and other rights and obligations of the parties, based on the principles and within the parameters provided under the 2024 Business Cooperation Framework Agreement. The definitive terms of each of such underlying agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm’s length negotiation between the parties.

The 2024 Business Cooperation Framework Agreement will commence from May 3, 2024 to December 31, 2024, and such term would be renewed for a term of no more than three years subject to the parties’ negotiation and applicable laws and regulations.

HISTORICAL FIGURES

The total transaction amounts of the respective services under the Existing Framework Agreement for the years ended December 31, 2021, 2022 and 2023 and for the three months ended March 31, 2024 were as follows:

| Period | Transaction Amount <i>RMB (in million)</i> |
|---|--|
| For the year ended December 31, 2021 | 62.30 |
| For the year ended December 31, 2022 | 37.30 |
| For the year ended December 31, 2023 | 17.80 |
| For the three months ended March 31, 2024 | 2.94 |

ANNUAL CAP AND BASIS OF DETERMINATION OF ANNUAL CAP

The proposed annual cap for the service fees payable by Youku Information Technology to our Group pursuant to the 2024 Business Cooperation Framework Agreement for the period from May 3, 2024 to December 31, 2024, is RMB22 million.

The above proposed annual cap is determined with reference to: (i) the historical amounts incurred and the accrued amount in 2023 in connection with our cooperation with Youku Information Technology; (ii) the historical fluctuation rate of contractual amounts under service agreements signed with Youku Information Technology; (iii) the historical rates of engagement fees for our managed artists to attend the same and similar functions as those included in our cooperation with Youku Information Technology; and (iv) the estimated adjustment to the engagement fees for our managed artists in the near future.

INFORMATION OF THE PARTIES

Yuehua Limited, is a limited liability company established in the PRC on July 3, 2009 and is wholly-owned subsidiary of the Company. Yuehua Limited is principally engaged in artist management and copyrights management businesses.

The Company is an established artist management company 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.

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. Youku Information Technology is principally engaged in the operation of online video platform.

PRICING POLICY

The fees we charge Youku Information Technology shall be determined after arm's length negotiation between the parties with reference to various related commercial factors, including (i) the forms of promotion activities and promotion period; (ii) the popularity of 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 engagements; and (v) the workload and duration of the relevant engagements. The aforesaid pricing policies are no more favorable than those available to our other customers which are Independent Third Parties.

INTERNAL CONTROL MEASURES FOR THE TRANSACTIONS

As part of the Group's internal approval and monitoring procedures relating to the transactions with Youku Information Technology, the Group has implemented adequate internal control measures for monitoring all of its continuing connected transactions, including (without limitation) the regular reporting of transaction volume to the Group's finance department for monitoring the annual cap of the relevant transactions. Our connected transaction task force (consisting of key members from finance department, internal control department, investor relations department and legal department) will continually review and monitor transactions conducted under the 2024 Business Cooperation Framework Agreement on a regular basis, so as to strictly comply with the requirements under Chapter 14A of the Listing Rules and the terms set in the 2024 Business Cooperation Framework Agreement.

The Directors (including independent non-executive Directors) will review the transactions contemplated under the 2024 Business Cooperation Framework Agreement each year so as to confirm that the relevant terms are fair and reasonable, on normal commercial terms or better than those offered to or by the Independent Third Parties and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE 2024 BUSINESS COOPERATION FRAMEWORK AGREEMENT

Youku is one of the leading online video platforms in China and has a quantity amount of demands for engaging our managed artists for business cooperation. Our managed artists could in turn benefit from platform-based resources of Youku and gain more public exposure. Through market-oriented cooperation with various business units of Youku Information Technology, we can further enhance the reputation and social influence of our managed artists, which would bring greater value to our Group. In addition, the terms offered by our Group to Youku Information Technology under the existing underlying agreements are no more favorable than those offered to our other customers which are Independent Third Parties, and we will charge Youku Information Technology service fees with reference to the prevailing market price that is no less than those offered to our other independent customers, hence our services provided to Youku Information Technology are profitable and are in the interests of our Group and the Shareholders as a whole. As such, our services provided to Youku Information Technology under the 2024 Business Cooperation Framework Agreement are in the ordinary and usual course of our business and on normal commercial terms.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (calculated with reference to Rule 14.07 of the Listing Rules) in respect of the Continuing Connected Transaction is expected to be more than 0.1% but less than 5%, the Continuing Connected Transaction is subject to reporting, announcement and annual review requirements, but is exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors was regarded as having a material interest in the 2024 Business Cooperation Framework Agreement and transactions thereunder, no Director shall be required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

| | |
|---|--|
| “2024 Business Cooperation Framework Agreement” | the framework agreement entered into between Youku Information Technology and Yuehua Limited, the material details of which are described in this announcement |
| “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 shares of which are listed on the Stock Exchange (stock code: 2306) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Continuing Connected Transaction” | the transactions with Youku Information Technology contemplated under the 2024 Business Cooperation Framework Agreement |
| “Directors” | director(s) of the Company |
| “Existing Framework Agreement” | the framework agreement entered into between Youku Information Technology and the Company on August 16, 2022, details of which were set out 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) |

| | |
|--------------------------------|--|
| “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 |
| “PRC” or “China” | 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) |
| “Prospectus” | the prospectus of the Company published on December 30, 2022 |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “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 |
| “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 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 |
| “%” | per cent |

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

Hong Kong, May 3, 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.