YH Entertainment Group
乐华娱乐集团

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2306)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2024 together with the comparative figures for the same period in 2023:

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		**Year-on-Year**
	2024	2023	**change**
	(RMB in thousands, except for percentages)		
Revenue	**764,538**	755,681	1.2%
Gross profit	**156,051**	175,035	(10.8%)
Gross profit margin	**20.4%**	23.2%	(12.1%)
Operating profit	**54,641**	31,111	75.6%
Profit/(loss) before income tax	**70,243**	(105,070)	N/A
Profit/(loss) for the year	**44,317**	(142,588)	N/A
Non-IFRS measures:			
Adjusted net profit for the year	**100,046**	105,218	(4.9%)

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 business partners.

Based on our full-fledged professional artist management system, we have been continuingly exploring diversified career path and training scheme for our managed artists and trainees. As of December 31, 2024, we had 73 managed artists and 52 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 "A Place Called Silence (默殺)," "Formed Police Unit (維和防暴隊)" and "Exhuma (破墓)," drama series "War of Faith (追風者)" and "Fangs of Fortune (大夢歸離)," documentary reality show "Exploring the unknown (探索新境)", and the variety programs "Go Fighting! (極限挑戰)," "Run for Time (全員加速中)," "Catch Me If You Can (城市捉迷藏)," "We Are The Champions (戰至巔峰)" and "Arena of Youth (年輕的戰場)."

During the Reporting Period, we held our annual Yuehua Family Concert in Shanghai on August 24, 2024, with feature performances by our managed artists, delivering an unforgettable experience to our audience. Several of our managed artists successfully held their concerts during the Reporting Period, including Mr. Wang Xi's (王晰) nationwide concert tour and Ms. Meng Meiqi's (孟美岐) solo concerts. In addition, to further facilitate the interaction between our managed artists and audience, several fan meetings and album signing events in promotion of the new release of digital singles and albums were held for our managed artist Mr. Tang Jiuzhou (唐九洲) and our managed artist groups, Boyhood and Loong9.

We are also dedicated to the development of our music IP production and operation business. During the Reporting Period, we successfully released 12 digital singles and 12 digital albums covering a diverse range of genres, which enjoyed widespread popularity.

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 continuingly 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 increased from RMB755.7 million for the year ended December 31, 2023 to RMB764.5 million during the Reporting Period, primarily due to the increase of revenue generated from artist management. Accordingly, we recorded profit of RMB44.3 million during the Reporting Period, compared to loss of RMB142.6 million for the year ended December 31, 2023, primarily because we incurred fair value loss of convertible preferred shares of RMB160.5 million for the year ended December 31, 2023, while we did not record any such fair value change during 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 years indicated.

	For the year ended December 31,				
	2024		2023		**Year-on-Year change**
	Amount	**% of total revenue**	Amount	% of total revenue	
	(RMB in thousands, except for percentages)				
Artist management	**694,570**	**90.9%**	662,878	87.7%	4.8%
Music IP production and operation	**42,212**	**5.5%**	70,299	9.3%	(40.0%)
Pan-entertainment business	**27,756**	**3.6%**	22,504	3.0%	23.3%
Total Revenue	**764,538**	**100.0%**	755,681	100.0%	1.2%

Artist Management

We continued to reinforce our leading position in China's artist management market during the Reporting Period. We 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 increased by 4.8% from RMB662.9 million for the year ended December 31, 2023 to RMB694.6 million during the Reporting Period, primarily due to an increase of revenue generated from commercial activities our managed artists participated in.

The gross profit for artist management decreased by 3.6% from RMB132.0 million for the year ended December 31, 2023 to RMB127.3 million during the Reporting Period. The gross profit margin for our artist management business slightly decreased from 19.9% for the year ended December 31, 2023 to 18.3% during the Reporting Period, primarily due to an increase in the cost for 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. We plan to enhance our core capabilities in artist training by establishing our own artist training center. 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 December 31, 2024, we had built an extensive music IP library comprising more than 1,300 musical works we produced for our managed artists. During the Reporting Period, we released 12 digital singles and 12 digital albums, comprising 60 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 decreased by 40.0% from RMB70.3 million for the year ended December 31, 2023 to RMB42.2 million during the Reporting Period, primarily due to the decrease in revenue generated from music streaming platforms.

The gross profit for our music IP production and operation business decreased by 47.5% from RMB28.4 million for the year ended December 31, 2023 to RMB14.9 million during the Reporting Period. The gross profit margin for our music IP production and operation business decreased from 40.4% for the year ended December 31, 2023 to 35.4% during the Reporting Period, primarily because the decrease in the revenue from music IP production outpaced the decrease in the production costs of music content.

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 a small portion of our revenue generated from other businesses in the pan-entertainment business, such as commercial development of virtual artists, variety program format licensing and sales of artist-related merchandise.

As an integral part of our pan-entertainment business and to further explore the market opportunity of A-SOUL and efficiently utilize related assets we acquired from the Vendors, our subsidiary, Yuehua Limited, entered into a business cooperation agreement with Nice Future 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 increased by 23.6% from RMB22.5 million for the year ended December 31, 2023 to RMB27.8 million during the Reporting Period, primarily due to an increase of revenue generated from virtual artist business.

The gross profit for our pan-entertainment business decreased by 5.5% from RMB14.6 million for the year ended December 31, 2023 to RMB13.8 million during the Reporting Period. The gross profit margin for our pan-entertainment business decreased from 65.1% for the year ended December 31, 2023 to 49.7% during the Reporting Period, primarily due to an increase in amortization charge in relation to A-SOUL.

We will continue to explore more opportunities in the development of virtual artist to further diversify our offerings for pan-entertainment business. We also plan to further diversify our business model and build a comprehensive culture and entertainment platform. Going forward, we will keep pace with the market trends in the virtual artist industry and continuingly optimize our offerings.

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 music 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. The documentary reality show "Exploring the unknown (探索新境)" starring Mr. Wang Yibo was released on Discovery channel and steaming platforms Max on December 28, 2024. TV series starring Mr. Bi Wenjun (畢雯珺), such as Link Click (時光代理人) and Treasures Around (珠玉在側) were released to Canada and Korea in July and September 2024, respectively. These series, movies and shows have been widely popular since their international distribution.

We further expanded our footprint into American entertainment market by leveraging our subsidiary in the United States, YH Entertainment USA. 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 increased by 1.2% from RMB755.7 million for the year ended December 31, 2023 to RMB764.5 million during the Reporting Period, primarily due to an increase in revenue generated from artist management.

The revenue we generated from artist management business increased by 4.8% from RMB662.9 million for the year ended December 31, 2023 to RMB694.6 million during the Reporting Period, primarily because an increase of revenue generated from commercial activities our managed artists participated in.

The revenue we generated from music IP production and operation business decreased by 40.0% from RMB70.3 million for the year ended December 31, 2023 to RMB42.2 million during the Reporting Period, primarily due to a decrease 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 increased by 23.3% from RMB22.5 million for the year ended December 31, 2023 to RMB27.8 million during the Reporting Period, primarily due to an increase of revenue generated from virtual artist business.

Cost of Revenue

The table below sets forth our cost of revenue by nature both in absolute amount and as percentages for the years indicated.

	For the year ended December 31,				**Year-on-**
	2024		2023		**Year**
	Amount	**%**	Amount	%	**change**
	(RMB in thousands, except for percentages)				
Revenue sharing for artist management business	**423,319**	**69.6%**	374,470	64.5%	13.0%
Artist promotion costs	**54,734**	**9.0%**	47,430	8.2%	15.4%
Production costs of music content	**30,566**	**5.0%**	49,014	8.4%	(37.6%)
Employee benefits expenses	**14,987**	**2.5%**	14,679	2.5%	2.1%
Amortisation of intangible assets(1)	**6,701**	**1.1%**	613	0.1%	993.1%
Equity settled share-based payments(2)	**30,226**	**5.0%**	53,707	9.2%	(43.7%)
Production costs of concert	**24,558**	**4.0%**	23,958	4.1%	2.5%
Others(3)	**23,396**	**3.8%**	16,775	3.0%	39.5%
Total	**608,487**	**100.0%**	580,646	100.0%	4.8%

Notes:

(1) Consisting primarily of amortization of music IP procurement expenses.

(2) Consisting primarily of expenses arising from granting restricted share units ("**RSUs**") to eligible individuals under our Share Incentive Plan. We adopted our Share Incentive Plan on December 10, 2021. We granted 1,542,500 RSUs, 3,594,750 RSUs and 652,750 RSUs to eligible individuals on December 10, 2021, March 4, 2022 and December 20, 2022 respectively.

(3) Consisting primarily of (i) expenses for training our trainees, (ii) travel and car rental expenses for artists and assistants to participate in various commercial activities, and (iii) costs for sales of artist-related merchandise on third-party e-commerce platforms.

Our cost of revenue increased by 4.8% from RMB580.6 million for the year ended December 31, 2023 to RMB608.5 million during the Reporting Period, primarily attributable to an increase in the cost incurred for artist management, which was partially offset by a decrease in 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 RMB175.0 million and RMB156.1 million in 2023 and 2024, respectively, and (ii) a gross profit margin of 23.2% and 20.4% in 2023 and in 2024, respectively.

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

	For the year ended December 31,			
	2024		2023	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)			
Artist management	**127,342**	**18.3%**	131,981	19.9%
Music IP production and operation	**14,925**	**35.4%**	28,409	40.4%
Pan-entertainment business	**13,784**	**49.7%**	14,645	65.1%
Total/Overall	**156,051**	**20.4%**	175,035	23.2%

The gross profit for artist management decreased by 3.6% from RMB132.0 million for the year ended December 31, 2023 to RMB127.3 million during the Reporting Period. The gross profit margin for our artist management business slightly decreased from 19.9% for the year ended December 31, 2023 to 18.3% during the Reporting Period, primarily due to an increase in the cost for artist management.

The gross profit for our music IP production and operation business decreased by 47.5% from RMB28.4 million for the year ended December 31, 2023 to RMB14.9 million during the Reporting Period. The gross profit margin for our music IP production and operation business decreased from 40.4% for the year ended December 31, 2023 to 35.4% during the Reporting Period, primarily because the decrease in the revenue from music IP production outpaced the decrease in the production costs of music content.

The gross profit for our pan-entertainment business decreased by 5.5% from RMB14.6 million for the year ended December 31, 2023 to RMB13.8 million during the Reporting Period. The gross profit margin for our pan-entertainment business decreased from 65.1% for the year ended December 31, 2023 to 49.7% during the Reporting Period, primarily due to an increase in amortization charge in relation to A-SOUL.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee benefits expenses, including salaries and benefits, for sales and marketing personnel, (ii) advertising and promotion expenses mainly in relation to general marketing and promotion of our managed artists, (iii) rental expenses, (iv) traveling expenses, and (v) equity settled share-based payments.

The table below sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of our selling and marketing expenses for the years indicated.

	For the year ended December 31,				**Year-on-**
	2024		2023		**Year**
	Amount	**%**	Amount	%	**change**
	(RMB in thousands, except for percentages)				
Employee benefits expenses	**28,187**	**47.7%**	24,036	62.4%	17.3%
Advertising and promotion expenses	**17,031**	**28.8%**	9,091	23.6%	87.3%
Rental expenses	**2,236**	**3.9%**	247	0.6%	805.3%
Traveling expenses	**250**	**0.4%**	500	1.3%	(50.0%)
Equity settled share-based payments[(1)]	**2,109**	**3.6%**	3,640	9.4%	(42.1%)
Others[(2)]	**9,226**	**15.6%**	1,036	2.7%	790.5%
Total	**59,039**	**100.0%**	38,550	100.0%	53.1%

Notes:

(1) Consisting primarily of expenses arising from granting RSUs to eligible individuals under our Share Incentive Plan.

(2) Consisting primarily of depreciation of property, plant and equipment and expenses for office supplies.

Our selling and marketing expenses increased by 53.1% from RMB38.6 million for the year ended December 31, 2023 to RMB59.0 million during the Reporting Period, primarily due to the increase in advertising and promotional expenses and employee benefits expenses.

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) employee benefits expenses, including salaries and benefits, for our management and administrative staff, (ii) listing expenses incurred for the Listing, (iii) depreciation and amortization in connection with our office buildings in China and Korea and intangible assets, (iv) taxes and surcharges, (v) professional and consulting fees, (vi) traveling expenses, (vii) equity settled share-based payments and (viii) auditor's remuneration.

The table below sets forth a breakdown of our general and administrative expenses in absolute amounts and as percentages of our general and administrative expenses for the years indicated.

	For the year ended December 31,				Year-on-
	2024		2023		**Year**
	Amount	**%**	Amount	%	**change**
	(RMB in thousands, except for percentages)				
Employee benefits expenses	**31,155**	**33.1%**	33,296	24.8%	(6.4%)
Listing expenses	**–**	**–**	11,468	8.5%	(100.0%)
Depreciation and amortization	**10,941**	**11.6%**	11,914	8.9%	(8.2%)
Taxes and surcharges	**7,115**	**7.6%**	5,270	3.9%	35.0%
Professional and consulting fees(1)	**8,875**	**9.3%**	6,343	4.7%	39.9%
Traveling expenses	**1,333**	**1.4%**	2,559	1.9%	(47.9%)
Equity settled share-based payments(2)	**18,997**	**20.2%**	34,840	26.0%	(45.5%)
Auditor's remuneration	**1,651**	**1.8%**	5,308	4.0%	(68.9%)
Others(3)	**14,080**	**15.0%**	23,216	17.3%	(39.4%)
Total	**94,147**	**100.0%**	134,214	100.0%	(29.9%)

Notes:

(1) Consisting primarily of service fees for business, legal, tax and other consultants in connection with our business operations, the Listing and the Global Offering.

(2) Consisting primarily of expenses arising from granting RSUs to eligible individuals under our Share Incentive Plan.

(3) Consisting primarily of rental expenses for short-term leases, office supplies and other miscellaneous expenses.

Our general and administrative expenses decreased by 29.9% from RMB134.2 million for the year ended December 31, 2023 to RMB94.1 million during the Reporting Period, primarily due to the decrease in share-based payments settled in equity and listing expenses.

Net Reversal of Impairment Losses/(Impairment Losses) on Financial Assets

Our net impairment losses on financial assets are primarily related to the loss allowance of our trade receivables, investments measured at amortized cost and other receivables. We recorded net impairment losses on financial assets of RMB8.7 million in 2023 while we recorded net reversal of impairment losses on financial assets of RMB2.8 million in 2024, respectively.

Other Income

Our other income consists of (i) government subsidies, (ii) tax credit of input tax additional deduction and (iii) rental income from investment properties. 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 us. 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 years indicated.

	For the year ended December 31,	
	2024	2023
	(RMB in thousands)	
Government subsidies	**19,699**	21,647
Tax credit of input tax additional deduction	**–**	686
Rental income from investment properties	**221**	478
Total	**19,920**	22,811

Other Gains, Net

Our other gains primarily comprise (i) fair value gains from wealth management products, (ii) fair value losses or gains from unlisted equity security, (iii) net fair value gains from unlisted funds, (iv) gains on disposal of associates in relation to sale of our equity interest in associates and (v) net exchange gains or losses. Our other gains, net in 2024 were RMB29.0 million, compared with net other gains of RMB14.7 million in 2023.

The table below sets forth a breakdown of our other gains, net for the years indicated.

	For the year ended December 31,	
	2024	2023
	(RMB in thousands)	
Fair value gains from wealth management products	**303**	4,306
Net exchange gains/(losses)	**30,472**	(6,016)
Fair value gains from a listed entity	**–**	215
Fair value (losses)/gains from unlisted entities	**(8,090)**	10,500
Fair value gains from unlisted funds	**5,454**	3,487
Net gains on disposal of property, plant and equipment	**431**	44
Net gains on early termination of right-of-use assets	**1,033**	–
Others	**(561)**	2,171
	29,042	14,707

Finance Income, Net

Our finance income consists of interest income from bank deposits and investments measured at amortized cost, while our finance costs comprise interest expenses on bank borrowings and lease liabilities. Our net finance income decreased from RMB31.5 million for the year ended December 31, 2023 to RMB17.6 million during the Reporting Period, primarily due to the decrease in the interest of wealth management products as a result of redemption.

Share of Losses of Investment Accounted for Using the Equity Method

Our share of losses of investment accounted for using the equity method is primarily related to our equity investment in our associates. Our share of losses of investment accounted for using the equity method decreased from RMB7.2 million for the year ended December 31, 2023 to RMB2.0 million during the Reporting Period, primarily due to a decrease in losses incurred by our associate companies.

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. The convertible preferred shares had been re-designated from financial liabilities to equity as a result of automatic conversion into ordinary shares upon our Listing on January 19, 2023. During the Reporting Period, no fair value changes of convertible preferred shares was recorded.

Income Tax Expense

Our income tax expense in 2024 was RMB25.9 million. Our effective tax rate was approximately 36.9% in 2024.

Profit/(Loss) for the year

As a result of the foregoing, we recorded profit of RMB44.3 million in 2024, as compared to the loss of RMB142.6 million in 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 year adjusted for (i) equity settled share-based payments, (ii) fair value changes of convertible preferred shares, (iii) listing expenses, (iv) fair value changes of financial instrument, and (v) net losses/gains on deregistration/disposal of associates. 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. 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 years indicated.

	For the year ended December 31,	
	2024	2023
	(RMB in thousands, except for percentages)	
Profit/(Loss) for the year	**44,317**	(142,588)
Adjusted for:		
Equity settled share-based payments	**51,332**	92,187
Fair value changes of convertible preferred shares	**–**	160,524
Listing expenses	**–**	11,468
Fair value changes of financial instruments	**2,636**	(14,202)
Net losses/(gains) on deregistration/disposal of investments accounted for using equity method	**1,761**	(2,171)
Non-IFRS measures: Adjusted net profit	**100,046**	105,218
Adjusted net profit margin	**13.1%**	13.9%

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 issued by reputable commercial bank, unlisted equity securities at fair value and a listed equity security at fair value.

Our financial assets at fair value through profit or loss increased by 62.3% from RMB230.5 million as of December 31, 2023 to RMB374.1 million as of December 31, 2024, primarily due to our investment in financial assets during the Reporting Period. As of the date of this announcement, part of such investment has been redeemed.

Trade Receivables

Our net trade receivables decreased by 24.9% from RMB95.7 million as of December 31, 2023 to RMB71.9 million as of December 31, 2024, primarily due to the decrease of the trade receivables incurred from music IP production business.

As at December 31, 2023 and 2024, we made allowance for impairment of trade receivables of approximately RMB30.4 million and RMB12.7 million, respectively, which we believe were sufficient as of the end of each year.

Prepayments and Other Receivables

Our prepayments decreased from RMB519.1 million as of December 31, 2023 to RMB40.2 million as of December 31, 2024, primarily due to the acquisition of property in Beijing in 2023 was converted into fixed assets in 2024.

Our other receivables increased by 125.7% from RMB15.9 million as of December 31, 2023 to RMB35.8 million as of December 31, 2024, primarily due to an increase in deductible input tax.

Investments measured at Amortized Cost

We had no investments measured at amortized cost as of December 31, 2024, as all financial assets measured at amortized cost have been redeemed.

Restricted Cash

We had restricted cash of RMB12.3 million as of December 31, 2024, as a result of our pledge of deposits as collateral for loans related to property purchases.

Trade Payables

Our trade payables increased by 35.5% from RMB149.6 million as of December 31, 2023 to RMB202.7 million as of December 31, 2024, primarily due to an increase in revenue sharing with managed artists, which is in line with the increase in revenue generated from artist management business.

Other Payables and Accruals

Our other payables and accruals decreased by 3.9% from RMB52.3 million as of December 31, 2023 to RMB50.2 million as of December 31, 2024, primarily due to the payment in the special maintenance fund for the acquired property in 2023.

Financial Liabilities at Fair Value Through Profit or Loss

Our Company issued Series A-1, A-2 and A-3 convertible preferred shares to certain shareholders on January 28, 2022. Following such issuance, these convertible preferred shares were recognized as financial liabilities at fair value through profit or loss with an initial fair value of RMB2,484.4 million, while the redemption liabilities were derecognized. As of December 31, 2024, we did not have financial liabilities at fair value through profit or loss.

The convertible preferred shares have been re-designated from financial liabilities to equity as a result of automatic conversion into ordinary shares upon our Listing on January 19, 2023.

Contract Liabilities

Our contract liabilities decreased by 3.5% from RMB197.6 million as of December 31, 2023 to RMB190.7 million as of December 31, 2024, primarily due to a decrease in advance payments received from music IP licensing.

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 finance 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 RMB386.1 million as of December 31, 2023 and 2024, respectively. As of December 31, 2024, we had restricted cash of RMB12.3 million.

We had borrowings of RMB266.2 million and RMB162.3 million as of December 31, 2023 and 2024, respectively. During the Reporting Period, our borrowings consist of (i) RMB59.3 million, which were 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) RMB103.0 million in relation to our secured loan from a Chinese bank for the acquisition of property in China. As of December 31, 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 reduced to 11.8% as of December 31, 2024, primarily due to the early repayment of certain loans, compared with the gearing ratio of 21.1% as of December 31, 2023.

Significant Investments Held

On December 23, 2024, the Company entered into the Subscription Agreement with the Fund (the "**Subscription**"), pursuant to which the Company agreed to subscribe for the Class B shares attributable to the Fund, at a total subscription amount of HK$102 million (inclusive of subscription fee), carrying a value of more than 5% of our Group's total assets for the year ended December 31, 2024. For details of the Subscription, please refer to the relevant announcements published by the Company on December 23, 2024 and January 14, 2025, respectively.

The principal purpose of the Subscription is to diversify the investment portfolio of the Company with an aim to enhancing its profitability. The Subscription provides an opportunity to the Company to enhance return by utilizing the idle cash of the Company at acceptable risk level. In light of the above, the Directors are of the view that the terms of the Subscription and transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Save as disclosed in this announcement, 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 December 31, 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 December 31, 2024.

Function	**Number of Employees**	**% of Total**
Artist operation	46	22.2%
Artist training	36	17.4%
Artist promotion	32	15.5%
Music and Pan-entertainment Business	45	21.7%
Administration	48	23.2%
Total	**207**	**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 Share Incentive Plan.

The total employee benefit expenses, including share-based payments to eligible individuals, during the Reporting Period were RMB125.7 million, as compared to RMB164.2 million for the year ended December 31, 2023, representing a year-on-year decrease of 23.4%.

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. 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 Company 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. During the Reporting Period, our net exchange gains were RMB30.5 million, as compared to net exchange loss of RMB6.0 million for the year ended December 31, 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 December 31, 2024, certain property, plant and equipment, investment properties and certificate of deposit of our Group with an aggregate carrying value of RMB555.2 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 December 31, 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 have material impact on our Group since December 31, 2024.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	4	**764,538**	755,681
Cost of revenue	5	**(608,487)**	(580,646)
Gross profit		**156,051**	175,035
Selling and marketing expenses		**(59,039)**	(38,550)
General and administrative expenses		**(94,147)**	(134,214)
Net impairment losses reversal/(provision) on financial assets		**2,814**	(8,678)
Other income	6	**19,920**	22,811
Other gains, net	7	**29,042**	14,707
Operating profit		**54,641**	31,111
Finance income	8	**29,406**	35,511
Finance costs	8	**(11,760)**	(3,997)
Finance income, net		**17,646**	31,514
Share of losses of investments accounted for using the equity method		**(2,044)**	(7,171)
Fair value changes of convertible preferred shares		**–**	(160,524)
Profit/(loss) before income tax	5	**70,243**	(105,070)
Income tax expenses	9	**(25,926)**	(37,518)
Profit/(loss) for the year		**44,317**	(142,588)

	Note	For the year ended 31 December **2024** *RMB'000*	2023 *RMB'000*
Other comprehensive (expense)/income			
Item that may be reclassified to profit or loss:			
Currency translation differences		**(6,882)**	1,448
Item that will not be reclassified to profit or loss:			
Currency translation differences		**(11,939)**	69,969
Other comprehensive (expense)/income for the year, net		**(18,821)**	71,417
Total comprehensive income/(expense) for the year		**25,496**	(71,171)
Profit/(loss) attributable to:			
Owners of the Company		**46,942**	(140,837)
Non-controlling interests		**(2,625)**	(1,751)
		44,317	(142,588)
Total comprehensive income/(expense) attributable to:			
– Owners of the Company		**28,414**	(69,962)
– Non-controlling interests		**(2,918)**	(1,209)
		25,496	(71,171)
Earnings/(loss) per share *(expressed in RMB per share)*	10		
Basic		**0.06**	(0.17)
Diluted		**0.06**	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**561,024**	103,520
Right-of-use assets		**1,960**	13,564
Investment properties		**64,312**	14,141
Intangible assets		**21,913**	4,366
Investments accounted for using the equity method		**8,947**	16,608
Financial assets at fair value through profit or loss	12	**129,413**	123,505
Prepayments and other receivables		**17,212**	517,604
Deferred income tax assets		**4,339**	4,693
		809,120	798,001
Current assets			
Inventories		**6,958**	5,026
Trade receivables	13	**71,912**	95,687
Prepayments and other receivables		**58,838**	17,334
Other assets		**23,151**	–
Investments measured at amortised cost		**–**	300,754
Financial assets at fair value through profit or loss	12	**244,653**	107,000
Restricted cash		**12,300**	12,300
Term deposits		**436,131**	95,453
Cash and cash equivalents		**386,063**	613,371
		1,240,006	1,246,925
Total assets		**2,049,126**	2,044,926
EQUITY			
Share capital		**587**	587
Reserves		**1,393,535**	1,319,494
Equity attributable to owners of the Company		**1,394,122**	1,320,081
Non-controlling interests		**446**	3,064
Total equity		**1,394,568**	1,323,145

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**91,492**	249,236
Contract liabilities		**6,667**	24,576
Lease liabilities		**576**	6,484
Deferred tax liabilities		**553**	1,737
		99,288	282,033
Current liabilities			
Borrowings		**70,831**	16,931
Trade payables	14	**202,652**	149,603
Other payables and accruals		**50,224**	52,268
Contract liabilities		**184,019**	173,054
Current income tax liabilities		**46,457**	40,921
Lease liabilities		**1,087**	6,971
		555,270	439,748
Total liabilities		**654,558**	721,781
Total equity and liabilities		**2,049,126**	2,044,926

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

YH Entertainment Group ("**the Company**") was incorporated in the Cayman Islands on 10 June 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 19 January 2023, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, 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 Republic of Korea ("**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**" or the "**Controlling Shareholder**").

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standard ("**IFRS**") issued by International Accounting Standards Board ("**IASB**") and the requirements of the Hong Kong Companies Ordinance.

The comparative figures of share capital and share premium have been reclassified to conform to par value of share capital arise from the capitalisation issue. The comparative figure of bank borrowings of approximately RMB16,931,000 has been classified to current liability according to the repayment schedule. As there is no material impact on the consolidated statement of financial position, the consolidated statement of financial position as at 1 January 2023 is not presented.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amended standards adopted by the Group

For the current year, the Group has applied the amended standards effective for the financial year beginning on 1 January 2024. The adoption of these revised standards does not have any significant impact on the consolidated financial statements of the Group.

Amendments to IFRS 16	Lease liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

(b) New and amended standards and interpretations not yet adopted by the Group

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2024 and have not been early adopted by the Group in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

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.

Information reported to the chief operating decision markers for the purpose of resource allocation and performance assessment focuses on the operating results of the Group as a whole.

As a result, 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.

As at 31 December 2024 and 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 31 December	
	2024	2023
	RMB'000	*RMB'000*
Mainland China	**577,465**	524,377
Korea	**95,632**	107,833
	673,097	632,210

4. REVENUE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Artist management	**694,570**	662,878
Music IP production and operation	**42,212**	70,299
Pan-entertainment business	**27,756**	22,504
	764,538	755,681

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue at a point in time	**167,362**	243,885
Revenue over time	**597,176**	511,796
	764,538	755,681

5. PROFIT/(LOSS) FOR THE YEAR

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Directors' emoluments (excluding equity settled share-based payments):		
Director's fees	**360**	360
Wages, salaries and bonuses	**3,404**	3,989
Welfare, medical and other expenses	**279**	262
Contributions to pension plans	**198**	186
	4,241	4,797
Staff costs (excluding equity settled share-based payments):		
Wages, salaries and bonuses	**53,829**	54,308
Welfare, medical and other expenses	**11,439**	8,104
Contributions to pension plans	**4,820**	4,802
	70,088	67,214
Total staff costs (including directors' emoluments and excluding equity settled share-based payments)	**74,329**	72,011
Share-based compensation expenses for eligible individuals	**51,332**	92,187

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue sharing for artist management business	**423,319**	374,470
Impairment loss of intangible assets	**2,785**	–
Write-off of inventories	**1,520**	–
Impairment loss of investments accounted for using the equity method	**2,332**	–
Amortisation of intangible assets	**7,094**	835
Depreciation of property, plant and equipment	**20,724**	7,682
Depreciation of right-of-use assets	**5,980**	6,958
Depreciation of investment properties	**442**	184
Auditor's remuneration	**1,651**	3,000

6. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Tax credit of input tax additional deduction	**–**	686
Government subsidies *(Note)*	**19,699**	21,647
Rental income from investment properties	**221**	478
	19,920	22,811

Note: During the years ended 31 December 2024 and 2023, the Group received unconditional subsidies which was granted by the local government in recognition of the Group's contributions.

7. OTHER GAINS, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Fair value gains from wealth management products	**303**	4,306
Net exchange gains/(losses)	**30,472**	(6,016)
Fair value gains from a listed entity	**–**	215
Fair value (losses)/gains from unlisted entities	**(8,090)**	10,500
Fair value gains from unlisted funds	**5,454**	3,487
Net gains on disposal of property, plant and equipment	**431**	44
Net gains on early termination of right-of-use assets	**1,033**	–
Others	**(561)**	2,171
	29,042	14,707

8. FINANCE INCOME, NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
– Interest income from bank deposits	**26,518**	21,186
– Interest income from investments measured at amortised cost	**2,888**	14,325
	29,406	35,511
Finance costs		
– Interest expenses on bank borrowings	**(10,883)**	(3,377)
– Interest income on lease liabilities	**(877)**	(620)
	(11,760)	(3,997)
Finance income, net	**17,646**	31,514

9. INCOME TAX EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax:		
PRC corporate income tax	**26,556**	36,209
Hong Kong Profits Tax	**52**	6
Korea corporate income tax	**148**	–
	26,756	36,215
Deferred tax	**(830)**	1,303
Income tax expenses	**25,926**	37,518

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following:

	2024	2023
Profit/(loss) attributable to owners of the Company *(RMB'000)*	**46,942**	(140,837)
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings/(loss) per share	**846,020,836**	820,140,478
Basic and diluted earnings/(loss) per share *(RMB)*	**0.06**	(0.17)

For the year ended 31 December 2023, the weighted average number of ordinary shares had been adjusted for the effect of the capitalisation issue completed in January 2023 and was deemed to be effective throughout the year ended 31 December 2023.

For the purpose of computation of diluted earnings per share of the Company for the year ended 31 December 2024, the Company did not adjust for the restricted share unit as the assumed exercise prices of those share awards were higher than the average market price for shares of the Company during the year.

During the year ended 31 December 2023, the Group incurred losses and the potential ordinary shares were not included in the calculation of the diluted loss per share as they are anti-dilutive.

Accordingly, diluted loss per share for the years ended 31 December 2024 and 2023 is the same as basic loss per share.

11. DIVIDENDS

The Board of Directors did not recommend the payment of final dividends for the year ended 31 December 2024 and 2023.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current portion		
Investments in wealth management products	**–**	107,000
Investments in unlisted entities	**244,653**	–
	244,653	107,000
Non-current portion		
Investments in unlisted funds	**75,227**	68,418
Investments in unlisted entities	**39,256**	40,157
Investments in listed entities	**14,930**	14,930
	129,413	123,505
	374,066	230,505

13. TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**84,585**	126,052
Less: allowance for impairment	**(12,673)**	(30,365)
Trade receivables, net	**71,912**	95,687

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

	As at 31 December	
	2024	2023
	RMB'000	***RMB'000***
Up to 3 months	**53,117**	77,102
3 to 6 months	**12,254**	9,381
6 months to 1 year	**10,291**	15,656
1 to 2 years	**2,838**	5,362
2 to 3 years	**1,685**	6,957
Over 3 years	**4,400**	11,594
Trade receivables	**84,585**	126,052

14. TRADE PAYABLES

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**143,029**	89,212
3 to 6 months	**40,500**	45,094
6 months to 1 year	**6,150**	4,300
Over 1 year	**12,973**	10,997
	202,652	149,603

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.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Company's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year ended December 31, 2024. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Company's auditor in this announcement.

REVIEW OF ANNUAL 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 and the auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the year ended December 31, 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 9,285,000 Shares on the Stock Exchange for an aggregate consideration of HK$5,762,729.97 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:

Month of purchase in 2024	No. of Shares purchased	No. of treasury shares	Purchase consideration per share Highest price paid *(HK$)*	 Lowest price paid *(HK$)*	Aggregate consideration paid *(HK$)*
June	108,000	108,000	0.64	0.59	65,579.97
July	1,263,000	1,263,000	0.69	0.59	818,250.00
October	4,632,000	4,632,000	0.67	0.52	2,752,950.00
November	2,166,000	2,166,000	0.68	0.61	1,393,530.00
December	1,116,000	1,116,000	0.68	0.62	732,420.00
	9,285,000	9,285,000			5,762,729.97

The repurchased Shares reflected the confidence of the Board in the Company's long-term strategy and growth prospects. The Directors considered that the repurchased Shares were in the best interests of the Company and the Shareholders as a whole. 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 or transfer of treasury shares).

FINAL DIVIDEND

The Board has resolved not to recommend payment of a final dividend for the year ended December 31, 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. As of December 31, 2024, we have utilized all of the net proceeds from the Global Offering in the manner set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 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	Unutilized amount as of January 1, 2024	Utilized amount during the year ended December 31, 2024	Unutilized amount as of December 31, 2024
	(HK$ million, except for percentages)				
Continuing to invest in our artist operation	60.0%	239.0	33.6	33.6	–
– purchase and renovation of an artist training center in China	45.0%	179.3	nil	nil	–
– artist operation and promotion in China	15.0%	59.7	33.6	33.6	–
Expanding our music IP library	15.0%	59.8	32.7	32.7	–
Expanding our pan-entertainment business	15.0%	59.8	29.9	29.9	–
Promote our artist performance in other countries	5.0%	19.9	16.1	16.1	–
Working capital and general corporate purposes	5.0%	19.9	10.5	10.5	–
Total	100.0%	398.4	122.8	122.8	–

ANNUAL GENERAL MEETING

The AGM will be held on June 20, 2025. A notice convening the AGM will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.yuehuamusic.com.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 17, 2025 to Friday, June 20, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, June 16, 2025. Shareholders whose names appear on the register of members of the Company on Friday, June 20, 2025 are entitled to attend and vote at the AGM.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.yuehuamusic.com. The annual report of the Company for the year ended December 31, 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:

"AGM"	the annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board"	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, references herein to "China" and the "PRC" do not apply to Hong Kong, Macau 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
"Fund"	A1 Orient Investments Limited, a British Virgin Islands business company incorporated
"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 and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC

"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
"Macau"	The Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 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 financial year ended December 31, 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

“Share Incentive Plan”	the share incentive plan that our Company adopted on December 10, 2021
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the agreement entered into between the Company and the Fund dated December 23, 2024 in relation to the Subscription
“Tianjin Yuehua”	Tianjin Yuehua Music and Culture Communication Co., Ltd. (天津樂華音樂文化傳播有限公司), a limited liability company established in the PRC on August 1, 2011 and a wholly-owned subsidiary of Yuehua Limited
“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 Investment”	Tianjin Yuehua Investment Co., Ltd. (天津樂華投資有限公司), a limited liability company established in the PRC on September 24, 2021 and an indirect wholly-owned subsidiary of our Company in the PRC
“Yuehua Korea”	Yuehua Entertainment Korea Co., Ltd., a company incorporated in Korea with limited liability 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, March 28, 2025

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.