G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED
(Company Registration No. 337751)
(Incorporated in the Cayman Islands on 29 May 2018)

ENTRY INTO DEFINITIVE AGREEMENTS IN RELATION TO STUDIO MANAGEMENT SERVICES SDN BHD

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1. INTRODUCTION

The Board of Directors (the "**Board**") of G.H.Y Culture & Media Holding Co., Limited (the "**Company**" and together with its subsidiaries and associated companies, the "**Group**") wishes to announce that GHY Culture & Media (Malaysia) Sdn Bhd ("**GHY Malaysia**"), a wholly-owned subsidiary of the Company, has entered into the Share Sale Agreement, the Put Option Agreement, the Shareholders' Agreement and the Subscription Agreement (each defined below) with Studio Management Services Sdn Bhd ("**SMS**") for the proposed acquisition of an indirect 80% interest in Iskandar Malaysia Studios Sdn Bhd ("**IMS**") (the "**Proposed Acquisition**").

2. INFORMATION ON IMS AND RATIONALE FOR PROPOSED ACQUISITION

2.1. IMS owns and operates integrated film and television facilities in Johor Bahru, Malaysia, ("**IMS Film Facilities**") which includes film stages, television studios, water filming tanks and production support facilities. These include five state-of-the-art stages which are versatile working spaces, which also have stage pits for water filming and dry use, as well as two 12,000 square feet television studios which are fully equipped and can accommodate large audience television shows. IMS also offers procurement and design services for feature films and television projects, in addition to technical equipment rentals.

2.2. The Group had partnered with IMS for the operation and management of a jointly-owned film set in Malaysia, which was used or is to be used for the production or co-production of the Group's drama and film projects and also by third parties. Several of the dramas and films produced by the Group have been filmed and produced in Malaysia, including at the IMS Film Facilities, given its proximity to Singapore. The Proposed Acquisition is in line with the Group's strategy to expand the international reach and strengthen the regional presence of our TV Program and Film Production business as the acquisition of the IMS Film Facilities through the Proposed Acquisition will enable the Group to establish its own filming and production base in Malaysia. The Company believes that the Proposed Acquisition, which is complementary to the Group's core business of TV Program and Film Production, will enable the Group to develop a stronger regional team for the production of dramas and films, achieve greater efficiencies in our TV Program and Film Production activities, as well as increase potential co-production opportunities with other local and foreign producers.

2.3. To the best of the knowledge of the Directors, IMS is independent of the Directors and the controlling shareholder of the Company and their respective associates.

3. DEFINITIVE AGREEMENTS ENTERED INTO FOR THE PROPOSED ACQUISITION

3.1. GHY Malaysia – Entry into Share Sale Agreement, Put Option Agreement and Shareholders' Agreement for the Proposed Acquisition of 80% Interest in SMS

3.1.1. GHY Malaysia has entered into the following agreements in relation to its proposed acquisition of shares in SMS:

(a) a share sale agreement ("**Share Sale Agreement**") with RK Media Ventures Sdn Bhd and CL Media Holdings Sdn Bhd (collectively, as the "**Sellers**"), pursuant to which GHY Malaysia agreed to purchase, and the Sellers agreed to sell, shares ("**Sale Shares**") representing 80% of the issued and paid-up share capital of SMS;

(b) a put option agreement ("**Put Option Agreement**") with the Sellers, pursuant to which the Sellers granted an option to GHY Malaysia to sell the Sale Shares to the Sellers ("**Put Option**"), with such Put Option being exercisable upon the occurrence of certain events relating to the IMS SPA (as defined below); and

(c) a shareholders' agreement ("**Shareholders' Agreement**") with the Sellers and SMS, which is intended to regulate the rights and obligations of GHY Malaysia and the Sellers as shareholders of SMS and the business of SMS, including but not limited to the acquisition and subsequent operation of IMS.

3.1.2. Completion of the sale and purchase of the Sale Shares under the Share Sale Agreement has not yet taken place and is expected to be completed before 15 April 2023. Following completion of the sale and purchase of the Sale Shares, GHY Malaysia will hold 80% of the issued and paid-up share capital of SMS. The aggregate consideration payable by GHY Malaysia for the Sale Shares under the Share Sale Agreement is Malaysia Ringgit ("**RM**") 8,840,000 (or equivalent to approximately S$2,650,000[1]).

3.1.3. The consideration for the Sale Shares was agreed upon after arm's length negotiations between GHY Malaysia and the Sellers on a willing-buyer, willing-seller basis, after taking into account factors such as the net asset value of IMS based on the audited accounts of IMS as at 31 December 2022 (as set out below), as well as the business prospects of the IMS Film Facilities. The consideration for the Sale Shares will be funded by internal resources of the Group.

3.2. SMS – Entry into Share Purchase Agreement for Proposed Acquisition of 100% of IMS

3.2.1. Following the execution of the Share Sale Agreement, Put Option Agreement and Shareholders' Agreement by GHY Malaysia, SMS (where applicable) and the Sellers, SMS had entered into a share purchase agreement with Granatum Ventures Sdn Bhd ("**GVSB**"), pursuant to which GVSB has agreed to sell, and SMS has agreed to purchase, all of the ordinary shares and preference shares representing 100% of the total issued and paid-up share capital of IMS ("**IMS SPA**").

3.2.2. Based on the audited accounts of IMS for the financial year ended 31 December 2022, the net asset value of IMS is approximately RM 32,000,000 (or equivalent to approximately S$9,600,000[2]). There is no open market value for the shares of IMS as they are not publicly traded.

[1] Based on the exchange rate of S$1 : RM 3.332 as at 22 March 2023.
[2] Based on the exchange rate of S$1 : RM 3.332 as at 22 March 2023.

3.3. **GHY Malaysia – Entry into Subscription Agreement for Shares in SMS**

3.3.1. Pursuant to the Shareholders' Agreement, it was agreed that in the event that SMS enters into the IMS SPA with GVSB, then GHY Malaysia, the Sellers and SMS must enter into a subscription agreement for new shares to be issued by SMS ("**Subscription Shares**") to GHY Malaysia and the Sellers ("**Subscription Agreement**"), within five business days of the date of the IMS SPA.

3.3.2. Consequently, GHY Malaysia has entered into the Subscription Agreement with the Sellers and SMS, pursuant to which GHY Malaysia and the Sellers agreed to subscribe for, and SMS agreed to issue, the Subscription Shares to GHY Malaysia and the Sellers. Completion of the issuance and subscription of the Subscription Shares under the Subscription Agreement has not yet taken place and is conditional upon the conditions precedent under the IMS SPA being fulfilled or waived. Following completion of the issuance and subscription of the Subscription Shares, GHY Malaysia will continue to hold 80% of the issued and paid-up share capital of SMS, and the Sellers together will continue to hold 20% of the issued and paid-up share capital of SMS.

3.3.3. The aggregate consideration for the Subscription Shares payable by GHY Malaysia under the Subscription Agreement is RM 25,600,000 (or equivalent to approximately S$7,700,000[3]). The consideration for the Subscription Shares was determined based on the issue price of RM 1.00 per Subscription Share, and taking into consideration the purchase consideration payable to GVSB under the IMS SPA for the proposed acquisition by SMS of 100% of the total issued and paid-up share capital of IMS. The consideration for the Subscription Shares will be funded by internal resources of the Group.

3.4. **GHY Malaysia – Exercise of Put Option for Sale Shares and Cancellation of Subscription Shares in the event of Termination of IMS SPA**

3.4.1. Pursuant to the Shareholder's Agreement, in the event that the IMS SPA is terminated due to any of the conditions precedent under the IMS SPA not being fulfilled or waived by the date falling nine months after the date of the IMS SPA, then GHY Malaysia is deemed to have exercised the Put Option. The applicable price payable for the sale of the Sale Shares by GHY Malaysia to the Sellers upon exercise of the Put Option is an amount equivalent to aggregate of the amount of the consideration paid by GHY Malaysia and the amount of stamp duty payable upon the transfer of the Sale Shares under the Share Sale Agreement.

3.4.2. Pursuant to the Subscription Agreement and the Shareholders' Agreement, in the event that the IMS SPA is not completed and/or terminated for any reason, then GHY Malaysia, the Sellers and SMS must take all necessary steps to recover all or any part of the purchase consideration and all other sums paid to GVSB under the IMS SPA, and GHY Malaysia and the Sellers must take all necessary steps and exercise their voting rights as shareholders of SMS to pass a special resolution approving a reduction of share capital of SMS by the cancellation of the Subscription Shares, and SMS must repay the sums paid towards the subscription price for the Subscription Shares by GHY Malaysia under the Subscription Agreement.

[3] Based on the exchange rate of S$1 : RM 3.332 as at 22 March 2023.

3.4.3. Accordingly, in the event that completion of the sale and purchase of 100% of the total issued and paid-up share capital of IMS under the IMS SPA does not take place, the Sale Shares held by GHY Malaysia will be transferred to the Sellers and the Subscription Shares held by GHY Malaysia will be cancelled pursuant to the reduction of share capital of SMS, and following which, GHY Malaysia will not hold any shares in SMS.

4. INFORMATION ON SMS AND THE SELLERS

4.1. SMS is a company incorporated in Malaysia on 24 February 2021. As at the date of this announcement, SMS does not have any material businesses or operations, save for the entry into by SMS of the Shareholders' Agreement, the Subscription Agreement and the IMS SPA as described above.

4.2. Following completion of the sale and purchase of the Sale Shares under the Share Sale Agreement and completion of the subscription of the Subscription Shares under the Subscription Agreement, SMS will become a direct subsidiary of GHY Malaysia (with GHY Malaysia holding 80% of the shareholding interest of SMS) and an indirect subsidiary of the Company.

4.3. Under the terms of the Shareholders' Agreement, GHY Malaysia has granted an option to the Sellers to sell their respective shares in SMS to GHY Malaysia within 21 business days from the 5th anniversary of the completion date under the IMS SPA, and upon exercise of such option by either Sellers, GHY must purchase and the respective Sellers must sell their shares in SMS at the price to be determined in accordance with the relevant terms of the Shareholders' Agreement.

4.4. To the best knowledge of the Directors, the Sellers are independent of the Directors and the controlling shareholder of the Company and their respective associates.

5. NON-DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

None of the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**") exceeds 5% and accordingly, the Proposed Acquisition constitutes a non-discloseable transaction within the meaning of Chapter 10 of the Listing Manual.

6. FINANCIAL IMPACT ON THE COMPANY

The Proposed Acquisition is not expected to have a material impact on the consolidated net tangible assets or earnings per share of the Group for the financial year ending 31 December 2023.

7. DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTEREST

None of the Directors or the controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of each of the Share Sale Agreement, the Put Option Agreement, the Shareholders' Agreement, the Subscription Agreement and the IMS SPA is available for inspection during the normal business hours at the principal place of business in Singapore at 988 Toa Payoh North, #07-08 Singapore 319002 for a period of three months from the date of this announcement.

By Order of the Board
G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

Guo Jingyu
Executive Chairman and Group CEO
31 March 2023