长信传媒
G.H.Y Culture & Media

# TAKING ENTERTAINMENT TO A NEW LEVEL

ANNUAL REPORT 2022

# CONTENTS

# CORPORATE PROFILE

## VISION

To establish ourselves as a leader in the media and entertainment industry in the Asia Pacific region

## MISSION

To produce high-quality content and strive for continuous innovation and breakthroughs, while keeping abreast of the latest technological developments in the media and entertainment industry

## ABOUT G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

Listed on the Mainboard of the Singapore Exchange, G.H.Y Culture & Media Holding Co., Limited ("**GHY**" and together with its subsidiaries and affiliated entities, the "**Group**") is a leading diversified group within Asia's media and entertainment industry. GHY has produced numerous dramas and films in the People's Republic of China ("**PRC**"), Singapore and Malaysia that have been broadcasted and/or distributed on leading video streaming platforms and major TV networks in the PRC. The Group has also undertaken the production of concerts for well-known international artistes in Singapore, Malaysia and Australia.

The Group possesses expertise and capabilities across the business value chain with strong in-house production teams, comprising of scriptwriters, directors and producers who have been involved in various notable dramas and films. These production teams have consistently produced quality dramas and films.

Currently headquartered in Singapore and the PRC with over 130 employees, the Group also engages in concert production, talent management services, and costumes, props and make-up services.

### TV Program and Film Production

- Producer and co-producer of high-quality TV and web dramas and films broadcasted and/or distributed on leading video streaming platforms and major TV networks in the region (e.g. iQIYI, Douyin/Tiktok, CCTV, Youku, Kuaishou, Tencent Video)
- Established production teams of experienced directors and producers in both the PRC and Singapore

### Concert Production

- Organiser of concerts for well-known international artistes in Singapore, Malaysia and Australia
- Involved in the production of concerts in the PRC
- Established concert production teams in both Singapore and the PRC

### Costumes, Props, and Make-up Services and Talent Management Services

- Provision of costumes, props and make-up services for drama and film production activities
- Exclusive collaboration with award-winning costumes and props designer, Chen Minzheng[1]
- Provision of talent management services to more than 60 artistes primarily based in the PRC and/or Singapore

[1] Mr. Chen Minzheng is a well-known designer for costumes, props and make-up in the PRC who has won, among others, the Golden Horse Award for Best Makeup & Costume Design in 2018 and the Asian Film Award for Best Costume Design in 2019.

# CHAIRMAN & CEO STATEMENT


**Dear Shareholders,**
2022 has been another peculiar year for the world, with forecast of economic recessions, restrictive COVID-19 measures, foreign exchange volatilities and supply chain disruptions, among others.

GHY was not spared from the macro environment impact as well, which has affected our concerts and live performances and resulted in difficulties in managing the production budget of our TV dramas and films, disruptions in operations and delays in our projects.

Amidst these challenges, it was gratifying that GHY has nonetheless managed to leverage on our diverse intellectual property (“**IP**”) portfolio and high-quality production capabilities to strengthen our business foothold and set new industry benchmarks. The resumption of Jay Chou’s concerts in December 2022 has also provided a glimmer of hope, giving us some encouragement for the potential economic recovery.

Next, please allow me to share some of GHY’s memorable events for 2022 with you.

Over the past year, we have completed the filming and post-production work of three new drama series – “Sisterhood 南洋女儿情”, “A Fish and A Cat 骑著鱼的猫” and “Moon Romance 月上朝颜”.

In September 2022, GHY’s large-scale mystery action period drama series “Strange Tales of Tang Dynasty 唐朝诡事录” made its broadcast debut, and was a trending topic on major mainstream social media platforms in China. This generated significant readerships with positive reviews of the drama, placing “Strange Tales of Tang Dynasty 唐朝诡事录” as the one of the most watched mystery action period drama series in 2022.

Our short-form drama series, “Goddess Hotel 女神酒店”, also made its global broadcast debut on Douyin (抖音) (also known as TikTok), with seasons 1 to 3 achieving strong ratings. According to Douyin’s ratings, “Goddess Hotel 女神酒店” achieved more than 330 million streams and emerged as the highest-ranking drama series in the top charts of Douyin for its release. Another short-form drama series, “Su Wuming of the Tang Dynasty 大唐来的苏无名”, a spin-off from “Strange Tales of Tang Dynasty 唐朝诡事录”, and which was based on a paid-subscription streaming model, had also yielded good results.

For concert productions, GHY was involved in the co-production of the Power Station (动力火车) and Guns N’ Roses concerts in Singapore in 2022. In particular, we are also proud to be the organiser of Jay Chou’s Carnival World Tour (Singapore) concerts that were staged at the Singapore National Stadium on 17 and 18 December 2022.

While we have achieved certain milestones in 2022, there is still much more that can be done as several of our drama productions were postponed, and our concert productions and musical performances were also disrupted. For the financial year ended 31 December 2022 (“**FY2022**”), we suffered a loss for the very first time since the Group was established. The foreign exchange volatility between the Singapore Dollar and Chinese Renminbi during FY2022 resulted in a net foreign exchange loss that accounted for nearly 80% of our loss due to the appreciation of the Singapore Dollar in FY2022.

While the Group has not performed as well as expected, there is a need to reward shareholders for their support and loyalty, and hence we are proposing a dividend payout similar to last year. We hope that our consistent dividend payout will provide renewed confidence in the Group and our future prospects.

Moving ahead in 2023, here are our plans that are driven by our passion and vision in the media and entertainment industry.

# CHAIRMAN & CEO STATEMENT

**1. TV Program & Film Production: "IP Franchise" Business Strategy with Synergistic Integration of Long-form, Medium-form and Short-form Content**

Relying solely on drama and film production will generally only yield short-term positive effects, without maximising the potential and economic value of our IP portfolio. Hence, GHY has developed an "**IP Franchise**" business strategy as the future roadmap for our drama and film production business activities to create innovative content whilst retaining continuity, in order to make each production a recognisable part of a coherent franchise. Currently, we have adopted this business strategy for three key genres, being the supernatural genre (such as the "Strange Tales of Tang Dynasty 唐朝诡事录" drama series), the Nanyang genre (such as the "Sisterhood 南洋女儿情" and "The Little Nyonya 小娘惹" drama series) and the mystery genre (such as the "Goddess Hotel 女神酒店" and "The Ferryman 灵魂摆渡" drama series).

At last year's Asia Television (ATV) Forum 2022, GHY and iQiyi signed a collaboration agreement for the production of the "Strange Tales of Tang Dynasty 唐朝诡事录" drama series, which falls under the supernatural genre. In 2023, we will be launching the long-form drama, "Strange Tales of Tang Dynasty•Journey to the West 唐朝诡事录•西行", and at same time, we will be developing a series of short-form drama spin-offs of the drama characters, plotlines and internet characters from the "Strange Tales of Tang Dynasty•Journey to the West 唐朝诡事录•西行", as well as another short-form drama, "Su Wuming of the Tang Dynasty 大唐来的苏无名".

The Nanyang genre is GHY's unique IP strength, integrating our production capabilities, deep experience and strong network in Southeast Asia. The broadcast of "The Little Nyonya 小娘惹" drama series in 2020 had achieved strong viewership at China Central Television (CCTV), a national television broadcaster of China, and iQIYI, which generated a global interest in Southeast Asia's distinctive cultural heritage. Our highly anticipated second drama series of the Nanyang genre, titled "Sisterhood 南洋女儿情" is planned to be broadcasted in 2023. The script of our third drama series of the Nanyang genre, "Nanyang Transport Volunteers 南洋英雄泪", is being finalised and is scheduled to begin production in the 3rd quarter of 2023, with filming to commence in the 4th quarter of 2023. Within the same Nanyang genre, there is a pipeline of new drama productions that are in the script development phase.

With the successful debut of "Goddess Hotel 女神酒店" on Douyin, we believe that GHY and Douyin have established a close-knit and trusted collaborative relationship. In 2023, we plan to combine "Goddess Hotel 女神酒店" with "The Ferryman 灵魂摆渡", another popular drama series in the mystery genre, to produce a short-form drama and a long-form drama under a new mystery genre IP that viewers can engage with.

**2. Concert Productions and Live Performances: Preparation for a Full Recovery**

In January 2023, the King of Mandopop, Jay Chou, held his Carnival World Tour concert in Kuala Lumpur, Malaysia that attracted a record number of 45,000 concertgoers. In March 2023, the fully sold out Jay Chou's Carnival World Tour concert was held in Sydney, Australia.

With COVID-19 moving into the endemic phase, we expect China's live performance market to stage a strong rebound with rapid growth after being largely dormant for three years. Recognising this upcoming trend, GHY is prepared to harness the opportunities within this market.

Besides ramping up our concert productions, GHY's large-scale original musicals for "The Ferryman 灵魂摆渡" and "Strange Tales of Tang Dynasty 唐朝诡事录" are preparing to continue their tours across China. These two musicals have been ranked among the top three in China's original musical charts by "大麦 Damai" and Douyin in 2022, which is testament to GHY's abilities to adapt to market challenges and seek new opportunities during the pandemic. In 2023, GHY will have a slate of new entertainment content, including live drama performances and immersive theatre experiences, among others.

**3. Uni-Icon Media Network: GHY's New Growth Catalyst with Indonesia as our Springboard**

In December 2022, GHY entered into a memorandum of understanding with F-Commerce, an integrated e-commerce service provider in Southeast Asia. With this collaboration, GHY aims to set up media production facilities in Jakarta, Indonesia to create Asia's largest short-form video production hub, which will be named Uni-Icon Media Network. This production hub will focus on utilising professional cinematic capabilities to enhance the quality of short-form videos, which will then be mass-produced and monetised for the e-commerce market across China, Malaysia and Indonesia. We believe that the expansion across Southeast Asia in this new growth adjacency, with Indonesia as the springboard, will create opportunities for the Group to expand globally as short-form videos continue to dominate social media platforms.

Other than the three key business strategies mentioned above, GHY will continue our efforts towards the expansion of our business presence and market share in talent management services, costumes, props and make-up services and other complementary growth adjacencies, in order to create long-term sustainable value for our shareholders.

Lastly, on behalf of everyone at GHY, I would like to express my deepest appreciation for our shareholders' continued support and confidence in GHY.

Thank You.

**Mr. Guo Jingyu**
Executive Chairman and Group CEO

# BOARD OF DIRECTORS

## MR. GUO JINGYU
Executive Chairman and Group CEO

**Mr. Guo Jingyu** is the Executive Chairman and Group CEO and was appointed to the Board of G.H.Y Culture & Media on 29 May 2018.

Mr. Guo is responsible for supervising the overall business operations and management of the Group, where he oversees the Group's long-term business strategies and provides executive leadership and supervision to the senior management team. Mr. Guo is also responsible for the overall direction and production of the drama, film and online video series produced by the Group.

Mr. Guo has close to 30 years of experience in the entertainment industry and is well known as a prolific and award-winning director, producer and scriptwriter. To date, he has earned 17 nominations and 13 wins at the "China Television Director Committee Awards" for his TV series.

Prior to G.H.Y Culture & Media, Mr. Guo was a Director, Producer and Scriptwriter with Perfect World Co., Ltd., an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from March 2011 to December 2018.

Mr. Guo graduated from Hebei Art School with a Certificate in Drama in 1993 and is currently a member of the Youth Committee of China Television Drama Production Industry Association (中國電視劇製作產業協會青年工作委員會).

## MS. YUE LINA
Executive Director

**Ms. Yue Lina** is an Executive Director and was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Ms. Yue is responsible for the promotion and distribution of the Group's drama and film projects and is an established executive producer and actress with over 20 years of experience in the drama and film industry. Prior to joining the Group, she was an Artistic Director with Perfect World Co., Ltd., an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from March 2011 to March 2019.

Ms. Yue started her career as an actress in the Hebei Chengde Drama Troupe (河北省承德話劇團). She was the Executive Producer for prominent TV and web dramas and received the Breakthrough Actress Award at the AnHui Television Network's National Drama Series Ceremony (國劇盛典"極具突破精神女演員") in 2013 as well as the Best Creator Award at the Asian American TV and Film Festival (美國亞洲影視節金橡樹獎金牌出品人) in 2018.

Ms. Yue graduated from the Central Academy of Drama in Beijing, PRC in 2001 and obtained a Master's in Business Administration from Peking University in 2019.

## MS. WANG QING
Executive Director

**Ms. Wang Qing** is an Executive Director and was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Ms. Wang is responsible for overseeing the accounts functions of the PRC entities of the Group, including finance and tax-related matters (within the PRC). She is also responsible for the overall day-to-day management of the Group's operations in the PRC.

Prior to G.H.Y Culture & Media, Ms. Wang was a Tax Director with Perfect World Co., Ltd., an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from May 2014 to March 2019. She was also a Senior Tax Manager with Thyssenkrupp China Ltd. from August 2012 to May 2014, and a Manager with Ernst & Young Consultant Ltd. from August 2004 to July 2012.

Ms. Wang graduated from Qingdao Technological University with a Bachelor's degree in Accountancy in 2001. She has also obtained a Masters' degree in Accountancy from the University of International Business and Economics in 2004.

# BOARD OF DIRECTORS

**MR. YANG JUN RONG**
Non-Independent and Non-Executive Director

**Mr. Yang Jun Rong** is a Non-Independent and Non-Executive Director and was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Yang is an established music album producer with more than 35 years of experience in the music industry. Mr. Yang is the manager of Jay Chou, a prominent musician and singer-songwriter, and is the Chief Executive Officer and Music Director at JVR Music, a record and management company established in Taiwan in 2007. He is also the Chief Executive Officer of Eastern Eagle Investment Co., Ltd., a concert production company, and Sure Legend International Limited, a talent management company, whose businesses are primarily based in Taiwan.

Mr. Yang graduated from the National Taiwan University in 1987 with a Bachelor's degree.

**MS. ZENG YINGXUE**
Non-Independent and Non-Executive Director

**Ms. Zeng Yingxue** is a Non-Independent and Non-Executive Director and was appointed to the Board of G.H.Y Culture & Media on 1 February 2022.

Ms. Zeng Yingxue is currently an Executive Director and the Chief Financial Officer of Perfect World Holding Co., Ltd, the holding company of Perfect World Co., Ltd (a company listed on the Shenzhen Stock Exchange). Ms. Zeng is also currently the Senior Vice President of Perfect World Co., Ltd.

Ms Zeng graduated from National University of Singapore with a Master in Business Administration in 2018.

**MR. YEO GUAT KWANG**
Lead Independent Director

**Mr. Yeo Guat Kwang** is the Lead Independent Director and the Chairman of the Nominating Committee. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Yeo joined the National Trades Union Congress in 1996 and is currently the Assistant Director-General. He leads the U-SME Initiative for Small and Medium Enterprises, and is also the Chairman of the Migrant Workers Centre and the Centre for Domestic Employees.

Mr. Yeo was formerly a Member of the Parliament of Singapore from 1997 to 2015 and was the President of the Consumers Association of Singapore from 2002 to 2012. He is also the recipient of the Nanyang Alumni Achievement Award in 2018.

Mr. Yeo graduated from the National University of Singapore with a Bachelor of Arts (Hons) in 1986 and obtained a Master's in Public Administration and Management in 2013 from the National University of Singapore (Lee Kuan Yew School of Public Policy). He also obtained a Doctorate of Business Administration from the United Business Institutes, Brussels in 2016.

# BOARD OF DIRECTORS

## MR. ANG CHUN GIAP
Independent Director

**Mr. Ang Chun Giap** is an Independent Director and the Chairman of the Audit and Risk Management Committee. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Ang is presently the Audit Director of Acevision & Associates PAC, a public accounting corporation and has over 20 years of experience in a public accounting profession, providing auditing, accounting, tax planning and advisory services to client from diverse industries, including construction, real estate development, investment holding, manufacturing, food and beverage, entertainment, trading, importers and exporters, engineering, charities, hotel management and logistics. Mr. Ang also has over 20 years of experience in finance and management in commercial corporations.

Mr. Ang is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants, a Public Accountant with the Accounting and Corporate Regulatory Authority, an Accredited Tax Practitioner (Income Tax and GST) with the Singapore Institute of Accredited Tax Professionals and a patron of the Citizens' Consultative Committee with the People's Association. He is also the recipient of the prestigious Pingat Bakti Masyarakat Award, a public service medal awarded by the President of Singapore.

Mr. Ang graduated from the National University of Singapore with a Bachelor of Accountancy in 1981.

## MR. CHEN MINGYU
Independent Director

**Mr. Chen Mingyu** is an Independent Director and the Chairman of the Remuneration Committee. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Chen is presently the Managing Partner of D&E (Beijing) Business Consulting Co., Ltd, a finance, tax and business advisory services firm, and a visiting professor in the Executive Masters in Business Administration programme at Tsinghua University. Having been a partner in the Beijing offices of Deloitte, EY and KPMG respectively, Mr. Chen has over 30 years of experience in providing advice on cross-border M&A transactions, enterprise evaluation, designing and implementing global holding companies, tax efficient financing and capital repatriation strategies.

Mr. Chen received his undergraduate degrees in Accounting from Shenyang Open University in 1985 and English from Liaoning University in 1987. He also received a Master's in Business Administration from Fordham University in 2005.

## DR. JIANG MINGHUA
Independent Director

**Dr. Jiang Minghua** is an Independent Director. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Dr. Jiang is presently a Professor at Peking University, Guanghua School of Management. He teaches the Marketing and Brand Management courses in the Guanghua School of Management, Peking University, to businessmen and senior managers and conducts classes for the Masters of Business Administration Programme (MBA) and Executive Masters of Business Administration Programme for senior management.

He has also served as a Strategic Adviser to China Central Television Advertising Center (中央電視台廣告中心) and Brand Consultant to Beijing Handian Pharmaceutical Co., Limited (北京漢典製藥有限公司) and Beijing Keshuiwei Technology Co., Ltd (北京科旭威爾科技股份有限公司). Dr. Jiang was previously an Independent Director of AVIC Culture Co., Ltd (中航文化有限公司) from April 2014 to December 2015, and a Brand Consultant and Independent Director of Beijing Fund River Investment Co., Ltd. (北京方德瑞投資有限公司) from December 2015 to December 2018, where he provided strategic advice relating to marketing strategy, brand equity management and brand value.

Dr. Jiang graduated from Peking University with a Bachelor's degree in Economics in 1986 and obtained a Master's degree in Economics in 1989 and a Doctorate in Economics in 1997.

# BOARD OF DIRECTORS

**MR. SHAMSUL KAMAR BIN MOHAMED RAZALI**
Independent Director

**Mr. Shamsul Kamar Bin Mohamed Razali** is an Independent Director. He was appointed to the Board of G.H.Y Culture & Media on 1 February 2022.

Mr. Shamsul was formerly the Executive Director of the Centre for Domestic Employees (CDE), an affiliate of the National Trades Union Congress (NTUC) and the Deputy Executive Secretary of the Education Services Union. He is also an Adviser to the Aljunied GRC grassroots organisations, the Chairman of PAP Community Foundation (PCF Kaki Bukit) and a member of the M3 FA4 Taskforce Workgroup Panel. Mr. Shamsul has been actively serving the community since 2006. He was previously the Chairman of the Ministry of Social and Family Development (MSF), Review Board, Committee 6, Board of Visitors (Children and Young Persons Homes) and was awarded the National Day Award - Pingat Bakti Masyarakat (PBM) in 2017.

Mr. Shamsul graduated from Nanyang Technological University with a Bachelor of Arts (Diploma in Education) in 1997 and obtained a Master of Arts (Southeast Asian Studies) from National University of Singapore in 2003.

**MR. LI QI**
Independent Director

**Mr. Li Qi** is an Independent Director. He was appointed to the Board of G.H.Y Culture & Media on 1 February 2022.

Mr. Li, was an Associate Professor at the Guanghua School of Management, Peking University, where he taught classes on economics since 1983. Mr. Li was formerly the Dean of Guanghua School of Management, Shenzhen Campus and Shanghai Campus from 2009 to 2018 and 2014 to 2018 respectively.

Mr. Li graduated from Peking University with a Bachelor Degree in Economics in 1983 and obtained a Doctoral Degree in Social and Economic Sciences from the Vienna University of Economics and Business, Austria, Wirtschaftsuniversität Wien, Österreich in 1996.

# KEY MANAGEMENT

### MR. GUO JINGYU
Executive Chairman and Group CEO

Please refer to information on the Board of Directors on page 4.

### MS. YUE LINA
Executive Director

Please refer to information on the Board of Directors on page 4.

### MS. WANG QING
Executive Director

Please refer to information on the Board of Directors on page 4.

### MS. VENESSA LIAN
Group Deputy Chief Executive Officer

**Ms. Venessa Lian** was appointed as the Group Deputy Chief Executive Officer on 14 May 2021.

Ms. Lian is responsible for the development and implementation of business strategies of the Group to achieve its corporate objectives and maximise long-term shareholder value. Ms. Lian also provides strategic leadership to the Company in the execution of growth and diversification strategies, in order to further expand the Group's geographical footprint in Southeast Asia.

She has close to 30 years of experience in drama and film distribution and concert production. Prior to joining the Group, Ms. Lian was the Events Director of Bestin Entertainment Pte. Ltd. from July 2018 to October 2019. She was also an Executive Director of G.H.Y Culture & Media (Singapore) Pte Ltd. (formerly known as Perfect World Pictures Singapore Pte. Ltd.) from November 2019 to March 2020.

### MS. LOW HUI MIN
Chief Financial Officer

**Ms. Low Hui Min** was appointed as Chief Financial Officer in November 2019. She is responsible for all finance-related matters and tax-related matters (outside of the PRC) of the Group.

Prior to joining the Group, Ms. Low was the Regional Financial Controller of a multinational advertising agency network which is a subsidiary of a listed company on the New York Stock Exchange, from November 2017 to October 2019, and managed the finance teams across 12 markets in the Asia-Pacific region for all working capital and audit-related matters. She was also a Senior Audit Manager with Deloitte & Touche LLP from July 2007 to October 2017 and was a lead manager responsible for the audit of multinational and local companies in a broad range of industries.

Ms. Low is a Chartered Accountant with the Institute of Singapore Chartered Accountants. She graduated from Nanyang Technological University with a Bachelor of Accountancy in 2006.

### MR. XUE XIN
Senior Director of TV Program and Film Production

**Mr. Xue Xin** was appointed as the Senior Director of TV Program and Film Production in April 2019. He joined G.H.Y Culture & Media in April 2019 and is responsible for overseeing the production of the drama and film projects of the Group.

Mr. Xue leads the Group's PRC production team and was the executive producer for various notable dramas and films in the PRC, including "Rush Year 刀鋒1937", "The Red Lady 紅娘子", "Brave Heart 勇敢的心" and "The Blue Blade 火藍刀鋒". Prior to joining the Group, Mr. Xue was previously a Manager and Producer of TV programs and films and responsible for the management of the production team at Perfect World Co., Ltd., an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from March 2011 to March 2019. He has more than 30 years of experience as a producer and was also a Producer with the China Film Group Corporation from March 2002 to July 2020 and a producer with Beijing Film Studio from December 1980 to January 2002.

Mr. Xue is a member of the China Alliance of Radio, Film and Television (中國廣播電影電視社會組織聯合會). He graduated from Minzu University of China in 1992 with a degree in Business Management.

# KEY MANAGEMENT

## MS. ADELINE LOW LI PHENG
Regional Senior Group Director of Concert Organisation and Management

**Ms. Adeline Low Li Pheng** was appointed as the Regional Senior Group Director of Concert Organisation and Management in May 2022.

She is responsible for overseeing the organisation and management of concerts of the Group and is supported by concert production teams based in Singapore and the PRC, all of whom have experience and expertise in event organisation and production.

Ms. Low has more than 25 years of experience in concert production. She has been in the media and entertainment industry since 1997. Ms. Low started her career in marketing and TV advertising, and later progressed on to a corporate communications role for Singapore's only major TV network station. Ms. Low later became the Head of the station's Concert division, which kickstarted her career in live events. Ms. Low later joined another listed company in the media and entertainment industry, whose business included the organisation of concerts, prior to joining the Group in 2018.

## MS. CHAN PUI YIN
Senior Director of Drama Production

**Ms. Chan Pui Yin** was appointed as the Senior Director of Concert Organisation and Management in May 2020. She joined G.H.Y Culture & Media in Singapore in September 2017 as Director of TV Program and Drama Production and was subsequently re-designated as Senior Director of Concert Organisation and Management in May 2020. In June 2022, Ms. Chan was re-designated from Senior Director of Concert Organisation to Senior Director of Drama Production. She is responsible for overseeing the overseas drama and film productions of the Group and is supported by drama production teams based in Singapore.

Ms. Chan has more than 25 years of experience in the TV program and film production industry and has worked on award-winning films such as "I Not Stupid", "Homerun" and "Painted Skin". Prior to joining the Group, Ms. Chan was previously a Producer with SIMF Management Pte. Ltd. from March 2011 to July 2017 and was responsible for funding, developing and managing the projects and activities for film and TV productions. She was also Assistant Vice President at MediaCorp Raintree Pictures Pte. Ltd. from September 2000 to March 2008 and was responsible for the development, production and distribution of films.

Ms. Chan holds a Certificate in Graphics Design from the Nanyang Academy of Fine Arts, a Bachelor of Accountancy from the Nanyang Technological University and a Graduate Diploma in Marketing Communications from the Marketing Institute of Singapore.

# FINANCIAL HIGHLIGHTS

### REVENUE

| | |
|---|---|
| FY2022: | $45.7M |
| FY2021: | $83.3M |
| FY2020: | $127.1M |

### (LOSS)/EARNINGS PER SHARE

| | |
|---|---|
| FY2022: | (0.88)cents |
| FY2021: | 0.36cents |
| FY2020: | 4.15cents |

### GROSS PROFIT

| | |
|---|---|
| FY2022: | $14.2M |
| FY2021: | $21.8M |
| FY2020: | $55.7M |

### NET ASSET VALUE PER SHARE

| | |
|---|---|
| FY2022: | 12.82cents |
| FY2021: | 14.21cents |
| FY2020: | 14.77cents |

### (LOSS)/PROFIT AFTER TAX

| | |
|---|---|
| FY2022: | $(10.5)M |
| FY2021: | $3.5M |
| FY2020: | $38.1M |

### GEARING RATIO(1)

| | |
|---|---|
| FY2022: | 12.4% |
| FY2021: | 12.7% |
| FY2020: | 10.0% |

Note

(1) Gearing ratio is computed based on the sum of borrowings and lease liabilities over total equity.

"FY2020" refers to financial year from 1 January 2020 to 31 December 2020.
"FY2021" refers to financial year from 1 January 2021 to 31 December 2021.
"FY2022" refers to financial year from 1 January 2022 to 31 December 2022.

Certain numerical figures set out in this Annual Report, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and, as a result, the totals of the data in this Annual Report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the Annual Report have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Annual Report, as applicable, and not using the numerical data in the narrative description thereof.

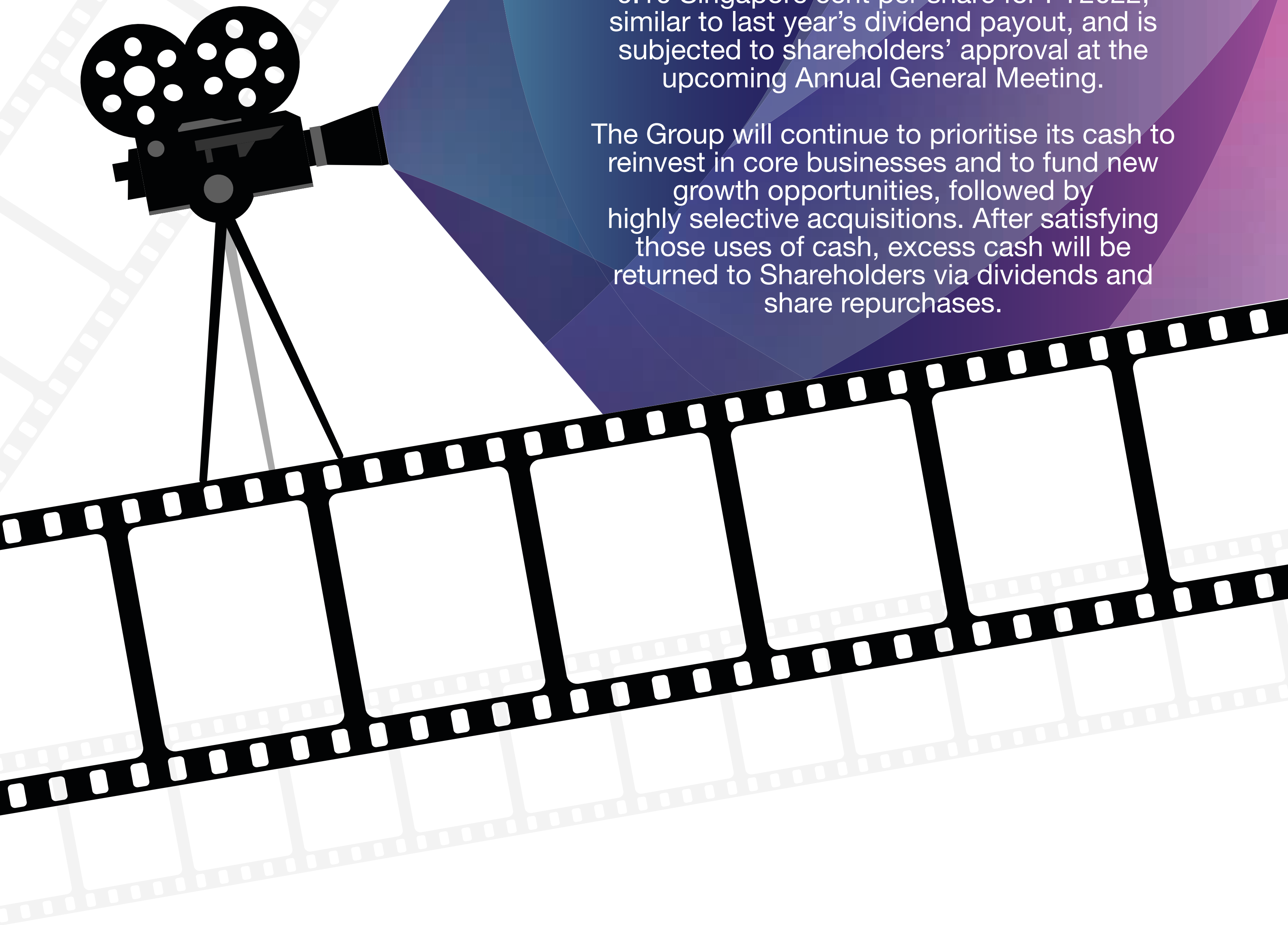
# PROPOSED FINAL DIVIDENDS FOR FY2022

**Committed to rewarding our Shareholders**

While the Group has not performed as well as expected, there is a need to reward the Shareholders for their support and loyalty.

The Board has proposed a final dividend of 0.10 Singapore cent per share for FY2022, similar to last year's dividend payout, and is subjected to shareholders' approval at the upcoming Annual General Meeting.

The Group will continue to prioritise its cash to reinvest in core businesses and to fund new growth opportunities, followed by highly selective acquisitions. After satisfying those uses of cash, excess cash will be returned to Shareholders via dividends and share repurchases.



# OPERATION AND FINANCIAL REVIEW

## OPERATION REVIEW FOR FY2022

### TV PROGRAM AND FILM PRODUCTION

The Group's high-quality dramas and film productions have once again captured the attention and mindshare of audiences.

In FY2022, the Group completed production of three dramas "Strange Tales of Tang Dynasty 唐朝詭事錄", "Sisterhood 南洋女儿情" and "A Fish and A Cat 騎著魚的貓".

In July 2022, the Group's latest short drama series named "Goddess Hotel 女神酒店", the first short drama production produced by the Group with Douyin (抖音) was a popular hit, topping the search list of Douyin (also known as TikTok), the PRC's most influential short-video platform.

In October 2022, the Group's latest drama production named "Strange Tales of Tang Dynasty 唐朝詭事錄" achieved strong ratings and viewership. In March 2023, the Group commenced production for the second season of "Strange Tales of Tang Dynasty 唐朝詭事錄".

A series of dramas and films of varied themes are also currently under evaluation and production. The Group plans to collaborate with various online video platforms to further develop different genres of dramas and films targeting different group of audiences, thereby creating more opportunities for revenue growth. Leveraging on the Group's high-quality entertainment content, the Group aims to attract other sources of revenue, including but not limited to advertisements and e-commerce marketing and to further grow our market share in the region.

The COVID-19 measures in the PRC delayed our contract signings with certain customers and hence fewer titles were sold in the current period under review. With the PRC easing its COVID-19 restrictions, the Group believes that there are more positive sentiments in the financial year ending 31 December 2023 ("**FY2023**"), with an expected increase in the number of productions in FY2023 as compared to FY2022.

# OPERATION AND FINANCIAL REVIEW

## CONCERT PRODUCTION

The Group's concert production business activities have rebounded strongly. In 2022 and during the three months ended 31 March 2023, the Group had completed various concert productions in Singapore, Malaysia and Australia.

Looking towards FY2023 and FY2024, the Group is cautiously optimistic that this business segment will be the second growth engine of the Group, furthering boosting our financial performance.


## OTHER BUSINESS SEGMENTS

### *Costumes, Props and Make-up Services Business*

We provide costumes, props and make-up services for artistes and third party production companies in respect of their drama and film production activities by engaging subcontractors for the provision of such costumes, props and make-up services.

In 2022, we have provided costume and make-up services for the performers participating in the Beijing 2022 Winter Olympics opening ceremony. The Group is deeply honoured to have been appointed by the organisers of the Beijing 2022 Winter Olympics and to have contributed to the success of the opening ceremony. The appointment is a strong endorsement of the capabilities of the Group's fast-growing Costumes, Props and Make-up Services team, led by award-winning designer Mr. Chen Minzheng (陳敏正).

Mr. Chen Minzheng is a well-known designer for costumes, props and make-up in the PRC who has won, among others, the Golden Horse Award for Best Makeup & Costume Design in 2018 and the Asian Film Award for Best Costume Design in 2019. We have in the past engaged, and will continue to engage, Mr. Chen Minzheng (陳敏正) to design and create costumes and props for our drama and film projects, as well as for third party production companies which engage his services through our Group by way of an exclusive service collaboration agreement between our Group and Mr. Chen Minzheng.

### *Talent Management Services Business*

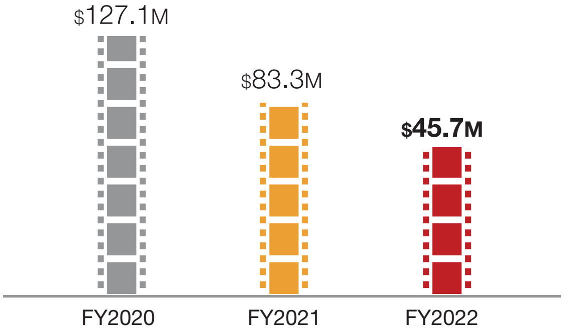
We identify and recruit artistes who are based mostly in the PRC and have built up a stable of well-known artistes. Our talent management services business manages more than 60 artistes and the current pool of artistes we manage are actors and actresses who are primarily based, or whose projects and engagements are primarily based, in the PRC and/or Singapore.

# OPERATION AND FINANCIAL REVIEW

## FINANCIAL PERFORMANCE FOR FY2022


The Group's revenue decreased by approximately $37.6 million from $83.3 million in FY2021 to $45.7 million in FY2022.

**REVENUE**




### Business Segment

Revenue contribution (net of inter-segment elimination) from the TV Program and Film Production business segment decreased by approximately $55.7 million from $75.7 million in FY2021 to $20.0 million in FY2022 due to lower drama and film production sales driven by fewer titles sold in FY2022 and the gradual shift from licensing our content to third parties to licensing based on user clicks or viewership.

In FY2022, the Group recognised revenue mainly in respect of the completed production of three dramas named "Strange Tales of Tang Dynasty 唐朝詭事錄", "Sisterhood 南洋女儿情" and "A Fish and A Cat 騎著魚的貓". The Group also recognised revenue for one online short drama series named "Goddess Hotel 女神酒店" which is licensed to a customer for variable fees and the sale of a script named "Misty Rain 烟雨".

Revenue contribution (net of inter-segment elimination) from the Concert Production business segment was approximately $20.3 million in respect of two concert productions completed in FY2022. There was nil contribution from concert production in FY2021.

Revenue contribution (net of inter-segment elimination) from the Others business segment mainly comprising Talent Management and Costumes, Props and Make-up Services decreased approximately $2.1 million from $7.6 million in FY2021 to $5.5 million in FY2022, mainly due to a decrease in the number of projects for Talent Management and Costumes, Props and Make-up Services.

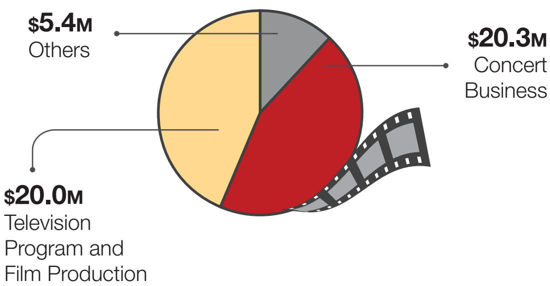
In FY2022, the total revenue derived from the PRC Affiliated Entities amounted to approximately $25.3 million (FY2021: $83.3 million), which is 55.2% (FY2021: 100.0%) of the total revenue of the Group.

### Geographical Segments

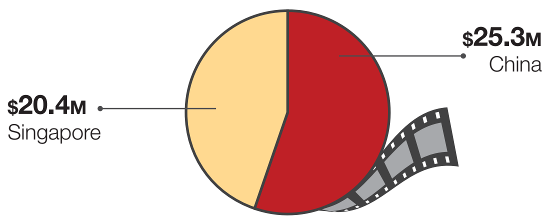
The Group's revenue is based on geographical locations of its external customers' operations which the revenue is derived from.

The Group's revenue from customers located outside of Singapore accounted for 55.2% (FY2021: 100.0%) of the Group's total revenue. The copyright and ancillary rights to the completed and ongoing drama and film productions under the TV Program and Film Production business segment and projects for Talent Management and Costume, Props and Make-up Services were sold or licensed to customers located outside of Singapore.

**BUSINESS SEGMENT REVENUE**



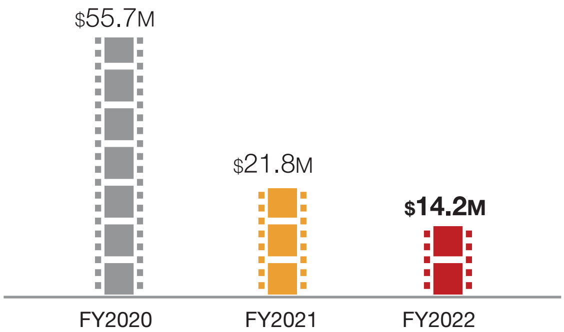

**GEOGRAPHICAL SEGMENT REVENUE**



# OPERATION AND FINANCIAL REVIEW


The Group's gross profit ("**GP**") decreased by approximately $7.5 million from $21.8 million in FY2021 to $14.2 million in FY2022. Gross profit margin increased from 26.1% in FY2021 to 31.2% in FY2022 mainly due to higher contribution from the Concert Production business segment.

**GROSS PROFIT**



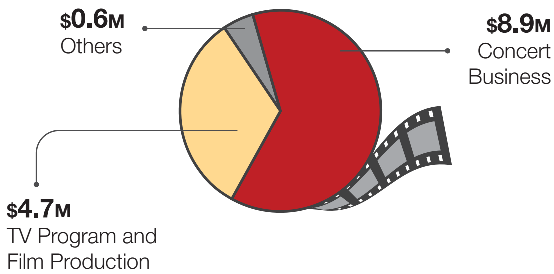

**Business Segments**

GP contribution from the TV Program and Film Production business segment decreased by approximately $15.7 million from $20.4 million in FY2021 to $4.7 million in FY2022. As a result of the heightened COVID-19 measures and the COVID-19 lockdown in Shanghai, the PRC from March 2022 to November 2022, where filming for the drama named "Sisterhood 南洋女儿情" was located, there was a significant disruption to filming and production activities. The filming duration was therefore extended from March 2022 to May 2022 and this resulted in higher costs for filming and production. The Group has completed the production of "Sisterhood 南洋女儿情" in 2022.

In 2022, the GP contribution from the Concert Production business segment was approximately $8.9 million, mainly in respect of two concert productions completed in FY2022. There was nil contribution from concert production in FY2021.

GP contribution from the Others business segment decreased by approximately $1.1 million from $1.8 million (net of inter-segment elimination) in FY2021 to $0.7 million in FY2022, mainly due to a decrease in the number of projects for the Talent Management and Costumes, Props and Make-up Services.

**GROSS PROFIT**

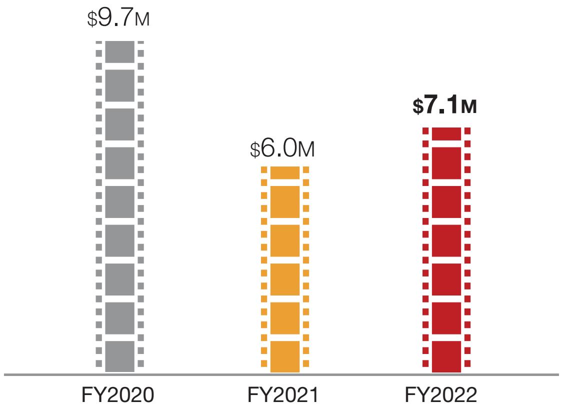




The Group's other income increased by approximately $1.1 million from $6.0 million in FY2021 to $7.1 million in FY2022.

This was mainly due to an increase of approximately $2.5 million from government grants. Government grants mainly comprise (a) grants in respect of certain drama and film production activities from the relevant local government authorities and (b) grants from government relief schemes; which were partially offset by an absence of net foreign exchange gain of approximately $2.1 million in FY2022. In FY2022, the Group recognised a net foreign exchange loss of approximately $8.8 million.

**OTHER INCOME**



# OPERATION AND FINANCIAL REVIEW

## EXPENSES

### Administrative expenses

The Group's administrative expenses increased by approximately $1.9 million from $11.5 million in FY2021 to $13.4 million in FY2022. This was mainly due to an increase of approximately $2.2 million for full year recognition of employee benefit expenses (which includes salaries and defined contribution plans) arising from an increase in headcount in the second quarter of 2021 for planned business activities from 2022 onwards, which was partially offset by a decrease of approximately $0.4 million in professional expenses and general expenses due to cost saving measures put in place.

### Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately $0.5 million from $6.0 million in FY2021 to $6.4 million in FY2022. This was mainly due to an increase of approximately $0.5 million in advertising and promotional activities for various dramas and films in FY2022. The Group continues to invest in marketing activities, with a focus to drive awareness and interests around our titles, which in turn boosts engagement and ratings for these titles.

### Other expenses

Other expenses increased by approximately $8.4 million from $2.3 million in FY2021 to $10.7 million in FY2022. This was mainly due to (i) approximately $8.8 million in net foreign exchange loss in FY2022, primarily due to the appreciation of Singapore Dollar against Chinese Renminbi in FY2022, mostly from intercompany balances denominated in Singapore Dollar by the entities of the Group in the PRC which financial statements are prepared in Chinese Renminbi, as the Group has significant operations in the PRC and (ii) full year recognition of amortisation expenses and share of joint operations' expenses of approximately $0.8 million in FY2022 arising from the jointly-owned film sets in the PRC and Malaysia. The construction of these film sets were completed in second half of 2021 and in 2022 respectively and are held for leasing purpose and own use in FY2022.

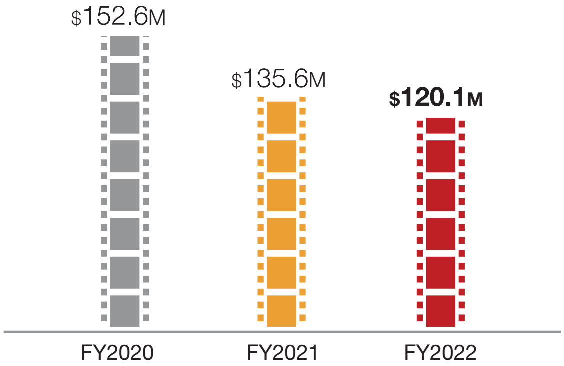
The increase was partially offset by an absence of approximately $1.7 million in credit loss allowance. In FY2021, the credit loss allowance was measured by a third-party valuer at an amount equal to lifetime expected losses by reference to the past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate. In FY2022, there is a reversal of allowance of credit loss of approximately $0.4 million as the trade receivables for the relevant projects were collected in FY2022.

### Finance costs

Finance costs increased by approximately $0.7 million from $1.0 million in FY2021 to $1.7 million in FY2022 mainly due to the full year recognition of interest expense on additional borrowings drawdown in the last quarter of 2021 and in FY2022.

## STATEMENT OF FINANCIAL POSITION


**WORKING CAPITAL**




The Group's long term financial objectives remain unchanged and we continue to be committed in the Group's revenue growth, enhance operating margins and deliver positive free cashflow annually.

Though our working capital decreased by approximately $15.5 million from $135.6 million as at 31 December 2021 to $120.1 million as at 31 December 2022, we are still well-placed to ramp up production volume and maintain the Group's ability to leverage its strong position in the industry value chain to strategically pursue organic and inorganic growth in order to enhance stakeholders' value.

Supported by our resilient balance sheet, we will continue to expand and diversify our portfolio of proprietary entertainment content, explore potential partnerships and collaborations as well as pursue inorganic growth opportunities in the Group's journey to become the leading player in the media and entertainment industry in the Asia-Pacific region.

| | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| Current Assets | $166.6M | $189.9M |
| Non-current Assets | $17.6M | $19.4M |
| Current Liabilities | $46.5M | $54.3M |
| Non-current liabilities | $1.9M | $2.9M |

# OPERATION AND FINANCIAL REVIEW

### Current assets
The Group's current assets decreased by approximately $23.4 million from $189.9 million as at 31 December 2021 to $166.6 million as at 31 December 2022. The decrease was mainly due to (i) a net decrease of approximately $1.3 million in trade and note receivables due to receipts for drama and concert productions, partially offset by sales billings; (ii) a net decrease of approximately $1.6 million in other receivables mainly due to receipts of advances paid to production crew and staff, after netting against actual expenditure and upon final settlement with crews and staff, decrease in VAT receivables and refundable security deposits offset by (a) investment in two films; (b) increase in prepayments and advances to third party contractor made for preparation work in relation to various ongoing and upcoming drama and film projects, including but not limited to the artiste fees, purchase and development of scripts, research and preparation of filming sites, costumes and props for such drama and film projects; (iii) a decrease of approximately $0.4 million in amount due from related parties, mainly due to decrease in prepayment made to an entity connected to a non-controlling shareholder and non-executive director in relation to the Concert Production business; (iv) a decrease of approximately $18.3 million in contract assets, mainly due to sales billing and translation loss arising from the appreciation of Singapore Dollar against Chinese Renminbi, as the Group has significant operations in the PRC offset by ongoing drama productions to represent the Group's right to consideration for drama and film products and drama and film productions in progress but not billed as at 31 December 2022; (v) a net decrease of approximately $0.4 million in financial assets at FVTPL due to derecognition of financial assets at FVTPL based on the actual box office revenue and actual ticket sales offset by investment in financial assets. Financial assets at FVTPL represent films, concert, and musical play investments advanced to external parties for the financing of production and marketing expenditure that are associated with the films, concert, and musical play the Group has invested in; and (vi) a decrease of approximately $2.0 million in cash and cash equivalents, mainly used for ongoing films, drama and concert productions and working capital purposes.

The decrease was partially offset by an increase of approximately $0.8 million in films and drama productions in progress and products representing production costs, costs of services, direct labour costs, facilities and raw materials utilised during the films and drama productions.

### Non-current assets
The Group's non-current assets decreased by approximately $1.8 million from $19.4 million as at 31 December 2021 to $17.6 million as at 31 December 2022, mainly due to (i) a decrease of right-of-use assets of approximately $2.2 million mainly arising from early termination of certain rights-of-use assets and routine depreciation, partially offset by an increase of approximately $0.6 million in deferred tax assets arising from deductible temporary differences and unutilised tax losses in FY2022.

### Current liabilities
The Group's current liabilities decreased by approximately $7.8 million from $54.3 million as at 31 December 2021 to $46.5 million as at 31 December 2022. The decrease was mainly due to (i) a decrease of approximately $0.5 million in lease liabilities due to payment of lease liabilities; (ii) a decrease of approximately $7.9 million in income tax payable mainly due to payment of income tax; and (iii) a net decrease of approximately $0.9 million in borrowings mainly due to translation loss arising from the appreciation of Singapore Dollar against Chinese Renminbi as the borrowings are mainly denominated in Chinese Renminbi and repayment of bank borrowings offset by proceeds from borrowings.

The decrease was partially offset by (i) an increase of approximately $1.1 million in contract liabilities, mainly due to advance receipts from concert tickets and sponsorship. Contract liabilities relate to payment received in advance from customers and these amounts are recognised as revenue when the Group fulfilled its contractual obligations; and (ii) a net increase in the amount due to related parties of approximately $0.7 million which was mainly due to payables due to a company associated with a non-controlling shareholder and non-executive director in relation to the Concert Production business.

### Non-current liabilities
The Group's non-current liabilities decreased by approximately $1.0 million from $2.9 million as at 31 December 2021 to $1.9 million as at 31 December 2022 mainly due to a decrease of approximately $1.2 million arising from early termination of rights-of-use assets and repayment of lease liabilities.

## STATEMENT OF CASHFLOW

| | FY2022 | FY2021 |
|---|---|---|
| Net cash generated from/(used in) operations | $5.9M | $(46.2)M |
| Net cash used in investing activities | $(3.6)M | $(7.4)M |
| Net cash used in financing activities | $(1.7)M | $(26.0)M |

# OPERATION AND FINANCIAL REVIEW

**Net cash generated used in operating activities**
The Group incurred cash outflows from operating activities before movements in working capital of approximately $4.3 million, with net changes in working capital of approximately $19.5 million, income tax and net interest paid of approximately $7.7 million and $1.5 million respectively.

The Group's net working capital inflows was mainly due to (i) a net decrease of approximately $6.8 million in trade, notes and other receivables due to receipts for drama and concert productions offset by sales billings and receipts of advances paid to production crew and staff, after netting against actual expenditure and upon final settlement with crews and staff, decrease in VAT receivables and refundable security deposits, partially offset by investment in two movies and increase in prepayments and advances to third party contractor made for preparation work in relation to various ongoing and upcoming drama and film projects, including but not limited to the artiste fees, purchase and development of scripts, research and preparation of filming sites, costumes and props for such drama and film projects; (ii) a decrease of approximately $19.2 million in contract assets, mainly due to sales billing offset by ongoing drama productions to represent the Group's right to consideration for drama and film productions in progress and drama and film products but not billed as at 31 December 2022 and (iii) an increase in the amount due to related parties of approximately $0.7 million which was mainly due to payables due to a company associated with a non-controlling shareholder and non-executive director in relation to the Concert Production business.

The Group's net working capital inflows was partially offset by (i) the ramping up of production volume in FY2022. As a result, there was a net increase in drama and film productions in progress and drama and film products of approximately $5.1 million, representing production costs, costs of services, direct labour costs, facilities and raw materials utilised under ongoing drama and film productions, partially offset by the cost of dramas and films sold during the period and (ii) a decrease of approximately $2.5 million in contract liabilities as these amounts were recognised as revenue when the Group fulfilled its performance obligation.

Net cash generated from operating activities was approximately $5.9 million in FY2022.

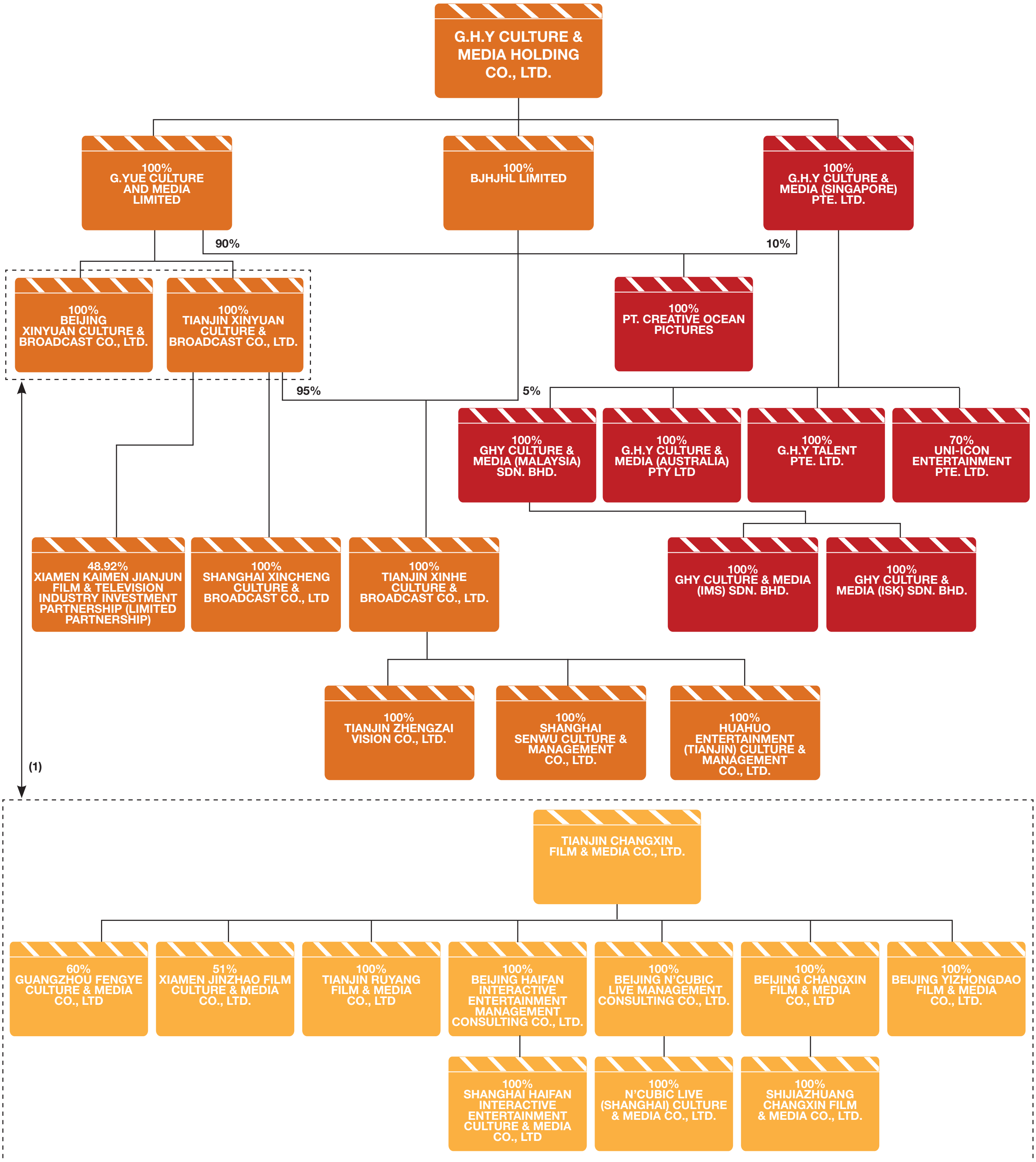
**Net cash used in investing activities**
Net cash used in investing activities amounted to approximately $3.6 million mainly due to (i) an increase of approximately $1.3 million and $1.5 million in plant and equipment and intangible assets respectively, mainly due to the addition of two film sets located in the PRC and a motor vehicle; and (ii) an increase of approximately $0.8 million in financial assets at FVTPL, representing mainly a concert investment advanced to an external party for the financing of production and marketing expenditure that are associated with the concert that the Group had invested in.

**Net cash used in financing activities**
Net cash used in financing activities amounted to $1.7 million mainly due to (i) payment of final dividends of approximately $1.1 million in respect of FY2021; (ii) payment of lease liabilities of approximately $1.4 million; and (iii) shares repurchased of approximately $1.9 million in FY2022.

The net cash used was partially offset by (i) net increase in borrowings of approximately $0.4 million mainly due to proceeds from borrowings offset by repayment of bank borrowings and (ii) proceeds of approximately $2.1 million from restricted bank deposits.

# CORPORATE STRUCTURE

## COMPANY AND SUBSIDIARIES




**Note:**

(1) The Company, through the GHY WFOEs, has entered into Contractual Arrangements with the Individual Shareholders and each of PRC Affiliated Entities, under which the Group is conferred operational control and economic rights over the PRC Affiliated Entities which allows the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities. See the section entitled "Corporate Structure and Ownership – Contractual Arrangements in respect of the PRC Affiliated Entities" of the prospectus dated 11 December 2020 issued by the Company for further information.

# CONTRACTUAL ARRANGEMENTS

## Contractual Arrangements currently in place

In order to comply with the foreign ownership prohibitions under the applicable PRC laws and regulations as set out below while maintaining effective control over the operations of Beijing Changxin Film & Media Co., Ltd., Beijing Yizhongdao Film & Media Co., Ltd., Tianjin Changxin Film & Media Co., Ltd., Tianjin Ruyang Film & Media Co., Ltd., Xiamen Jinzhao Film Culture & Media Co., Ltd., Guangzhou Fengye Culture & Media Co., Ltd., Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd., Beijing N'Cubic LIVE Management Consulting Co., Ltd., Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd., Shijiazhuang Changxin Film & Media Co., Ltd. and N'Cubic LIVE (Shanghai) Culture & Media Co., Ltd. ("**PRC Affiliated Entities**" and each, a "**PRC Affiliated Entity**") in the PRC, the Group has, through Tianjin Xinyuan Culture & Broadcast Co., Ltd. and Beijing Xinyuan Culture & Broadcast Co., Ltd. ("**GHY WFOEs**"), entered into contractual arrangements in respect of the PRC Affiliated Entities, under which the Group is conferred operational control and economic rights over each of the PRC Affiliated Entities, which allow the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, by way of the service fees payable by the PRC Affiliated Entities to the Group ("**Contractual Arrangements**").

## Rationale for the Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Foreign Investment Law of the PRC (the "**Foreign Investment Land**") and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 version) ("**Negative List**"), which have been promulgated and amended from time to time jointly by the Ministry of Commerce of the PRC ("**MOFCOM**") and the National Development and Reform Commission of the PRC ("**NDRC**"). Under the Negative List, foreign investment is prohibited in certain industries, including TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進)) and internet cultural business (except music).

As a result of the foreign ownership prohibitions under the Negative List, foreign-incorporated companies are unable to own or otherwise hold any equity interest in entities engaged in businesses in such industries. Accordingly, in order to engage in such businesses and maintain the necessary licences and permits, foreign-incorporated holding companies have adopted contractual arrangements so as to conduct operations in these industries in the PRC. Such contractual arrangements, similar to the Contractual Arrangements, confer operational control and economic rights to the foreign-incorporated holding companies, while complying with the applicable foreign ownership prohibitions in the PRC, including those under the Negative List.

The Foreign Investment Law was passed by the National People's Congress ("**NPC**") on 15 March 2019 and came into effect on 1 January 2020 and regulates investment activities directly or indirectly conducted by foreign individuals, enterprises and other organisations in the PRC. As set out in Company's Prospectus dated 11 December 2020, the Foreign Investment Law does not explicitly stipulate such contractual arrangements as a form of foreign investment and the Implementation Regulations on the Foreign Investment Law also do not list such contractual arrangements as a form of foreign investment.

The Company, as a foreign investor under the current PRC regulatory regime, has, through the GHY WFOEs, entered into the Contractual Arrangements in respect of the PRC Affiliated Entities. The PRC Affiliated Entities are either (i) currently engaged in businesses in industries which have foreign ownership prohibitions under the Negative List, such as TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進) and hold the requisite permits for such business); or (ii) is intended to or will be engaged in TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進) or other businesses in industries which have foreign ownership prohibitions under the Negative List, such as internet cultural business (except music) and will be required to obtain the requisite licences and permits. The Contractual Arrangements confer operational control and economic rights over the PRC Affiliated Entities to the Group, which allow the Group to exercise control over the business operations of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities.

## Overall performance of the PRC Affiliated Entities

The Group registered a loss after tax of approximately $10.5 million for FY2022, of which the total loss for FY2022 derived from the PRC Affiliated Entities amounted to approximately $10.5 million, representing more than 100.0% of the Group's total loss in FY2022.

## Board Confirmation on the Contractual Arrangements

In FY2022, the PRC Affiliated Entities have complied with the terms and conditions of the Contractual Arrangements. The Board has undertaken a periodic review of the Contractual Arrangements and confirmed that during FY2022:

(i) no dividends or other distributions have been made by the PRC Affiliated Entities to Mr. Guo Jingyu or Mr. Xue Xin, the shareholders of Tianjin Changxin Film & Media Co., Ltd. (the "**Individual Shareholders**");

(ii) there were no new contracts entered into or renewed between the GHY WFOEs and the PRC Affiliated Entities; and

(iii) there were no material changes to the terms of the Contractual Arrangements.

# CONTRACTUAL ARRANGEMENTS

**Risks relating to the Contractual Arrangements**

There are risks associated with the Contractual Arrangements and these include, among others:

- **If the PRC government deems that the Contractual Arrangements in respect of the PRC Affiliated Entities do not comply with PRC governmental restrictions on foreign investment, or if these regulations, or the interpretation of existing regulations, change in the future, the Group may be subject to severe penalties or be forced to relinquish its interests in those operations and the current corporate structure, corporate governance and business operations may be materially and adversely affected**

  As a result of the foreign ownership prohibitions under the Negative List explained under the section entitled "Rationale for the Contractual Arrangements" above, foreign-incorporated companies are unable to own or otherwise hold any equity interest in entities engaged in businesses in such industries. Accordingly, in order to engage in such businesses and maintain the necessary licences and permits, foreign-incorporated holding companies have adopted contractual arrangements in order to conduct PRC operations in these industries. Such contractual arrangements, similar to the Contractual Arrangements, confer operational control and economic rights to the foreign-incorporated holding companies, while complying with the applicable foreign ownership prohibitions in the PRC, including those under the Negative List. We have similarly entered into the Contractual Arrangements in respect of the PRC Affiliated Entities, each of which are currently or will be engaged in such businesses with foreign ownership prohibitions and have obtained or will obtain the requisite licences and permits for such businesses in the PRC.

  The Foreign Investment Law stipulates three forms of foreign investment. However, the Foreign Investment Law does not explicitly stipulate contractual arrangements as a form of foreign investment and the Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

  Notwithstanding the above, it is possible that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a form of foreign investment, and in such event, whether the Contractual Arrangements will be recognised as foreign investment or deemed to be in violation of the foreign investment access requirements and how the Contractual Arrangements will be handled is uncertain. In the extreme case, we may be required to unwind the Contractual Arrangements and/or dispose of the PRC Affiliated Entities, which could have a material and adverse effect on our business, financial condition, results of operation and prospect. If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that we or the PRC Affiliated Entities are in violation of PRC laws or regulations or lack the necessary permits or licences to operate our business, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with these violations or failures, including but not limited to revoking business and operating licences of the PRC Affiliated Entities, requiring us to discontinue or restrict our operations, imposing fines or confiscating any of our income that they deem to have been obtained through such illegal operations, restricting our right to collect revenue and/or restricting or prohibiting our use of the IPO proceeds or other of our financing activities to finance the business and operations of the PRC Affiliated Entities, among others.

- **The Contractual Arrangements in respect of the PRC Affiliated Entities may not be as effective in providing control over the PRC Affiliated Entities as direct ownership**

  We rely on the Contractual Arrangements in respect of the relevant PRC Affiliated Entities to operate our TV program and film production business in the PRC in which foreign investment is prohibited and other businesses, such as internal cultural business (except music) in which foreign investment is prohibited and which we intend to undertake. However, these Contractual Arrangements may not be as effective as direct ownership in providing us with control over the PRC Affiliated Entities.

  If we had direct ownership of the PRC Affiliated Entities, we would be able to directly exercise our rights as an equity holder to effect changes in the boards of directors of those entities, which could effect changes at the management and operational level. Under the Contractual Arrangements, we will have to rely on the PRC Affiliated Entities and the Individual Shareholders to perform their respective obligations in order to exercise our control over the PRC Affiliated Entities. Pursuant to the option to purchase the equity interest and/or assets granted to the Group under the Contractual Arrangements, we may replace the Individual Shareholders at any time pursuant to the Contractual Arrangements. However, if any Individual Shareholder is uncooperative or there is any dispute relating to these contracts that remains unresolved, we will have to enforce our rights under the Contractual Arrangements, including the rights of the GHY WFOEs to dispose of all or part of the pledged equity and to be compensated in priority from the proceeds therefrom under the Equity Pledge Agreements and/or the rights of the GHY WFOEs to purchase all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the business or assets of the PRC Affiliated Entities under the Agreements on Exclusive Purchasing Power. Such enforcement will be through the operation of PRC law and/or arbitral or judicial agencies, which may be costly and time-consuming and will be subject to applicable foreign ownership restrictions (for so long as such foreign ownership restrictions remain in force under the prevailing PRC laws and regulations) as well as uncertainties in the PRC legal system. Consequently, the Contractual Arrangements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership.

# CONTRACTUAL ARRANGEMENTS

- **The uncertainties of the PRC legal system could limit our ability to enforce Contractual Arrangements when any disputes arise**

  All of the Contractual Arrangements are governed by and interpreted in accordance with PRC laws and regulations, and disputes arising from the Contractual Arrangements are to be resolved through arbitration or litigation in the PRC. Uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In respect of interim remedies, the Contractual Arrangements contain provisions to the effect that the arbitral body may award interim remedies, injunctive relief and/or winding up over the equity interest and/or assets of the PRC Affiliated Entities and that courts of competent jurisdictions, such as the courts in Singapore, the PRC, Hong Kong and the Cayman Islands, are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitration tribunal. However, we have been advised that such provisions may not be enforceable as an arbitral body has no power under the applicable PRC laws and regulations to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of, or equity interest in, the PRC Affiliated Entities in case of disputes. In addition, there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity structure should be interpreted or enforced under PRC laws and regulations. Therefore, such remedies may not be available to us, notwithstanding that the relevant provisions are contained in the Contractual Arrangements. Accordingly, there remains significant uncertainty regarding the outcome of arbitration or litigation, which could limit our ability to enforce the Contractual Arrangements.

  PRC laws and regulations do not disallow an arbitral body to award the transfer of equity interests and/or assets of the PRC Affiliated Entities in favour of the relevant GHY WFOE, at the request of the GHY WFOEs. However, the arbitral body does not have the authority to enforce an award and the GHY WFOEs may have to resort to the competent courts. The court may or may not support such arbitral award when deciding whether to take enforcement measures. It is subject to the sole discretion of the courts with regard to whether to support such arbitral award and take enforcement measures. Therefore, such award may not be enforceable under PRC laws and regulations. We have also been advised that interim remedies or enforcement orders granted by overseas courts in respect of any arbitral award may not be recognised or enforceable in the PRC, notwithstanding that the Contractual Arrangements provide that courts of competent jurisdiction are empowered to grant interim remedies in support of the arbitration. As a result, in the event that any of the PRC Affiliated Entities or the Individual Shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over the PRC Affiliated Entities and conduct our business in the PRC may be materially and adversely affected.

  In the event that we are unable to enforce our rights under the Contractual Arrangements or if we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the PRC Affiliated Entities and may lose control over the assets owned by the PRC Affiliated Entities. As a result, we may be unable to consolidate the PRC Affiliated Entities in the consolidated financial statements of the Group, and our ability to conduct our operations in the PRC may be materially and adversely affected, and consequently, our business, financial condition, results of operation and prospects may be materially and adversely affected.

- **If we exercise the option to acquire the equity interest or assets of the PRC Affiliated Entities, such transfer of equity interest and/or assets may be subject to certain limitations and substantial costs**

  Pursuant to the Contractual Arrangements, the Company, through the GHY WFOEs or their designated third party, has the irrevocable and exclusive right to purchase all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the businesses or assets of the PRC Affiliated Entities at a nominal consideration of RMB1 or such other minimum price as allowed by PRC laws and regulations. However, such transfer of equity interest may be subject to the approvals from, or filings with, the relevant local counterparts of the State Administration for Market Regulation, the relevant PRC Department of Commerce, the Tianjin Municipal Bureau of Culture and Tourism (Tianjin Municipal Radio and Television Bureau), the Beijing Municipal Radio and Television Bureau, and/or such other relevant PRC regulatory authority, and there can be no assurance that such approvals or filings will be obtained in a timely manner or at all. In addition, the equity transfer price may be subject to enterprise income tax and/or review and tax adjustments by the relevant tax authorities, and such tax amounts may be substantial. In the event that the Individual Shareholders and/or the PRC Affiliated Entities breach the Contractual Agreements, such as any failure by the Individual Shareholders and/or the relevant PRC Affiliated Entities to transfer all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the businesses or assets of the PRC Affiliated Entities, we may seek to enforce our rights to apply to the PRC courts to enforce our rights under the Equity Pledge Agreement through a court-ordered sale or auction of the pledged equity and be compensated in priority from the proceeds therefrom. Nevertheless, this will result in us not being able to exert effective control over the PRC Affiliated Entities and losing control over the assets owned by the PRC Affiliated Entities. As a result, we will be unable to consolidate the PRC Affiliated Entities in the consolidated financial statements of the Group, and our ability to conduct our operations in the PRC will be materially and adversely affected, and consequently, our business, financial condition, results of operation and prospects may materially and adversely affected.

# CONTRACTUAL ARRANGEMENTS

- **Any failure by the PRC Affiliated Entities or the Individual Shareholders to perform their obligations under the Contractual Arrangements may have a material and adverse effect on our business, financial condition, results of operation and prospects**

  If the PRC Affiliated Entities or the Individual Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce the Contractual Arrangements. For instance, the Contractual Arrangements contain terms that specifically require the Individual Shareholders to ensure the valid existence of the PRC Affiliated Entities and that the PRC Affiliated Entities may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. Although we have entered into the Agreements on Exclusive Purchasing Power in relation to each of the PRC Affiliated Entities, which provide that the GHY WFOEs or a designated third party may exercise the option to purchase all or part of the equity interests of the PRC Affiliated Entities which the Individual Shareholders hold and/or all or part of the businesses or assets of the PRC Affiliated Entities, to the extent permitted by applicable PRC laws, rules and regulations, the exercise of the option is subject to the review and approval of the relevant PRC governmental authorities. Whilst we have also entered into the Equity Pledge Agreements with the Individual Shareholders to secure certain obligations of the PRC Affiliated Entities and the Individual Shareholders to us under the Contractual Arrangement, the enforcement of these Equity Pledge Agreements through arbitral or judicial agencies, if any, may be costly and time-consuming and will be subject to uncertainties in the PRC legal system. Furthermore, in the event that we apply to the PRC courts for enforcement of our rights under the Equity Pledge Agreements through a court-ordered sale or auction of the pledged equity, the court may select the valuer to be appointed and the bases of the valuation undertaken by such valuer to assess the price of the pledged equity would accordingly be selected by the valuer. In the event that the valuation determined by such court-appointed valuer does not appropriately reflect the value of the Group's business and operations conducted through the PRC Affiliated Entities, we may not be adequately compensated from the proceeds of the sale or auction of the pledged equity and our business, financial condition, results of operation and prospects may be materially and adversely affected.

  Under the Contractual Arrangements, the Individual Shareholders have also covenanted that they will not request the PRC Affiliated Entities to, in any manner, distribute profit or dividends or pass any shareholders' resolution without the prior written consent of the Group, and if the Individual Shareholders receive any income, profit distribution or dividend, except as otherwise determined by us, they are required to promptly transfer or pay such income, profit distribution or dividend to us or any other person designated by us to the extent permitted under applicable PRC laws, as part of the service fees under the respective Exclusive Business Cooperation Agreements. In the event that the Individual Shareholders breach such covenants or other terms of the Contractual Arrangements, we may need to resort to legal proceedings to enforce the Contractual Arrangements which may be costly and/or may divert our management's time and attention away from our business and operations. As the outcome of such legal proceedings may also be uncertain, we may suffer losses in the event of such breach of the Contractual Arrangements by the Individual Shareholders, which may materially and adversely affect our business, financial condition, results of operation and prospects.

  In addition, although the terms of the Contractual Arrangements provide that they will be binding on the successors of the Individual Shareholders and the Individual Shareholders will procure their successors to be bound by the Contractual Arrangements, it remains uncertain whether the successors in case of the death, bankruptcy or divorce of an Individual Shareholder will be subject to or will be willing to honour the obligations of the Individual Shareholder under the Contractual Arrangements as those successors are not a party to the agreements. If the relevant PRC Affiliated Entity or the Individual Shareholder (or his successor), as applicable, fails to transfer the equity interests of the relevant PRC Affiliated Entity according to the respective Agreement on Exclusive Purchasing Power or Equity Pledge Agreement, we would need to enforce our rights under the relevant Agreement on Exclusive Purchasing Power or Equity Pledge Agreement, which may be costly, time-consuming and may not be successful.

- **We may lose the ability to use, or otherwise benefit from, the licences and assets held by the PRC Affiliated Entities and/or be exposed to losses if the PRC Affiliated Entities declare bankruptcy or become subject to dissolution or liquidation proceedings**

  The relevant PRC Affiliated Entities hold licences and assets that are material and necessary for our business operations in the PRC in which foreign investments are typically prohibited under applicable PRC laws and regulations, such as the TV Program and Film Production Business in the PRC. Under the terms of the Exclusive Business Cooperation Agreements entered into pursuant to the Contractual Arrangements, the PRC Affiliated Entities may not unilaterally, without our consent, decide to liquidate and distribute their remaining assets. Furthermore, if any of the PRC Affiliated Entities undergoes liquidation, the Individual Shareholders (by virtue of them being the registered shareholders of Tianjin Changxin Film & Media Co., Ltd.) or unrelated third-party creditors may claim rights to some or all of the assets of such PRC Affiliated Entity, thereby hindering our ability to operate our business as well as restricting our growth. We may also take part in such liquidation proceedings as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding

# CONTRACTUAL ARRANGEMENTS

liabilities owed by the PRC Affiliated Entities to the Group under the applicable Contractual Arrangements. While we may not have priority against both the Individual Shareholders and such third-party creditors in respect of the assets of the PRC Affiliated Entities under the Enterprise Bankruptcy Law of the PRC, the terms of the Contractual Arrangements contain safeguards to protect the interests of the Group in the event of liquidation. We are entitled, under the Contractual Arrangements, to obtain the remaining assets of the PRC Affiliated Entities at the price of RMB1 or such other minimum price permitted by the applicable PRC laws and regulations. In the event that the Individual Shareholders breach the terms of the Contractual Arrangements and voluntarily liquidate the PRC Affiliated Entities, or any of the PRC Affiliated Entities undergo liquidation and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to conduct some of our business and operations in the PRC or otherwise benefit from the assets held by the PRC Affiliated Entities, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

- **We may face significant tax and transfer pricing risks in the PRC arising from the Contractual Arrangements**

Due to the foreign investment restrictions in the PRC, the Group may only conduct the business of TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進)) in the PRC and other businesses which have foreign ownership prohibitions or restrictions under applicable PRC laws and regulations such as the Negative List through the Contractual Arrangements entered into between the Individual Shareholders, the GHY WFOEs and the PRC Affiliated Entities. Under the applicable PRC laws and regulations, the GHY WFOEs and the PRC Affiliated Entities are treated as related parties. Therefore, the related party arrangements and transactions among the GHY WFOEs and the PRC Affiliated Entities may be subject to audit or challenges by the PRC tax authorities for a period of 10 years after the taxable year during which the related party transactions were conducted. In the event that the PRC tax authorities deem that the Contractual Arrangements were not entered into on an arm's length basis and/or resulted in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, we may face material and adverse tax consequences. For instance, the PRC tax authorities may adjust the taxable income of the PRC Affiliated Entities in the form of a transfer pricing adjustment which could, among others, result in a reduction of expense deductions recorded by the PRC Affiliated Entities for PRC tax purposes. This could in turn increase the tax liabilities of the PRC Affiliated Entities without reducing the tax expenses of the GHY WFOEs. In addition, the PRC tax authorities may impose late payment fees and other penalties on the PRC Affiliated Entities for the adjusted but unpaid taxes according to applicable PRC tax laws and regulations. In such event, our business, financial condition, results of operation and prospects may be materially and adversely affected.

Pursuant to the Contractual Arrangements, the Company, through the GHY WFOEs or their designated third party, has the irrevocable and exclusive right to purchase all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the businesses or assets of the PRC Affiliated Entities at a nominal consideration of RMB1 or such other minimum price as allowed by the PRC laws and regulations. However, under the prevailing PRC individual income tax regulations, the relevant GHY WFOE or their designated third party, as the purchaser, is required to withhold the individual income tax of the Individual Shareholders. In the event that the relevant GHY WFOE or its designated third party, as the withholding agent, fails to withhold the individual income tax, the relevant PRC tax authority may impose a penalty of within the range of 50.0% to 300.0% of the amount of tax that should have been withheld. In addition, we have been advised that, in the event that the option to purchase under the Agreements on Exclusive Purchasing Power is exercised by the Group at the nominal consideration of RMB1 or such other minimum price as allowed by the PRC laws and regulations, the PRC tax authority has the discretion to adjust the equity transfer price if it is of the view that the consideration payable should be at the fair market value of the equity interests in the relevant PRC Affiliated Entity and/or its assets. In such event, the relevant GHY WFOE or its designated third party would still be required to withhold tax based on the adjusted equity transfer price by the PRC tax authority and any failure to withhold such taxes may be subjected to penalties imposed by the PRC tax authority of an amount of 50.0% to 300.0% of the amount of tax that should have been withheld. Notwithstanding that the equity transfer price may be adjusted by the PRC tax authority, there can be no assurance that our GHY WFOE can claim a deduction on the cost of investment of the relevant PRC Affiliated Entity based on adjusted equity transfer price if the Group decides to divest our investment in the PRC Affiliated Entities in the future. The actual transacted price (being the nominal consideration of RMB1 or such other minimum price as allowed by the PRC laws and regulations) rather than the adjusted equity transfer price may still be used by the relevant PRC tax authority as the cost of investment in the PRC Affiliated Entities by the GHY WFOEs, for the purpose of computing the taxable gains derived by the relevant GHY WFOE in future. Accordingly, this may result in an increase in the future tax liabilities of the relevant GHY WFOE if the Group decides to divest our investment in the PRC Affiliated Entities in the future.

Notwithstanding the potential tax and transfer pricing risks highlighted above, our management undertakes to ensure that all relevant tax filings are made to the PRC tax authorities on a timely basis, and that an appropriate transfer pricing

# CONTRACTUAL ARRANGEMENTS

study and benchmarking analysis on the Contractual Arrangements would be carried out to mitigate the PRC tax risks and transfer pricing exposure. In addition, as the entities are subject to the same enterprise income tax rate, there would not be any tax leakage from the PRC tax authority's perspective since an income taxable to the GHY WFOEs at 25.0% would correspondingly be claimed as a deduction at the same rate of 25.0% by the PRC Affiliated Entities. In this regard, the effect of any adjustments to the income of the GHY WFOEs taxable in the PRC would be cancelled out by the deductions claimed by the PRC Affiliated Entities and hence, the transactions are less likely to be scrutinised by the PRC tax authority. However, there can be no assurance that the relevant PRC tax authority will not challenge or adjust the transfer pricing arrangements in relation to the Contractual Arrangements in the future.

- **The Individual Shareholders and the directors of the PRC Affiliated Entities may have potential conflicts of interest with us**

The Individual Shareholders are Mr. Guo Jingyu, our Executive Chairman and Group CEO and Controlling Shareholder, and Mr. Xue Xin, our Senior Director of TV Program and Film Production. We control the PRC Affiliated Entities through the Contractual Arrangements and we conduct a substantial portion of our operations through the PRC Affiliated Entities and generate a substantial portion of our revenue through the PRC Affiliated Entities. The Individual Shareholders may potentially have conflicts of interest with us arising from the conflicts of interest between their duties to the Company and their interest as the shareholders of the PRC Affiliated Entities. They may not act entirely in our interest when conflicts of interest arise and such conflicts of interest may not be resolved in our favour. Notwithstanding that we have arrangements in place to mitigate such conflicts of interest, such as non-compete undertakings in their respective service agreements with us, there can be no assurance that the Individual Shareholders will not breach such non-compete undertakings or their legal duties by diverting business opportunities from us. If we are unable to resolve such conflicts or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations may be disrupted, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

The Individual Shareholders may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the PRC Affiliated Entities and the validity or enforceability of the Contractual Arrangements. For example, in the event that any Individual Shareholder divorces his spouse, the spouse may claim that the equity interests in the PRC Affiliated Entities held by such Individual Shareholder is part of their marital or community property. If such claim is supported by the competent PRC court, the relevant equity interests may be obtained by the Individual Shareholder's spouse who is not bound by the Contractual Arrangements, which could result in us losing effective control over the PRC Affiliated Entities. Similarly, if any of the equity interests in the PRC Affiliated Entities are inherited by a third party who is not bound by the Contractual Arrangements, we could lose our control over the PRC Affiliated Entities or we may have to maintain such control at unpredictable costs, which may cause significant disruption to our business and operations. Notwithstanding that (a) the respective spouses of the Individual Shareholders have undertaken under the respective Spousal Undertakings that she unconditionally and irrevocably agrees and commits not to claim any equity interests of the PRC Affiliated Entities and the rights and interests or assets attached to constitute as community property, and that she does not own or control such properties, rights and interests or assets, and the Individual Shareholder has the right to dispose such equity interests and any rights and interests or assets attached independently; and (b) the Individual Shareholders have undertaken under the Contractual Arrangements to provide that the Contractual Arrangements will be binding on their successors and that they will procure their successors to be bound by the Contractual Arrangements, there can be no assurance that these undertakings or arrangements will be complied with or effectively enforced. If any of these undertakings or arrangements is breached, is unenforceable and/or subject to legal proceedings, our business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC laws provide that a director and an executive officer owes a fiduciary duty to the company he directs or manages. The director and executive officers of the PRC Affiliated Entities must act in good faith in the best interests of the PRC Affiliated Entities and must not use their respective positions for personal gain. On the other hand, the Directors of the Company owe fiduciary duties and a duty of skill and care to the Company under Cayman Islands law. We rely on the Individual Shareholders to abide by Cayman Islands laws, including the fiduciary duties of directors to act in good faith and in what they believe to be the best interests of the company and to exercise their powers in the company's interests. Nonetheless, conflicts of interests for the Individual Shareholders may arise due to differing roles as shareholders, directors and executive officers of the PRC Affiliated Entities and as the Company's Directors or employees. There can be no assurance that the Individual Shareholders of the PRC Affiliated Entities will always act in our best interests should any conflicts of interests arise, or that any conflicts of interest will always be resolved in our favour. There also can be no assurance that the Individual Shareholders will ensure that the PRC Affiliated Entities will not breach the Contractual Arrangements. If we cannot resolve any of these conflicts of interest of any related disputes, we would have to rely on legal proceedings to resolve these disputes and/or take enforcement action under the Contractual Arrangements. There is substantial uncertainty as to the outcome of any of these legal proceedings.

# CONTRACTUAL ARRANGEMENTS

**Actions taken to mitigate such risks**

We have adopted the following measures to ensure the effective operations of the Group with the adoption of the Contractual Arrangements and the Group's compliance with applicable laws and regulations:

(a) any major issues arising from and/or in relation to the Contractual Arrangements or any regulatory enquiries from the relevant government or regulatory authorities will be submitted to the Board for review and discussion on an occurrence basis and the unanimous agreement of the Audit and Risk Management Committee will be sought for the aforementioned matters;

(b) the Audit and Risk Management Committee will review the internal control policies and procedures in place to safeguard the Group's assets which are held through the Contractual Arrangements (including the management of funds and the unwinding of the Contractual Arrangements as soon as the applicable PRC laws and regulations allow the business of the PRC Affiliated Entities to be operated without them) on a regular basis;

(c) the Board will review the overall performance of the PRC Affiliated Entities and compliance with the terms of the Contractual Arrangements on a periodic basis;

(d) the overall performance of the PRC Affiliated Entities and compliance with the Contractual Arrangements will be disclosed in the annual report of the Company;

(e) the Board will provide a confirmation in the annual report of the Company that, as part of their periodic review of the Contractual Arrangements:

    (i) no dividends or other distributions have been made by the PRC Affiliated Entities to the Individual Shareholders; and

    (ii) any new contracts entered into or renewed between the relevant GHY WFOEs and the PRC Affiliated Entities are fair and reasonable to the Group and the interests of the Shareholders as a whole, and not prejudicial to the interests of the Group and its minority Shareholders; and

(f) we will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the terms of the Contractual Arrangements and to deal with any specific issues or matters arising from the Contractual Arrangements.

The Audit and Risk Management Committee will continually review the effectiveness of our internal control policies and procedures and will outsource our internal audit function to PricewaterhouseCoopers Risk Services Pte. Ltd. to ensure the adequacy and sufficiency of the internal control policies and procedures within the Group, including the abovementioned measures to ensure the effective operations of the Group with the adoption of the Contractual Arrangements and the Group's compliance with applicable laws and regulations.

The Group will also continue to engage Deloitte & Touche LLP, as the external auditors, to carry out the agreed upon procedures annually on the transactions carried out pursuant to the Contractual Arrangements and include in their report to the Audit and Risk Management Committee for the purpose of the annual statutory audit of the Group, that no dividends or other distributions have been made by the PRC Affiliated Entities to the Individual Shareholders.

The Audit and Risk Management Committee will carry out periodic review of the terms of the Contractual Arrangements on an annual basis and will monitor the procedures established to regulate such interested person transactions in order to ensure that the Contractual Arrangements are not prejudicial to the interest of the Group and our minority Shareholders, and to ensure that proper measures to mitigate conflicts of interest have been put in place. In particular, where the prior written consent of the GHY WFOEs is required under the Contractual Arrangements for any transactions, the Audit and Risk Management Committee will first review such transactions and the terms of the Contractual Arrangements and any consent to be provided by the GHY WFOEs under the Contractual Arrangements will be subject to the prior unanimous consent of the Audit and Risk Management Committee having first been obtained. In the event that the Audit and Risk Management Committee is of the view that the Contractual Arrangements are prejudicial to the interests of the Group and our minority Shareholders and/or if there are any material changes to the terms of the Contractual Arrangements (even where such changes would not be considered interested person transactions under Chapter 9 of the SGX-ST Listing Manual), an independent financial adviser will be appointed to review the terms of the Contractual Arrangements and to provide an opinion on whether the Contractual Arrangements are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and our minority Shareholders.

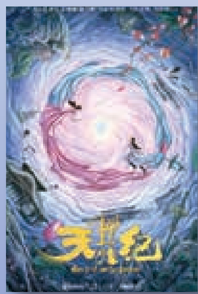
Any material changes to the terms of the Contractual Arrangements will also be subject to review and approval by the Audit and Risk Management Committee and the requirements under Chapter 9 of the SGX-ST Listing Manual. Any amendments to the Contractual Arrangements which do not constitute material changes to the terms of the Contractual Arrangements, and will thus not be subject to the approval by Shareholders of the Company, will nonetheless be subject to review and approval by the Audit and Risk Management Committee and will be subject to the prior unanimous consent of the Audit and Risk Management Committee having first been obtained. In addition, where the Group intends to enter into new contractual arrangements with terms similar to the Contractual Arrangements and/or acquire the equity interest of the PRC Affiliated Entities to the extent permissible under the applicable PRC laws and regulations, such transactions will be subject to review and approval by the Audit and Risk Management Committee and the requirements under Chapter 9 of the SGX-ST Listing Manual. This is to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Group and our minority Shareholders.

# OUR WORKS

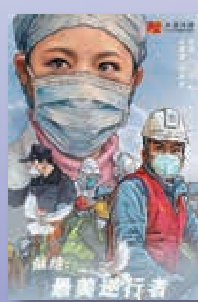
## (A) PAST PRODUCTIONS AND/OR RELEASES


The Ferryman –
Legends of Nanyang
靈魂擺渡 ● 南洋傳説
(Drama)


The Little Nyonya
小娘惹
(Drama)

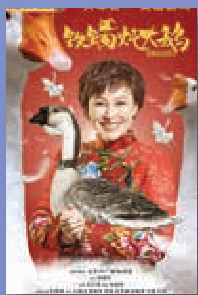

Dance of the
Sky Empire
天舞紀
(Drama)


Perfect Village
最美的鄉村
(Drama)


Frontliners
最美逆行者
(Drama)


To Be With You
約定之青春永駐
(Drama)


Make a Wish
Miss Xianqi
仙琦小姐許願吧
(Drama)

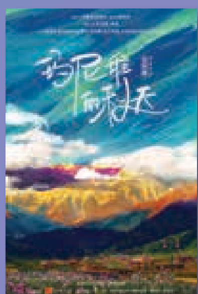

I Come From Beijing –
Braised Goose in
Iron Pan
我來自北京之鐵鍋
燉大鵝
(Film Series)


I Come From Beijing –
Helping Brothers
我來自北京之
扶兄弟一把
(Film Series)


I Come From Beijing –
Happy New Year
我來自北京之過年好
(Film Series)


I Come From Beijing –
My Father
我來自北京之
我爸是警察
(Film Series)


I Come From Beijing –
Heavenly Blessings
我來自北京之
福從天降
(Film Series)


I Come From Beijing –
Tibetan Mani Stone
Pile in Autumn
我來自北京之
瑪尼堆的秋天
(Film Series)


I Come From Beijing –
The Rise of the
Pear Village
我來自北京之
按下葫蘆起來梨
(Film Series)


The Love
最初的相遇，
最後的別離
(Drama)

# OUR WORKS

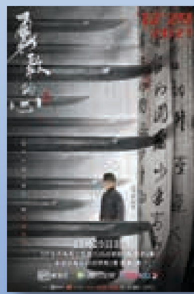
## (A) PAST PRODUCTIONS AND/OR RELEASES


Jay Chou 周杰倫
"Carnival"
World Tour –
Singapore, Malaysia
& Australia
(Concert)

Li Ronghao 李榮浩
"If I Were Young"
World Tour –
Singapore
(Concert)


Horror Stories of
Tang Dynasty
唐朝詭事錄
(Drama)


Whimsical World
異想世界
(Online Short Drama
Series)


Brave Heart II
勇敢的心 2
(Drama)


Marriage on Contract
契約夫婦離婚吧
(Online Short Drama
Series)


Ability Bureau
誰？異能者
(Online Short Drama
Series)


Ability Bureau II
誰？異能者 II
(Online Short Drama
Series)


Who takes the Throne
六神無主
(Online Short Drama
Series)


Twin Sisters
替身姐妹
(Online Short Drama
Series)


Match Made in
Heaven
負負得正
(Online Short Drama
Series)


Appraiser of Love
愛的鑒定師
(Online Short Drama
Series)


Lion in the Dream
夢見獅子
(Musical)


The Ferryman
靈魂擺渡之永生
(Musical)


Horror Stories of
Tang Dynasty
唐朝詭事錄之
曼陀羅
(Musical)

The Nameless
Time Traveller
大唐來的蘇無名
(Online Short Drama Series)


Goddess Hotel
女神酒店
(Online Short Drama
Series)


A Fish and A Cat
騎著魚的貓
(Drama)

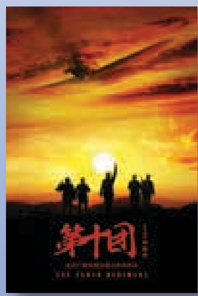

Kill Twelve
星座審判
(Online Short Drama
Series)

# OUR WORKS

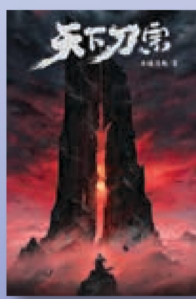
## (B) CURRENT & UPCOMING PRODUCTIONS & RELEASES

Sisterhood
南洋女兒情
(Drama)

Nanyang Transport Volunteers
南洋英雄淚
(Drama)



The 10th Regiment
第十團
(Drama)



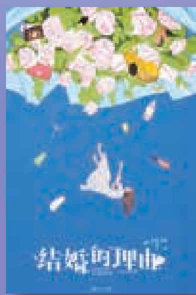
Legend of the Sabre Master
天下刀宗
(Drama)

Perfect Promise
最美的諾言
(Drama)

The Hou Mansion
侯門
(Drama)


For the Motherland
隱蔽的英雄
(Drama)

The Angry Ladies
女神飯店
(Drama)



The Truth of Marriage
結婚的理由
(Drama)

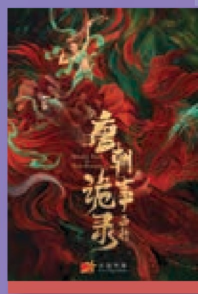

Sealing Knife
封刀
(Drama)

Age of Innocence
逆流純真年代
(Drama)

My Destiny
我和我的命
(Drama)

Da Ming and the Maidservant
大明小婢
(Drama)

Contact Person
接头
(Drama)

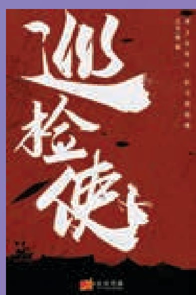


Strange Tales of Tang Dynasty • Journey to the West
唐朝詭事錄 • 西行
(Drama)

The Business Pride
商驕
(Online Short Drama Series)


Contenders
狮城山海
(Drama)


Notes of DNA Appraiser
鉴定
(Drama)




Patrol Envoy
巡检使
(Drama)

# INVESTOR RELATIONS

## Company Share information

| | |
|---|---|
| Stock Code | SGX:XJB |
| Bloomberg Ticker | GHY:SP |

## INVESTOR RELATIONS CALENDAR

**1st Quarter 2022**

FY2021 Financial Results Announcement and Corporate Presentation

FY2021 Analyst and Investor Briefing

**3rd Quarter 2022**

6M FY2022 Financial Results Announcement and Corporate Presentation

6M FY2022 Analyst and Investor Briefing

Conference calls and meetings with analysts and/or investors

**2nd Quarter 2022**

Annual General Meeting

RHB Small Cap Top 20 Jewels 2022 Edition

Phillip Securities Non-Deal Roadshow

Conference calls and meetings with analysts and/or investors

**4th Quarter 2022**

Updated Corporate Presentation

Conference calls and meetings with analysts and/or investors

### Timely and Transparent Disclosures

The Group is committed to upholding high standards of corporate governance and transparency, and to providing timely and detailed updates to investors. All material updates are first published on SGXNet, then the Group's corporate website and through media releases, to update the investment community on the latest information pertaining to the Group. Regular reviews are also conducted on the need for analyst briefings, media interviews, investor roadshows or Investors' Day briefings.

To enhance our investor relations efforts, the Group has also engaged an external investor relations organisation that focuses on facilitating communications with shareholders and the investing community on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Group will solicit and understand the views of shareholders and the investment community so that the Group's investor relations function can be further improve to better serve the needs of the investing community.

# INVESTOR RELATIONS

## Proactive Engagement with the Investment Community

The Group is fully committed to helping the investment community better appreciate our value proposition and investment merits. If and where possible, senior management will prioritise such engagements together with the investor relations team. During each engagement, the Group actively solicits views and opinions from research analysts and investors before considering all recommendations, where practicable, to enhance the public's understanding of the Group. The management and investor relations team also takes the opportunity to bridge the knowledge gap of the Group's business and the wider entertainment and media industry, as well as foster a better understanding about our business segments and respective growth strategies.

The Group conducts several post-results engagements including analyst and investor briefings, one-on-one calls, and non-deal investor roadshows, meeting research analysts, fund managers and institutional investors, among others on an annual basis.

Our corporate website is www.ghyculturemedia.com. At our Investor Relations website, https://ghyculturemedia.com/investor-relations/, we make available free of charge a variety of information for investors. Our goal is to maintain the Investor Relations website as a portal through which investors can easily find or navigate to pertinent information about us. The Group is currently in the progress of enhancing our Investors Relations website within the corporate website to make it more intuitive for investors to access.

The Group strives to provide updates on material developments to the media through press releases and press conferences on a timely basis. The Group pledges to invest time and resources into expanding our outreach to the investment community and the media to enhance their understanding of the Group's business. Since listing, the Group has also attained initiation research coverage from UOB Kay Hian and DBS Bank.

The Group has adopted the practice of half-yearly financial reporting but endeavours to provide operational updates and quarterly analyst and investor briefings to maintain engagements with the investment community.

The Group will continue to proactively participate in more local and international investor meetings and non-deal roadshows, physically and virtually, as part of our efforts to raise awareness of our investment merits and institutionalise our shareholding.

## Investor Relations Contact

Ms. Low Hui Min, CFO
E: huimin.low@ghyculturemedia.com

8PR Asia Pte Ltd, Investor Relations
E: alex.tan@8prasia.com

# CORPORATE SOCIAL RESPONSIBILITY

It has always been part of GHY's corporate culture to support the local communities in the countries where we operate. In the spirit of giving back and provide positive social value, GHY consistently strived to strike a balance between business profitability and corporate social responsibility.

## OUR FOCUS

### DEVELOPING TALENT, EMPOWERING YOUTHS, ENABLING COMMUNITIES

GHY believes in developing budding talent for the media industry, energising our youths, and channeling their creative energies to catalyst the development of the industry. Emerging young talent must be given opportunities to pursue a fulfilling education, be inspired to exercise their creativity, and be empowered with platforms that enable them to realise their dreams and ambitions in the media industry. At the same time, differently enabled and less-privileged members of our society must lead a dignified life and be given the same level of respect as every other member of our society. To these ends, the Group proactively supports educational institutions, non-profit organisations, and government agencies with community projects that further these causes.

The Group strives to create a positive impact to our society by:

- accelerating the development of talent to enrich the local media and entertainment industry;
- providing equitable education and industry opportunities to youths; and
- supporting less-privileged communities with social reliefs that enable them to live with dignity.

## CORPORATE RESPONSIBILITY

### TALENT ACCELERATION

The media industry has seen major waves of disruptions and is expected to become even more uncertain in the years to come as consumer trends evolve. The next generation of media companies need to be staffed by talent who not only possess technical knowledge of productions, but also future-oriented skills. To support the development of media talent in Singapore, the Group has collaborated with various Institutes of Higher Learnings ("**IHLs**") to provide educational related opportunities to youths.

With Singapore Management University ("**SMU**"), GHY was one of the course sponsors for the SMU-X Digital Transformation Strategy module. Working with 20 students, GHY explored how Artificial Intelligence (AI), Cryptocurrencies, Stable Coins, and Web3 technologies like Blockchains, Metaverses, and NFTs can transform media production techniques, funding models for media projects, and media consumption patterns of consumers.

The fragmentation of leisure and the rise of creator economy have threatened the traditional business models of media companies. In addressing this potentially disruptive challenge, GHY has conducted a guest lecture with more than 40 international students at the Global Media Audience Module offered by National University of Singapore ("**NUS**") in the Master of Social Sciences in Communications programme. To help the students better appreciate the art of content creation for a global audience, the guest lecture also touched on how the schism between Asian and non-Asian audiences can be bridged, and how content producers can create original Asia media contents with global appeal.

### NUS-GHY PITCH IT! 2022

GHY believes in providing youths with platforms to showcase their creative talents. In conjunction with NUS Communications and New Media ("**NUS CNM**") Society, GHY has sponsored and co-organised Pitch It! 2022, a tertiary-wide short film competition that drew more than 40 participants from eight different IHLs. Participants underwent two workshops conducted by GHY that introduced to them the fundamentals of scriptwriting and production. The finalists were mentored by GHY's scriptwriters to develop their scripts into short films. The finals were held at NUS Shaw Foundation Alumni House with Mr Tan Kiat How, Senior Minister of State for Communications and Information as Guest-of-Honour.

### INDUSTRY IMMERSION PROGRAMMES

GHY fully supports the provision of opportunities for students to engage in immersive and out-of-classroom learning experiences. To support industry enrichment opportunities for students, the Group has partnered with Curtin University to offer its New Colombo Plan ("**NCP**") Scholars opportunities to better understand media production in Asia. In collaboration with Curtin University and Curtin Academy, the Group has hosted more than 100 NCP scholars and lecturers across two batches at the GHY post-productions studio and at GHY's overseas production shooting locations so that these students can learn beyond their classrooms and be exposed to professional knowledge from industry veterans.



# CORPORATE SOCIAL RESPONSIBILITY

## SOCIAL RESPONSIBILITY

### ENDOWMENT FUND ON GLOBAL CHINESE MEDIA

To support exceptional students in their pursuit of education, the Group has donated $75,000 to NUS Faculty of Arts and Social Sciences to establish the GHY Prize. The GHY Prize recognises exceptional students from NUS CNM major who have achieved outstanding performance in their Final Year Project(s) on Global Chinese Media. The endowment fund is matched one-to-one by Singapore Ministry of Education. The GHY Prize is the first-of-its-kind academic award in a Singapore tertiary institution for the study of Global Chinese Media.

### SCHOLARSHIPS AND BURSARIES

GHY firmly believes in nurturing the next generation of talent and acts on this belief by supporting academic fairness and inclusion to ensure that every deserving youth has the resources and support they need to be successful. The Group actively provide financial support through scholarships (merit-based) and bursaries (need-based). GHY has donated $18,000 to Nanyang Polytechnic School of Design and Media to establish the NYP-GHY Scholarship for Academic Year 2022. The scholarship is matched by Nanyang Polytechnic ("**NYP**") and was awarded to six deserving students at NYP to support them in the second and third year of their study. Awardees of the scholarship will also be invited to intern with GHY during their vacation so that they can put their skills to practice, and gain invaluable industry experience under the mentorship and guidance of GHY professionals.

### PRODUCTION WITH A PURPOSE

GHY believes in raising awareness of social issues through responsible media. To that end, the Group is committed to supporting social causes with community partners through media production. GHY has partnered North East Community Development Council to produce 12 videos that showcased the artistic talents of differently-enable artists, and how the community can support intellectually-challenged and under-privileged individuals with employment opportunities and social assistance. The Group believes that a greater level of awareness on social issues must be raised so that everyone, regardless of the circumstances they are in, can lead a meaningful, dignified, and enriched life.

## PHILANTHROPIC RESPONSIBILITY

### FUNDING AND DONATIONS

GHY recognises that the pandemic has significantly impacted the critical funding needs of charities and non-profit organisations. As part of the Group's contributions to social causes, the Group has raised $650,000 in donation for Community Chest "Fu Dai 2023". $450,000 were raised via the sales of VIP Concert Package Charity Tickets to Jay Chou Carnival World Tour Concert in Singapore and $200,000 were made in direct contributions to the cause. These contributions will help to support Community Chest's causes to empower the lives of children with special needs and youths at risk, adults with disabilities, persons with mental health conditions, and seniors and families in need of assistance so that these vulnerable members of our community can continue to live with dignity within a caring and inclusive Singapore.


# CORPORATE DIRECTORY

## Board of Directors

**Mr. Guo Jingyu (郭靖宇)**
(Executive Chairman and Group CEO)

**Ms. Yue Lina (岳丽娜)**
(Executive Director)

**Ms. Wang Qing (王清)**
(Executive Director)

**Mr. Yang Jun Rong (楊峻榮)**
(Non-Independent and Non-Executive Director)
*(all reference to "Yang Jun Rong" in this Report shall be a reference to "Yang Chun-Jung")*

**Ms. Zeng Yingxue (曾映雪)**
(Non-Independent and Non-Executive Director)

**Mr. Yeo Guat Kwang**
(Lead Independent Director)

**Mr. Ang Chun Giap**
(Independent Director)

**Mr. Chen Mingyu (陳明宇)**
(Independent Director)

**Dr. Jiang Minghua (江明華)**
(Independent Director)

**Mr. Li Qi (李其)**
(Independent Director)

**Mr. Shamsul Kamar Bin Mohamed Razali**
(Independent Director)

## Corporate Information

*Audit and Risk Management Committee*

**Mr. Ang Chun Giap**
(Independent Director) (Chairman)

**Mr. Chen Mingyu (陳明宇)**
(Independent Director)

**Dr. Jiang Minghua (江明華)**
(Independent Director)

*Nominating Committee*

**Mr. Yeo Guat Kwang**
(Lead Independent Director) (Chairman)

**Mr. Guo Jingyu (郭靖宇)**
(Executive Chairman and Group CEO)

**Dr. Jiang Minghua (江明華)**
(Independent Director)

*Remuneration Committee*

**Mr. Chen Mingyu (陳明宇)**
(Independent Director) (Chairman)

**Mr. Yeo Guat Kwang**
(Lead Independent Director)

**Mr. Li Qi (李其)**
(Independent Director)

**Mr. Shamsul Kamar Bin Mohamed Razali**
(Independent Director)

## Management Team

**Ms. Venessa Lian**
(Group Deputy Chief Executive Officer)
*(all reference to "Venessa Lian" in this Report shall be a reference to "Lian Lee Lee")*

**Ms. Low Hui Min**
(Chief Financial Officer)

**Mr. Xue Xin**
(Senior Director of TV Program and Film Production)

**Ms. Adeline Low Li Pheng**
(Regional Senior Group Director of Concert Organisation and Management)

**Ms. Chan Pui Yin**
(Senior Director of Drama Production)

## Company Secretaries

**Ms. Ong Beng Hong**
**Ms. Lee Yuan**

## Registered Office

**The offices of Conyers Trust Company (Cayman) Limited**
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

## Share Registrar

**Boardroom Corporate & Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

## Principal Bankers

**United Overseas Bank Limited**
80 Raffles Place
UOB Plaza
Singapore 048624

**China Merchants Bank**
No. A1, Yard 15 Nanhu South Road
Chaoyang District, Beijing
People's Republic of China

**Shanghai Pudong Development Bank Co., Ltd**
No. 2, Xinghua Street,
Daxing District, Beijing
People's Republic of China

**East West Bank (China) Limited**
33/F, Jin Mao Tower
88 Century Boulevard
Shanghai 20012,
People's Republic of China

## Auditors

**Deloitte & Touche LLP**
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner-in-charge:
**Mr. Loi Chee Keong**
(Member of the Institute of Singapore Chartered Accountants, appointed as auditor with effect from 29 May 2018)

# DIRECTORS' **STATEMENT**

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 46 to 134 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

## 1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Guo Jingyu
Yue Lina
Wang Qing
Yang Jun Rong
Yeo Guat Kwang
Ang Chun Giap
Chen Mingyu
Jiang Minghua
Shamsul Kamar Bin Mohamed Razali
Zeng Yingxue
Li Qi

## 2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

# DIRECTORS' STATEMENT

## 3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

| Names of directors and companies in which interests are held | Shareholdings registered in names of directors At beginning of year | At end of year | Shareholdings in which directors are deemed to have an interest At beginning of year | At end of year |
|---|---|---|---|---|
| The Company (Ordinary shares) | | | | |
| Guo Jingyu (Note A) | 4,626,400 | 4,626,400 | 640,000,000 | 640,000,000 |
| Yang Jun Rong (Note B) | – | – | 76,230,000 | 76,230,000 |
| Tianjin Changxin Film & Media Co., Ltd. ("Tianjin Changxin") (Ordinary shares)(i) | | | | |
| Guo Jingyu | –(i) | –(i) | –(i) | –(i) |

(i) Tianjin Changxin, a PRC Affiliated Entity[1], had a registered capital of RMB3.06 million (equivalent to $640,000) of which Mr. Guo Jingyu held 98.04% interest.

Note A:
Kang Ru Investments Limited ("Kang Ru") holds 640,000,000 shares in the Company ("Shares"). Da Yuan Developments Limited ("Da Yuan") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, each of Mr. Guo Jingyu and G.Y Media & Entertainment Limited is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the Securities and Futures Act, 2001 of Singapore ("SFA").

Note B:
Taiho Holding Ltd holds 76,230,000 Shares. Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

The directors' interest in the shares and debentures of the Company as at 21 January 2023 were the same as at 31 December 2022.

1 Entities which the Group is conferred operational control and economic rights over, and the Group is able to exercise control over the business operations of such entities and enjoy substantially all the economic rights arising from the business of such entities.

# DIRECTORS' STATEMENT

## 4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company under option.

## 5 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company at the end of financial year comprises of three directors, all of whom are independent and non-executive directors. The Audit and Risk Committee is chaired by Mr. Ang Chun Giap and includes Dr. Jiang Minghua and Mr. Chen Mingyu. The Audit and Risk Management Committee has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plan and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the audit plan of the external auditors;

(d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditor's report on those financial statements;

(e) the half-yearly and annual announcements as well as the related presentations and press releases on the results and financial positions of the Company and the Group;

(f) the co-operation and assistance given by the management to the Group's external and internal auditors; and

(g) the re-appointment of the external and internal auditors of the Group.

The Audit and Risk Management Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming annual general meeting of the Company.

# DIRECTORS' STATEMENT

## 6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Guo Jingyu

Wang Qing

12 April 2023

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Opinion**

We have audited the financial statements of G.H.Y Culture & Media Holding Co., Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 134.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Key Audit Matters** (Continued)

| Key audit matter(s) | How the matter was addressed in the audit |
|---|---|
| **Revenue recognition**<br><br>For the financial year ended 31 December 2022, total revenue of the Group amounts to $45.7 million which television program and film production segment contributed $20.0 million. Under SFRS(I) 15 *Revenue from Contracts with Customers*, revenue from television program and film production segment is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation, which may be satisfied at a point in time or over time based on the contractual arrangement with customers. The evaluation of the relevant terms in the respective contracts with customers requires management assessment.<br><br>For the revenue which are recognised over time based on stage of completion of the contract, the revenue and profit recognised in a year on these dramas and films are dependent on, amongst others, the assessment of the actual costs incurred up to the end of the reporting period as a proportion of the total estimated costs for each contract budgeted by management.<br><br>We focused on revenue as a key audit matter as this is a significant audit risk for the Group. In addition, management assessment is involved in evaluating the contractual terms and there is estimation uncertainty in determining the revision of total estimated costs for the production of each drama or film as the contract progresses, which will affect the revenue and profit recognised.<br><br>The Group's revenue recognition policy and key sources of estimation uncertainty are set out in Notes 3.17, 4(ii) and 29 to the financial statements. | We have performed the following procedures:<br><br>• Discussed with management on the processes involved in the revenue cycles and performed walkthroughs to confirm our understanding and to evaluate the design and implementation of relevant controls and tested operating effectiveness of the controls put in place by the Group;<br><br>• Reviewed and evaluated the Group's revenue recognition policy in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*;<br><br>• Selected samples for revenue recognised at point in time and checked to supporting documents, performed audit procedures, including cut-off tests, to ascertain that revenue was recognised in the correct financial year;<br><br>• For revenue recognised over time,<br><br>(i) performed retrospective review by comparing total actual contract costs incurred at completion against the total estimated costs budgeted by management to assess the reasonableness of the management's estimates;<br><br>(ii) performed substantive testing, including reviewing the stage of completion by reference to the actual costs incurred up to the end of the reporting period as a proportion of the total estimated costs for each contract;<br><br>(iii) evaluated management's estimates in relation to the total contract costs; and<br><br>(iv) performed subsequent review of the ongoing projects;<br><br>• Reviewed the adequacy and appropriateness of the related disclosures in the financial statements.<br><br>Based on the procedures performed, we considered management assessment and key estimates applied by management to be reasonable. |

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Key Audit Matters** (Continued)

| Key audit matter(s) | How the matter was addressed in the audit |
|---|---|
| **Consolidation of PRC Affiliated Entities' financial information**<br><br>On 1 November 2020, the Company, through the wholly-foreign owned enterprises ("WFOEs"), namely Tianjin Xinyuan and Beijing Xinyuan, entered into the contractual arrangements with the ultimate controlling shareholder and Mr. Xue Xin ("Individual Shareholders") and each of the controlled structured entities ("PRC Affiliated Entities"). During the financial year ended 31 December 2021, there were new subsidiaries incorporated by PRC Affiliated Entities, being Guangzhou Fengye Culture & Media Co., Ltd. and, Xiamen Jinzhao Film Culture & Media Co., Ltd.. These 2 new subsidiaries were controlled by Tianjin Changxin and both subsidiaries have entered into supplemental agreements with WFOEs, PRC Affiliated Entities, Individual Shareholders and each of the spouse of the Individual Shareholders dated 30 December 2021. During the financial year ended 31 December 2022, there are new subsidiaries incorporated by PRC Affiliated Entities, being Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd., Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd., Beijing N'Cubic LIVE Management Consulting Co., Ltd., N'Cubic LIVE (Shanghai) Culture & Media Co., Ltd. and Shijiazhuang Changxin Film & Media Co., Ltd.. These 5 new subsidiaries are controlled by Tianjin Changxin and the entities have entered into supplemental agreements with GHY WFOEs, PRC Affiliated Entities, Individual Shareholders and each of the spouse of the Individual Shareholders dated 28 September 2022 (collectively known as "Contractual Arrangements").<br><br>The Contractual Arrangements confer operational control and economic rights over the PRC Affiliated Entities to the Group, which enables the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities; and to have the ability to use its power to affect its return. | We have performed the following procedures:<br><br>• Obtained and reviewed the Contractual Arrangements;<br><br>• Assessed the competency, reputation and objectivity of the PRC legal adviser appointed by the Group in providing the legal opinion;<br><br>• Reviewed the legal opinion;<br><br>• Assessed management's judgement in determining control over the PRC Affiliated Entities and accounting treatment on the consolidation of the PRC Affiliated Entities; and<br><br>• Reviewed the adequacy and appropriateness of the related disclosures in the financial statements.<br><br>Based on the procedures performed, we considered management's judgement made on the Group's control over the PRC Affiliated Entities to be reasonable. |

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Key Audit Matters** (Continued)

| Key audit matter(s) | How the matter was addressed in the audit |
|---|---|
| **Consolidation of PRC Affiliated Entities' financial information** (continued)<br><br>This structure has been put in place since November 2020. There are no changes to the Contractual Arrangements as well as the PRC law and regulations in relation to this Contractual Arrangements.<br><br>Further details of Contractual Arrangements are set out in the Note 19 of the financial statements.<br><br>The Group consolidates the PRC Affiliated Entities even though the Group has no equity ownership interest in the PRC Affiliated Entities. Management has assessed, based on the legal opinion of its PRC legal adviser, that the Group has established control over the PRC Affiliated Entities on the basis that the Contractual Arrangements are legal, valid and enforceable under the applicable PRC laws and regulations, and confer operational control and economic rights arising from the business of the PRC Affiliated Entities to the Group. Therefore, the Company is considered to control the PRC Affiliated Entities.<br><br>The Group's critical judgement in determining control over the PRC Affiliated Entities is set out in Notes 4(i) and 19 to the financial statements. | |

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Key Audit Matters** (Continued)

| Key audit matter(s) | How the matter was addressed in the audit |
| --- | --- |
| **Assessment of recoverability of trade receivables, notes receivables and contract assets from a major customer and a debtor** | |
| As at 31 December 2022, in relation to the Group's trade receivables, notes receivables and contract assets, there is concentration of credit risk from a major customer and increased credit risk from a debtor as the debtor has not adhered to the repayment plan agreed during the previous financial year.<br><br>Management engaged external independent valuer to perform expected credit loss assessment for the trade receivables, notes receivables and contract assets associated with the major customer and the debtor.<br><br>We focused on assessment of recoverability of trade receivables, notes receivables and contract assets as a key audit matter as the concentration of and increased credit risk results in a greater inherent exposure to non-collectability. The assessment of recoverable amount requires management to make significant judgements regarding the identification of impaired receivables and contract assets and adequacy of allowance made using the expected credit losses ("ECL") model under SFRS(I) 9 *Financial Instruments*. These judgements include estimating and evaluating expected future receipts from customers based on historical experience and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, collection history and trend analysis and knowledge of the businesses.<br><br>The Group's ECL model and key sources of estimation uncertainty are set out in Notes 4(ii), 5(c)(iii), 8 and 10 to the financial statements. | We have discussed with management on analyses and assessments made with respect to recovery of significant and/or overdue trade receivables, notes receivables and contract assets.<br><br>In addition, we have performed the following procedures:<br><br>• Obtained an understanding of management's controls over monitoring and assessment of receivables to assess the expected recovery of trade receivables, notes receivables and contract assets;<br><br>• Evaluated the basis of the ECL model used in determining the required loss allowance in accordance with SFRS(I) 9 *Financial Instruments*;<br><br>• Evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including the historical experience and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, collection history and trend analysis and knowledge of the businesses and financial condition of each customer, with focus on long outstanding debts which are past due but not impaired; and<br><br>• Involved internal credit risk specialist to assess and review the expected credit loss assessment for the major customer and the debtor performed by external independent valuer, engaged by management.<br><br>Based on the procedures performed, we noted that the estimates applied by management over the recoverability were reasonable.<br><br>We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables, notes receivables and contract assets, the key assumptions and estimation on allowance for ECL and the related risks such as credit risk and the aging of the trade receivables as disclosed in Notes 4(ii), 5(c)(iii), 8 and 10 to the financial statements. |

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. All other information was obtained prior to the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with SFRS(I)s, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

**Auditor's Responsibilities for the Audit of the Financial Statements** (Continued)

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

12 April 2023

# STATEMENTS OF **FINANCIAL POSITION**

31 DECEMBER 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash at bank and restricted bank deposits | 7 | **36,760** | 38,738 | **830** | 11,148 |
| Trade and notes receivables | 8 | **46,742** | 48,059 | **–** | – |
| Other receivables | 9 | **13,742** | 15,335 | **7,871** | 3,163 |
| Advances to subsidiaries | 6A | **–** | – | **95,593** | 97,091 |
| Amount due from related parties | 23A | **920** | 1,347 | **–** | – |
| Amount due from joint venture | 23B | **14** | 77 | **–** | – |
| Contract assets | 10 | **41,027** | 59,313 | **–** | – |
| Contract costs | 11 | **574** | 663 | **–** | – |
| Financial assets at fair value through profit or loss | 12 | **2,662** | 3,029 | **–** | – |
| Inventories | | **177** | 191 | **–** | – |
| Films and drama productions in progress | 13A | **23,566** | 22,687 | **–** | – |
| Films and drama products | 13B | **387** | 507 | **–** | – |
| | | **166,571** | 189,946 | **104,294** | 111,402 |
| **Non-current assets** | | | | | |
| Plant and equipment | 14 | **5,262** | 5,348 | **–** | – |
| Right-of-use assets | 15 | **2,928** | 5,175 | **–** | – |
| Goodwill | 16 | **1,111** | 1,111 | **–** | – |
| Intangible assets | 17 | **2,580** | 2,131 | **–** | – |
| Other receivables | 9 | **104** | 108 | **–** | – |
| Deferred tax assets | 18 | **4,362** | 3,789 | **–** | – |
| Investment in subsidiaries | 19 | **–** | – | **8,518** | 8,518 |
| Investment in associate | 20A | **914** | 1,063 | **–** | – |
| Investment in joint venture | 20B | **369** | 665 | **–** | – |
| | | **17,630** | 19,390 | **8,518** | 8,518 |
| **Total assets** | | **184,201** | 209,336 | **112,812** | 119,920 |

# STATEMENTS OF **FINANCIAL POSITION**

31 DECEMBER 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | **22,691** | 22,980 | **1,945** | 6,134 |
| Contract liabilities | 22 | **6,279** | 5,130 | **–** | – |
| Amount due to related parties | 23A | **1,901** | 1,202 | **205** | 130 |
| Lease liabilities | 24 | **1,495** | 2,013 | **–** | – |
| Borrowings | 25 | **13,414** | 14,352 | **–** | – |
| Income tax payable | | **740** | 8,621 | **–** | – |
| | | **46,520** | 54,298 | **2,150** | 6,264 |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 24 | **1,729** | 2,911 | **–** | – |
| Borrowings | 25 | **188** | – | **–** | – |
| Deferred tax liabilities | 18 | **19** | 28 | **–** | – |
| | | **1,936** | 2,939 | **–** | – |
| **Total liabilities** | | **48,456** | 57,237 | **2,150** | 6,264 |
| **NET ASSETS** | | **135,745** | 152,099 | **110,662** | 113,656 |
| **EQUITY** | | | | | |
| Share capital | 26 | **14** | 14 | **14** | 14 |
| Share premium | 27 | **113,048** | 114,118 | **113,048** | 114,118 |
| Treasury shares | 28 | **(2,230)** | (367) | **(2,230)** | (367) |
| Capital reserve | | **629** | 629 | **–** | – |
| Statutory reserve | | **297** | 297 | **–** | – |
| Retained earnings (Accumulated losses) | | **25,531** | 34,913 | **(170)** | (109) |
| Translation reserves | | **(199)** | 2,939 | **–** | – |
| Equity attributable to owners of the Company | | **137,090** | 152,543 | **110,662** | 113,656 |
| Non-controlling interests | | **(1,345)** | (444) | **–** | – |
| **Total equity** | | **135,745** | 152,099 | **110,662** | 113,656 |

# CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

YEAR ENDED 31 DECEMBER 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 |
|---|---|---|---|
| **Revenue** | 29 | **45,732** | 83,319 |
| Cost of sales | | **(31,483)** | (61,564) |
| **Gross profit** | | **14,249** | 21,755 |
| Other income | 30 | **7,095** | 5,961 |
| Share of result from associate | 20A | **(50)** | (8) |
| Share of result from joint venture | 20B | **(296)** | (285) |
| Administrative expenses | | **(13,367)** | (11,514) |
| Selling and distribution expenses | | **(6,409)** | (5,957) |
| Other expenses | 31 | **(10,663)** | (2,263) |
| Finance costs | 32 | **(1,701)** | (1,048) |
| **(Loss) Profit before income tax** | | **(11,142)** | 6,641 |
| Income tax credit (expense) | 33 | **661** | (3,173) |
| **(Loss) Profit for the year** | 34 | **(10,481)** | 3,468 |
| **Other comprehensive (loss) income, net of income tax:** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange (loss) gain arising on translation of foreign operations | | **(3,138)** | 1,873 |
| **Total comprehensive (loss) income for the year** | | **(13,619)** | 5,341 |
| **(Loss) Profit for the year attributable to:** | | | |
| Owners of the Company | | **(9,382)** | 3,901 |
| Non-controlling interests | | **(1,099)** | (433) |
| | | **(10,481)** | 3,468 |
| **Total comprehensive (loss) income attributable to:** | | | |
| Owners of the Company | | **(12,520)** | 5,774 |
| Non-controlling interests | | **(1,099)** | (433) |
| | | **(13,619)** | 5,341 |
| **(Loss) Earnings per share** | | | |
| Basic and diluted (cents) | 37 | **(0.88)** | 0.36 |

See accompanying notes to financial statements.

# STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2022

| | Note | Share capital $'000 | Share premium $'000 | Treasury shares $'000 | Capital reserve[(i)] $'000 | Statutory reserve[(ii)] $'000 | Retained earnings (Accumulated losses) $'000 | Translation reserves $'000 | Equity attributable to the owners of the Company $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | |
| **Balance at 1 January 2021** | | 14 | 117,889 | – | 629 | 297 | 38,731 | 1,066 | 158,626 | – | 158,626 |
| *Total comprehensive income (loss) for the year:* | | | | | | | | | | | |
| Profit (Loss) for the year | | – | – | – | – | – | 3,901 | – | 3,901 | (433) | 3,468 |
| Other comprehensive income for the year | | – | – | – | – | – | – | 1,873 | 1,873 | – | 1,873 |
| | | – | – | – | – | – | 3,901 | 1,873 | 5,774 | (433) | 5,341 |
| *Transactions with owners, recognised directly in equity:* | | | | | | | | | | | |
| Non-controlling interests arising from investment in a subsidiary | 19 | – | – | – | – | – | – | – | – | (11) | (11) |
| Shares repurchased | 28 | – | – | (367) | – | – | – | – | (367) | – | (367) |
| Dividends | 39 | – | (3,771) | – | – | – | (7,719) | – | (11,490) | – | (11,490) |
| | | – | (3,771) | (367) | – | – | (7,719) | – | (11,857) | (11) | (11,868) |
| **Balance at 31 December 2021** | | 14 | 114,118 | (367) | 629 | 297 | 34,913 | 2,939 | 152,543 | (444) | 152,099 |
| *Total comprehensive loss for the year:* | | | | | | | | | | | |
| Loss for the year | | – | – | – | – | – | (9,382) | – | (9,382) | (1,099) | (10,481) |
| Other comprehensive loss for the year | | – | – | – | – | – | – | (3,138) | (3,138) | – | (3,138) |
| | | – | – | – | – | – | (9,382) | (3,138) | (12,520) | (1,099) | (13,619) |
| *Transactions with owners, recognised directly in equity:* | | | | | | | | | | | |
| Capital contribution from non-controlling interest | 19 | – | – | – | – | – | – | – | – | 198 | 198 |
| Shares repurchased | 28 | – | – | (1,863) | – | – | – | – | (1,863) | – | (1,863) |
| Dividends | 39 | – | (1,070) | – | – | – | – | – | (1,070) | – | (1,070) |
| | | – | (1,070) | (1,863) | – | – | – | – | (2,933) | 198 | (2,735) |
| **Balance at 31 December 2022** | | **14** | **113,048** | **(2,230)** | **629** | **297** | **25,531** | **(199)** | **137,090** | **(1,345)** | **135,745** |

(i) The paid-in capital of $629,000 of Tianjin Changxin injected by the Individual Shareholders in 2020 was accounted for as a capital contribution to the Group following the completion of the corporate reorganisation exercise of the Group for the purpose of listing.

(ii) Statutory reserve pertains to appropriation from net profit after tax (based on the financial statements prepared in accordance with the generally accepted accounting principles of the People's Republic of China ("PRC")) but before dividend distribution. The reserve fund can only be used, upon approval by the relevant authority in PRC, to offset accumulated losses or to increase share capital.

# STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2022

| | Note | Share capital $'000 | Share premium $'000 | Treasury shares $'000 | Retained earnings (Accumulated losses) $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| **Balance at 1 January 2021** | | 14 | 117,889 | – | 7,719 | 125,622 |
| Loss for the year, representing total comprehensive loss for the year | | – | – | – | (109) | (109) |
| *Transaction with owners, recognised directly in equity:* | | | | | | |
| Shares repurchased | 28 | – | – | (367) | – | (367) |
| Dividends | 39 | – | (3,771) | – | (7,719) | (11,490) |
| | | – | (3,771) | (367) | (7,719) | (11,857) |
| **Balance at 31 December 2021** | | 14 | 114,118 | (367) | (109) | 113,656 |
| Loss for the year, representing total comprehensive loss for the year | | – | – | – | (61) | (61) |
| *Transaction with owners, recognised directly in equity:* | | | | | | |
| Shares repurchased | 28 | – | – | (1,863) | – | (1,863) |
| Dividends | 39 | – | (1,070) | – | – | (1,070) |
| | | – | (1,070) | (1,863) | – | (2,933) |
| **Balance at 31 December 2022** | | **14** | **113,048** | **(2,230)** | **(170)** | **110,662** |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2022

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| **Operating activities** | | |
| (Loss) Profit before income tax | **(11,142)** | 6,641 |
| Adjustments for: | | |
| Amortisation of films and drama products | **2,061** | 6,892 |
| Amortisation of intangible assets | **701** | 373 |
| Depreciation of plant and equipment | **1,202** | 924 |
| Depreciation of right-of-use assets | **2,000** | 2,013 |
| (Reversal of allowance) Allowance for expected credit losses | **(384)** | 1,741 |
| Written-off of plant and equipment | **8** | 18 |
| Impairment loss of contract costs | **–** | 219 |
| Impairment loss of intangible assets | **143** | – |
| Bad debts written-off | **15** | – |
| Written-off of inventories | **2** | – |
| Loss on derecognition of financial assets at FVTPL (Note 12) | **200** | – |
| Fair value loss (gain) on financial assets at FVTPL (Note 12) | **145** | (95) |
| Gain on early termination of right-of-use assets | **(22)** | (20) |
| Interest income | **(395)** | (307) |
| Interest expense | **1,701** | 1,048 |
| Gain on structured deposits | **(3)** | (20) |
| Share of result from associate (Note 20A) | **50** | 8 |
| Share of result from joint venture (Note 20B) | **296** | 285 |
| Written-off of films and drama production in progress | **181** | – |
| Net foreign exchange difference | **(1,068)** | 1,776 |
| Operating cash flows before movements in working capital | **(4,309)** | 21,496 |
| Films and drama productions in progress (Note A) | **(8,465)** | (34,770) |
| Films and drama products | **3,328** | 19,839 |
| Trade, notes and other receivables | **6,771** | (28,526) |
| Amount due from related parties | **417** | (107) |
| Amount due from joint venture | **63** | (77) |
| Contract assets | **19,248** | (7,259) |
| Contract costs | **89** | – |
| Trade and other payables | **(179)** | (9,131) |
| Amount due to related parties | **699** | 125 |
| Inventories | **12** | – |
| Contract liabilities | **(2,464)** | (1,764) |
| Cash generated from (used in) operations | **15,210** | (40,174) |
| Interest income received | **290** | 274 |
| Interest paid | **(1,810)** | (1,116) |
| Income tax paid | **(7,743)** | (5,201) |
| Net cash generated from (used in) operating activities | **5,947** | (46,217) |

# CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2022

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| **Investing activities** | | |
| Purchase of plant and equipment (Note B) | **(1,329)** | (2,189) |
| Investments in financial assets at FVTPL | **(820)** | (2,719) |
| Purchase of intangible assets | **(1,493)** | (486) |
| Investment in structured deposits (Note C) | **3** | 20 |
| Investment in associate | **–** | (1,071) |
| Investment in joint venture | **–** | (950) |
| Proceeds from derecognition of financial assets at FVTPL | **9** | – |
| Net cash used in investing activities | **(3,630)** | (7,395) |
| **Financing activities** | | |
| Capital contribution from non-controlling interests | **198** | – |
| Restricted bank deposits | **2,055** | (6,426) |
| Dividend paid to shareholders | **(1,070)** | (16,490) |
| Repayment of lease liabilities | **(1,440)** | (1,925) |
| Proceeds from borrowings | **14,751** | 13,912 |
| Repayment of borrowings | **(14,355)** | (7,258) |
| Repayments of film investment funds to an investor at amortised cost | **–** | (4,153) |
| Shares buy-back | **(1,863)** | (367) |
| IPO listing expenses paid | **–** | (3,307) |
| Net cash used in financing activities | **(1,724)** | (26,014) |
| Net increase (decrease) in cash and cash equivalents | **593** | (79,626) |
| Cash and cash equivalents at beginning of year | **32,312** | 111,931 |
| Effect of foreign exchange rate changes on the balance of cash held in foreign currencies | **(19)** | 7 |
| **Cash and cash equivalents at end of year (Note 7)** | **32,886** | 32,312 |

Note A:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Additions of films and drama productions in progress (Note 13A) | **11,193** | 34,858 |
| Sales of films and drama productions in progress (Note 13A) | **(2,712)** | (66) |
| Less: Non-cash movement – Amortisation of intangible assets capitalised as films and drama productions in progress (Note 17) | **(16)** | (22) |
| | **8,465** | 34,770 |

Note B:

For the financial year ended 31 December 2022, the Group acquired plant and equipment of $1,579,000 (2021: $2,189,000), out of which $250,000 (2021: $Nil) is acquired via hire purchase arrangement.

Note C:

For the financial year ended 31 December 2022, the Group entered into structured deposits which represented short-term deposits placed with financial institutions and the return of the investment is dependent on the return of the underlying investments of the structured deposits. As at 31 December 2022, gross investment and proceeds received arising from such investment upon maturity amounted to $1,233,000 and $1,236,000 (31 December 2021: $6,229,000 and $6,249,000) respectively.

See accompanying notes to financial statements.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

1 **GENERAL**

G.H.Y Culture & Media Holding Co., Limited (the "Company") is incorporated in Cayman Islands with its principal place of business at 988 Toa Payoh North, #07-08, Singapore 319002 and registered office at offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The financial statements are presented in Singapore dollar and all values are rounded to the nearest thousand ($'000).

The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 December 2020.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associate and joint venture are disclosed in Note 19, Note 20A and Note 20B to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 12 April 2023.

2 **ADOPTION OF NEW AND REVISED STANDARDS** – On 1 January 2022, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

<u>Effective for annual periods beginning on or after 1 January 2023</u>

- Amendment to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*;
- Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*; and
- Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*

<u>Effective for annual periods beginning on or after 1 January 2024</u>

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*.

<u>Effective date is deferred indefinitely</u>

- Amendments to SFRS(I) 10 *Consolidated Financial Statements and* SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture.*

Management anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**3.1 BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**3.2 BASIS OF CONSOLIDATION** – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 BASIS OF CONSOLIDATION (CONTINUED)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.2 BASIS OF CONSOLIDATION (CONTINUED)

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments*, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**3.3 BUSINESS COMBINATIONS** – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in each acquisition is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.3 BUSINESS COMBINATIONS (CONTINUED)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition-date) about facts and circumstances that existed at the acquisition-date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition-date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition-date that, if known, would have affected the amounts recognised as of that date.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**3.4 MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL** – The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities of business came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

**3.5 FINANCIAL INSTRUMENTS** – Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.5.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 FINANCIAL INSTRUMENTS (CONTINUED)

3.5.1 Financial assets (Continued)

Classification of financial assets (Continued)

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") are measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has designated certain debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income and expense" line item as "profit or loss on film borne by external investors" (see below). Fair value is determined in the manner described in Note 5(c)(v).

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

## 3.5 **FINANCIAL INSTRUMENTS** (CONTINUED)

### 3.5.1 Financial assets (Continued)

Classification of financial assets (Continued)

*Financial assets at FVTPL* (Continued)

Film investment represent funds advanced to external parties for the financing of production and marketing expenditures that are associated with specific film and drama that the Group invested in. The Group is entitled to a pre-agreed specified percentage of the proceeds from the sale of the specific film and drama associated with the financing provided.

Any gains or loss arising from changes in fair value of film investment are recognised in profit or loss.

If the share of the proceeds receivable from the external parties is higher than the equivalent film investment, the film made a profit and the proportionate profit to be received from the external parties is recognised as "fair value gain on financial assets at FVTPL" in other income. If the film made a loss and the proportionate loss to be deducted against the film investment is recognised as "fair value loss on financial assets at FVTPL" in other expense.

For investing agreement where the Group is guaranteed on principals with fixed return by the external parties, the financial assets were measured at amortised cost with interest on the film investment fund advances provided to external parties recognised in interest income.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income and other expense" line item; and

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income and expense" line item.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 FINANCIAL INSTRUMENTS (CONTINUED)

3.5.1 Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and notes receivables, other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and notes receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product ("GDP") of the country in which it sells services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

# NOTES TO **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2022

## 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 3.5 **FINANCIAL INSTRUMENTS** (CONTINUED)

3.5.1 Financial assets (Continued)

Impairment of financial assets (Continued)

*Significant increase in credit risk* (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

*Measurement and recognition of expected credit losses*

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 FINANCIAL INSTRUMENTS (CONTINUED)

3.5.1 Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.5.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination, 2) held for trading, or 3) it is designated as at FVTPL.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 3.5 **FINANCIAL INSTRUMENTS** (CONTINUED)

3.5.2 Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

*Financial liabilities at FVTPL* (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" and "other expense" line item in profit or loss (Notes 30 and 31 respectively).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 5(c)(v).

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 3.5 **FINANCIAL INSTRUMENTS** (CONTINUED)

3.5.2 Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the financial year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

*Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “other income” and “other expenses” line item in profit or loss (Notes 30 and 31 respectively) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Film investment funds from investors

Film investment funds from investors represent funds received from third parties for the financing of production and marketing expenditures that are associated with specific film and drama that the Group produces. In accordance with the financing agreement, the film investment funds from investors are not guaranteed on principals by the Group. The third-party investors are entitled to a pre-agreed specified percentage of the proceeds from the sale of the specific film and drama associated with the financing provided.

Any gains or loss arising from changes in fair value of film investment funds from investors are recognised in profit or loss.

If the share of the proceeds payable to the investors is higher than the equivalent film investment funds from investors, the film made a profit and the proportionate profit to be repaid to the investors is recognised as “fair value increase in amount due to external investors” in other expenses. If the film made a loss and the proportionate loss to be deducted against the film investment funds from investors is recognised as “fair value decrease in amount due to external investors” in other income.

For financing agreement where film investment funds investors are guaranteed on principals with fixed return by the Group, the financial liabilities were measured at amortised cost with interests on film investment funds from investors are recognised in finance costs.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 FINANCIAL INSTRUMENTS (CONTINUED)

3.5.2 Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

### 3.6 LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.6 LEASES (CONTINUED)

The Group as lessee (Continued)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS (I) 1-37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.12.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 3.6 **LEASES** (CONTINUED)

The Group as lessee (Continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administrative expenses" in profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

### 3.7 **FILMS AND DRAMA PRODUCTIONS IN PROGRESS/FILMS AND DRAMA PRODUCTS**

Films and drama productions in progress

Films and drama productions in progress include all direct costs associated with the production of films and drama, costs of services, direct labour costs and facilities in the creation of films and drama, which are accounted for on a film-by-film or drama-by-drama basis. Upon completion and available for commercial exploitation, these films and drama productions in progress are reclassified as films and drama products. Films and drama productions in progress are stated at cost less any accumulated impairment losses.

Films and drama products

Films and drama products are stated at cost less accumulated amortisation and accumulated any impairment losses. The portion of films and drama products to be recovered through use, less estimated residual value and accumulated impairment losses, are amortised based on the proportion of actual revenues earned during the year to their total estimated projected revenues as an approximation of the consumption of their economic benefits. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Cost of films and drama products, accounted for on a project-by-project basis, includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film or drama product.

**3.8 INVENTORIES** – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**3.9 PLANT AND EQUIPMENT** – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write-off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

| | | |
|---|---|---|
| Leasehold improvements | – | 2 to 3 years, or remaining lease term |
| Motor vehicles | – | 5 years |
| Furniture and fixtures | – | 3 years |
| Office equipment | – | 3 to 5 years |
| Computer equipment | – | 3 years |
| Film sets | – | 6 years |
| Filming equipment | – | 5 years |
| Concert equipment | – | 8 to 10 years |

The estimated useful lives, residual values and depreciation method are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

**3.10 GOODWILL** – Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3.11 INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.11 INTANGIBLE ASSETS (CONTINUED)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The estimated useful lives are as follows:

| | | |
|---|---|---|
| Film and drama adaptation licences | – | 5 to 6 years |
| Rights to the film sets | – | 3 to 10 years, or remaining contractual term |
| Computer software | – | 3 years |
| Software royalty | – | 5 years |

Rights to the film sets under construction are not amortised as these assets are not yet available for use. Amortisation will commence when these assets are ready for use.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**3.12 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL** – At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.12 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL (CONTINUED)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

**3.13 INVESTMENT IN ASSOCIATE AND JOINT VENTURE** – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 INVESTMENT IN ASSOCIATE AND JOINT VENTURE (CONTINUED)

The requirements of SFRS(I) 1-36 *Impairment of Asset* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or a joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate or a joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**3.14 INTERESTS IN JOINT OPERATIONS** – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.

*Share of revenue from production of drama and film where the Group acts as a co-producer and involves in a joint operation*

The Group acts as a co-producer and leverages on the extensive experience of other producer(s) to make capital investment in production and jointly co-produce drama and film.

When the Group involves and participates in the determination of idea origination, script, budget, production crew, cast selection, shooting, post-production, and distribution plan for the drama and film with other co-producers, and when the key relevant activities of the drama and film production are discussed and jointly determined by the Group and other producers, the arrangement is considered in substance as a joint operation. As a result, the Group shall recognise the share of revenue and cost of the drama and film based on its own interest percentage on the relevant drama and film production.

Therefore, revenue from this type of drama and film production/investment arising from the revenue share of the drama and film, based on the interest percentage owned by the Group, is recognised on gross basis when the Group and other producers satisfy the performance obligations under SFRS(I) 15. The relevant cost of such drama and film shared to the Group is recognised and presented as cost of sales in the same interest percentage of the aforesaid revenue recognition.

Details of the revenue recognition are set out in Note 3.17.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**3.15 PROVISIONS** – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.16 GOVERNMENT GRANTS** – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**3.17 REVENUE RECOGNITION** – The Group recognises revenue from the following major sources:

- Sale of television, drama and film production;
- Revenue from artistic performances and sponsorship revenue;
- Talent management service income; and
- Costume, make up and props services.

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at point in time or over time and the amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Group's activities are performed.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 REVENUE RECOGNITION (CONTINUED)

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with SFRS(I) 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

<u>Sale of television, drama and film production</u>

*Revenue from production of drama and film as engaged by the customer where the Group undertook the role of producer*

Where the Group is engaged by the customer for the production of a drama or film, the Group is entitled to a fixed fee for such dramas and films. Revenue is recognised over time based on stages of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Management has assessed that the stage of completion by reference to the actual costs incurred up to the reporting date as a proportion of the total estimated costs budgeted by management for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15.

*Revenue from content production which is developed by the Group and licensed or sold to the customer(s) for fixed fees*

When the drama and film is developed and produced by the Group, it either:

(i) licenses the copyright and ancillary rights to such dramas and films to the customers for a certain period of time or geographic region. Revenue is recognised at the point in time upon delivery and acceptance of the final product by the customer as control of the entertainment content is transferred so that the customer can direct the use and obtain the associated benefits; or

(ii) sells and transfers the copyright and ancillary rights to such dramas and films to the customers. Revenue is recognised over time based on the stages of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Management has assessed that the stage of completion by reference to the actual costs incurred up to the balance sheet date as a proportion of the total estimated costs budgeted by management for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 REVENUE RECOGNITION (CONTINUED)

Sale of television, drama and film production (Continued)

*Revenue from content production which is developed by the Group and licensed to the customer(s) for variable fees based on viewership*

The Group earns variable fees for such dramas and films, which is determined based on user clicks or viewership for each episode of the drama or the film on the online video platform. This constitutes a variable consideration and such revenue is only recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Revenue from rendering of post-production services are recognised over time over the contractual period.

*Revenue from script production and sale of the script rights*

Revenue derived from script production and sale of the script rights is recognised at the point in time as and when the script rights or distribution rights are transferred in accordance with the terms of the underlying contract.

Revenue from artistic performance and sponsorship revenue

*Revenue from artistic performance and sponsorship revenue where the Group undertakes the role of Concert Organiser, and which the Group is acting as a principal*

Revenue from artistic performances and other special events is recognised when the events take place. When subscription to a number of events is sold, the fee is allocated to each event on a basis which reflects the extent to which services are performed at each event.

The Group derives revenue from sponsorships associated with event management. Sponsorship fees relate to a one-time event. Revenue from a one-time event is recognised if (i) persuasive evidence of an arrangement exists; (ii) the event has occurred; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured.

Sponsorship advances are deferred until earned pursuant to the sponsorship agreement and are presented as contract liabilities on the statements of financial position. Revenue is recognised at point in time when the Group has fulfilled the performance obligation of the revenue contracts or recognised when services are rendered upon completion of events or services and when the Group has no remaining obligation to perform.

The Group also recognised an asset in relation to cost incurred to fulfil the contract for sponsorship revenue and are presented as contract cost on the statements of financial position.

*Revenue from artistic performance where the Group undertook the role of Concert Management, and which the Group is acting as an agent*

Revenue from the concert management is recognised at the point of time when the services are rendered.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

### 3.17 **REVENUE RECOGNITION** (CONTINUED)

Talent management service income

The Group manages artists and revenue is derived from the artists' participation in events, advertisements, TV dramas, movies and other entertainment content projects. Revenue is recognised when the services are rendered upon completion of the events and when the Group has no remaining obligation to perform.

Costume, make-up and props services

The Group provides services to producers in designing and making of costume and props as well as providing make-up services to artistes in drama productions. Revenue is recognised when the services are rendered upon completion of the events and when the Group has no remaining obligation to perform.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**3.18 BORROWING COSTS** – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3.19 RETIREMENT BENEFIT COSTS** – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**3.20 EMPLOYEE LEAVE ENTITLEMENT** – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**3.21 INCOME TAX** – Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on independent tax advice from tax specialist.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**3.22 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**3.23 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS** – Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and at bank which are not restricted as to use and are subject to an insignificant risk of changes in value.

**3.24 SEGMENT REPORTING** – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

**4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*(i) Critical judgements in applying the Group's accounting policies*

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Determining control over PRC Affiliated Entities

A subsidiary is an entity in which the Group (a) directly or indirectly control more than 50% of the voting power; or (b) have the power to appoint or remove the majority of the members of the board of directors or to cast a majority of votes at the meetings of the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders. However, there are situations in which consolidation is required even though these usual conditions of consolidation are not present. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through contractual arrangements that do not involve voting interests, which results in a disproportionate relationship between the entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which the Group has the variable interest is referred to as a variable interest entity. The Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the variable interest entity and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the variable interest entity. Management has assessed, based on the legal opinion of its PRC legal adviser, that the Contractual Arrangements confer operational control and economic benefits from PRC Affiliated Entities to the Group and the Contractual Arrangements are legal, valid and enforceable under the applicable PRC laws and regulations.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*(i) Critical judgements in applying the Group's accounting policies* (Continued)

Determining control over PRC Affiliated Entities (Continued)

As a result of the Contractual Arrangements as disclosed in Note 19, the Contractual Arrangements confer operational control and economic rights arising from the business of PRC Affiliated Entities to the Group, which enables the Group to exercise power over the business operations of PRC Affiliated Entities, and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, and enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities, and to have the ability to use its power to affect its return. Therefore, the Company is considered to control the PRC Affiliated Entities. Consequently, the Company regards PRC Affiliated Entities as controlled structured entities and consolidates the financial positions and results of operations of these entities in the financial statements of the Group.

Classification of film investment

As disclosed in Note 3.14, the Group sometimes participates in drama and film production as a co-producer and assesses whether to undertake a particular drama or film project with other co-production parties prior to the commencement of production for such drama or film. Determining whether the film investment is considered in substance a joint operation requires judgement and consideration of all relevant facts and circumstances, including whether the Group is involved in and participates in the determination of idea origination, script, budget, production crew, cast selection, shooting, post-production, and distribution plan for the drama or film with other co-producers. When the key relevant activities of the drama or film project are discussed and jointly determined by the Group and other co-producers, the arrangement is considered in substance as a joint operation.

When the Group has joint control on the key relevant activities of the drama and film production under the contractual agreements, unanimous consent is required from all parties to direct the key relevant activities, the arrangement is considered in substance as a joint operation. When joint controls cannot be demonstrated, the funds received from film investors are classified as "film investment funds from investors" under financial liabilities and the film investment funds advanced to external parties are classified as "financial assets at fair value through profit or loss" under financial assets. The determination of the relevant activities under joint arrangements requires management's significant judgement.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*(ii) Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Revenue recognition from sale of television, drama and film production

Under SFRS(I) 15 *Revenue from Contracts with Customers*, revenue from television program and film production segment is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation, which may be satisfied at a point in time or over time based on the contractual arrangement with customers. The evaluation of the relevant terms in the respective contracts with customers requires management assessment.

As described in Note 3.17 to the financial statements, revenue from production of certain drama and film where the Group only undertook the role of Producer or sell and transfer the copyright and ancillary rights to such dramas and films to the customers, revenue is recognised over time based on stage of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Management has assessed that the stage of completion by reference to the actual costs incurred up to the balance sheet date as a proportion of the total estimated costs budgeted by management for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15. Revenue is therefore recognised over time on cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

Notwithstanding that management reviews and revises the estimates of costs for the production of drama or film as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

There is estimation involved in determining the costs for the production of each drama or film as the contract progresses, which will affect the revenue and profit recognised.

Calculation of loss allowance

As at 31 December 2022, the Group recorded $46,742,000, $13,846,000 and $41,027,000 (2021: $48,059,000, $15,443,000 and $59,313,000) for trade and notes receivables, other receivables and contract assets respectively. Management engaged an external independent valuer to perform expected credit loss assessment for the trade and notes receivables and contract assets associated with these debtors.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*(ii)* *Key sources of estimation uncertainty* (Continued)

Calculation of loss allowance (Continued)

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of trade and notes receivables, other receivables and contract assets are disclosed in Notes 8, 9 and 10 of the financial statements respectively.

Impairment loss on films and drama productions in progress and films and drama products

Management carries out review on the films and drama productions in progress and films and drama products on a project-by-project basis at the end of each reporting period, and make allowances for films and drama productions in progress and films and drama products identified. The management estimates the recoverable amount for such films and drama productions in progress and films and drama products based primarily on their target market and business plan taking into consideration of the current market conditions, the jurisdiction or region of the broadcast and/or release of the drama or film, the length of the distribution, the number of rounds of distribution, the industry practice for the credit terms extended to customers in that particular jurisdiction or region, as well as the overall number of dramas and films produced and/or co-produced by the Group which are distributed in that particular jurisdiction or region. The carrying amounts of films and drama productions in progress and films and drama products are disclosed in Notes 13A and 13B of the financial statements respectively.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to losses carried forward are recognised when it is probable that the losses carried forward may be utilised. The evaluation of probability is based on historical earnings, expected future margins and the size of order backlog for the relevant entity. Any deviations in the probability evaluation will affect the deferred tax asset amount. As of 31 December 2022, the Group assessed the recoverability of the deferred tax assets considering the availability of sufficient taxable temporary differences and the probability that the entities will have sufficient taxable profits in the future based on management forecasts.

The carrying amounts of deferred tax assets and deferred tax liabilities are disclosed in Note 18 and income tax credit (expense) is disclosed in Note 33.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

### (a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period.

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Financial assets** | | | | |
| Financial assets at amortised cost | **87,316** | 90,445 | **104,255** | 110,949 |
| Financial assets at FVTPL | **2,662** | 3,029 | **–** | – |
| | **89,978** | 93,474 | **104,255** | 110,949 |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | **31,831** | 23,797 | **2,126** | 6,264 |
| Lease liabilities | **3,224** | 4,924 | **–** | – |
| | **35,055** | 28,721 | **2,126** | 6,264 |

### (b) *Financial instruments subject to offsetting, enforceable master netting agreements and similar agreements*

**Group**

As at 31 December 2022, the Group does not have any financial instruments subject to enforceable master netting arrangements or similar agreement.

As at 31 December 2021

| *Financial assets* | | | |
|---|---|---|---|
| | ***(a)*** | ***(b)*** | ***(c) = (a) – (b)*** |
| *Type of financial asset* | *Gross amounts of recognised financial asset* | *Gross amounts of recognised financial liabilities set off in the statement of financial position* | *Net amounts of financial assets presented in the statement of financial position* |
| Trade receivables | 50,201 | (2,142) | 48,059 |

| *Financial liabilities* | | | |
|---|---|---|---|
| | ***(a)*** | ***(b)*** | ***(c) = (a) – (b)*** |
| *Type of financial asset* | *Gross amounts of recognised financial asset* | *Gross amounts of recognised financial liabilities set off in the statement of financial position* | *Net amounts of financial assets presented in the statement of financial position* |
| Trade and other payables | 25,122 | (2,142) | 22,980 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### (b) *Financial instruments subject to offsetting, enforceable master netting agreements and similar agreements* (Continued)

**Company**

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement as at 31 December 2022 and 2021.

### (c) *Financial risk management objectives and policies*

Management monitors and manages the financial risk relating to operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including currency risks and interest rate risk), credit risk and liquidity risk.

The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Foreign exchange risk

The Group transacts business in various foreign currencies, including Singapore dollar, Australia dollar, Chinese Yuan, Malaysian Ringgit, New Taiwan dollar and United States dollar and therefore is exposed to foreign exchange rate fluctuation.

At the end of the reporting period, the carrying amounts of the monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

| | Group | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Assets $'000 | Liabilities $'000 | Assets $'000 | Liabilities $'000 |
| Singapore dollar | **32** | **72,801** | 1,030 | 69,186 |
| Australia dollar | **1,335** | **6** | 745 | 6 |
| Chinese Yuan | **7,640** | **583** | 8,391 | – |
| Malaysian Ringgit | **32** | **648** | – | 93 |
| New Taiwan dollar | **–** | **–** | 251 | – |
| United States dollar | **449** | **7** | 387 | 2 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### (c) *Financial risk management objectives and policies* (Continued)

(i) Foreign exchange risk (Continued)

| | Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Assets | Liabilities | Assets | Liabilities |
| | $'000 | $'000 | $'000 | $'000 |
| Australia dollar | **–** | **6** | – | 6 |
| Chinese Yuan | **–** | **318** | – | – |
| Malaysian Ringgit | **–** | **68** | – | 73 |
| United States dollar | **1,226** | **291** | 28 | 933 |

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective group entities' functional currencies. 10% is the sensitivity rate used when reporting foreign currency risk to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, loss before tax (2021: profit before tax) will (increase) decrease (2021: (decrease) increase) by:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | $'000 | $'000 | $'000 | $'000 |
| Singapore dollar | **(7,277)** | (6,816) | **–** | – |
| Australia dollar | **133** | 74 | **(1)** | (1) |
| Chinese Yuan | **706** | 839 | **(32)** | – |
| Malaysian Ringgit | **(62)** | (9) | **(7)** | (7) |
| New Taiwan dollar | **–** | 25 | **–** | – |
| United States dollar | **44** | 39 | **94** | (91) |

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, the effect on (loss) profit before tax will be vice versa.

(ii) Interest rate risk

The Group does not have exposure on interest rate risk other than lease liabilities and borrowings, which bore interest at fixed rates. The interest rates and terms of repayment are disclosed in the Notes 24 and 25 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on the interest-bearing financial instruments at the end of the reporting period.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### *(c)* ***Financial risk management objectives and policies*** (Continued)

(iii) Credit risk

The Group's principal financial assets are cash and cash equivalents and trade, notes and other receivables.

The Group has exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statements of financial position.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

| **Category** | **Description** | **Basis for recognising expected credit losses (ECL)** |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past due amounts. | 12-month ECL (other than trade and notes receivables without significant financing component and contract assets) |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired. | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery. | Amount is written-off |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### *(c) Financial risk management objectives and policies* (Continued)

(iii) Credit risk (Continued)

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| 2022 | | | | | | |
| Trade receivables | 8 | (i) | Lifetime ECL (simplified approach) | **36,777** | **(1,050)** | **35,727** |
| Notes receivable | 8 | (i) | Lifetime ECL (simplified approach) | **11,165** | **(150)** | **11,015** |
| Other receivables | 9 | Performing | 12-month ECL | **3,694** | **–** | **3,694** |
| Contract assets | 10 | (i) | Lifetime ECL (simplified approach) | **41,266** | **(239)** | **41,027** |
| Amount due from related parties | 23A | Performing | 12-month ECL | **106** | **–** | **106** |
| Amount due from joint venture | 23B | Performing | 12-month ECL | **14** | **–** | **14** |
| | | | | **93,022** | **(1,439)** | **91,583** |
| 2021 | | | | | | |
| Trade receivables | 8 | (i) | Lifetime ECL (simplified approach) | 48,839 | (780) | 48,059 |
| Other receivables | 9 | Performing | 12-month ECL | 3,464 | – | 3,464 |
| Contract assets | 10 | (i) | Lifetime ECL (simplified approach) | 60,514 | (1,201) | 59,313 |
| Amount due from related parties | 23A | Performing | 12-month ECL | 107 | – | 107 |
| Amount due from joint venture | 23B | Performing | 12-month ECL | 77 | – | 77 |
| | | | | 113,001 | (1,981) | 111,020 |
| **Company** | | | | | | |
| 2022 | | | | | | |
| Other receivables | 9 | Performing | 12-month ECL | **7,832** | **–** | **7,832** |
| Advances to a subsidiary | 6A | Performing | 12-month ECL | **95,593** | **–** | **95,593** |
| | | | | **103,425** | **–** | **103,425** |
| 2021 | | | | | | |
| Other receivables | 9 | Performing | 12-month ECL | 2,710 | – | 2,710 |
| Advances to a subsidiary | 6A | Performing | 12-month ECL | 97,091 | – | 97,091 |
| | | | | 99,801 | – | 99,801 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### *(c) Financial risk management objectives and policies* (Continued)

(iii) Credit risk (Continued)

(i) The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

As at the reporting date, the Group's top 3 (2021: 3) debtors collectively accounted for approximately 82% (2021: 96%) of trade and notes receivables and contract assets, out of which 67% is from 1 major customer (2021: 78% from 1 major customer), indicating significant concentration of credit risk.

Further details of credit risks on trade and notes receivables, other receivables, contract assets, amount due from related parties and amount due from joint venture are disclosed in Notes 8, 9, 10, 23A and 23B respectively.

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

*Liquidity and interest risk analyses*

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### *(c)* ***Financial risk management objectives and policies*** (Continued)

(iv) Liquidity risk (Continued)

*Liquidity and interest risk analyses* (Continued)

Non-derivative financial liabilities (Continued)

**Group**

| | Weighted average effective interest rate<br>% | On demand or within 1 year<br>$'000 | Within 2 to 5 years<br>$'000 | 5 years and above<br>$'000 | Adjustment<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|
| 2022 | | | | | | |
| Non-interest bearing | **–** | **18,229** | **–** | **–** | **–** | **18,229** |
| Lease liabilities (fixed rate) | **5.47** | **1,616** | **1,915** | **–** | **(307)** | **3,224** |
| Fixed interest rate instruments | **5.19** | **13,859** | **202** | **–** | **(459)** | **13,602** |
| | | **33,704** | **2,117** | **–** | **(766)** | **35,055** |
| 2021 | | | | | | |
| Non-interest bearing | – | 9,445 | – | – | – | 9,445 |
| Lease liabilities (fixed rate) | 5.46 | 2,228 | 2,978 | 265 | (547) | 4,924 |
| Fixed interest rate instruments | 5.46 | 14,495 | – | – | (143) | 14,352 |
| | | 26,168 | 2,978 | 265 | (690) | 28,721 |

**Company**

| | Weighted average effective interest rate<br>% | On demand or within 1 year<br>$'000 | Within 2 to 5 years<br>$'000 | 5 years and above<br>$'000 | Adjustment<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|---|---|
| 2022 | | | | | | |
| Non-interest bearing | **–** | **2,126** | **–** | **–** | **–** | **2,126** |
| 2021 | | | | | | |
| Non-interest bearing | – | 6,264 | – | – | – | 6,264 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

### *(c)* ***Financial risk management objectives and policies*** (Continued)

(v) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities, classified as current assets and current liabilities except for financial assets at FVTPL as disclosed in Note 12 to the financial statements, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

### *(d)* ***Capital management policies and objectives***

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of borrowings as disclosed in Note 25 to the financial statements, and equity attributable to owners of the Company, comprising of share capital, share premium, capital reserve, statutory reserve and retained earnings.

The Group's overall strategy with regards to capital management remains unchanged from 2021.

## 6A HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Kang Ru Investments Limited, a company incorporated in the British Virgin Islands. The Company's intermediate holding company and ultimate holding company is Da Yuan Investments Limited and G.Y Media & Entertainment Limited, both incorporated in the British Virgin Islands. The ultimate controlling party is a director of the Company, Mr. Guo Jingyu, who is the sole shareholder of the ultimate holding company.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the transactions and arrangements are between members of the Group and the effect of these on the basis determined between parties is reflected in these financial statements. The intercompany balances are unsecured, interest free and repayable on demand unless otherwise stated.

The advances to subsidiaries are unsecured, interest free and repayable on demand.

For purpose of impairment assessment, advances to subsidiaries are considered to have low credit risk as the timing of payment is controlled by the holding company taking into account cash flow management within the holding company's group of companies and there has been no significant increase in the risk of default on these receivables since initial recognition. Accordingly, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL") and management determines that these receivables are subject to immaterial credit losses.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 6B RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Other than those disclosed elsewhere in the financial statements, significant related party transactions include the following:

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| With entities associated to a shareholder of the Company and non-executive director: | | |
| Expenses in relation to concert production | **2,977** | – |
| Payment on behalf of concert production related expenses | **(9)** | – |
| Royalty fee expenses | **–** | 51 |
| Artiste service fees | **538** | 1,585 |
| With family members of the ultimate controlling shareholder and director: | | |
| Artiste service fees | **647** | 212 |
| Provision of talent management services | **(72)** | (24) |
| With an entity controlled by a family member of the ultimate controlling shareholder and director: | | |
| Artiste service fees | **48** | 425* |
| Provision of talent management services | **–** | (75) |
| With a key management personnel and shareholder of PRC Affiliated Entities: | | |
| Advances paid in respect of the expenditure for an ongoing drama project | **–** | 107 |

* Amount pertains to artiste fees incurred in 2021, including those capitalised as films and drama production in progress and films and drama products, which will be subsequently charged to profit or loss upon recognition of corresponding revenue.

***Compensation of directors and key management personnel***

The remuneration of directors and other members of key management were as follows:

| | 2022<br>$'000 | 2021<br>$'000 |
|---|---|---|
| Short-term benefits | **2,955** | 2,316 |
| Post-employment benefits | **146** | 106 |
| | **3,101** | 2,422 |

During the year ended 31 December 2021, included in the short-term benefits are non-monetary benefits provided to a member of key management personnel, with depreciation of associated right-of-use assets of $150,000 has been recognised in profit or loss.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 7 CASH AT BANK AND RESTRICTED BANK DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Cash at bank | **36,729** | 38,721 | **830** | 11,148 |
| Cash on hand | **31** | 17 | **–** | – |
| Total | **36,760** | 38,738 | **830** | 11,148 |
| Less: Restricted bank deposits | **(3,874)** | (6,426) | **–** | – |
| Cash and cash equivalents in the statement of cash flows | **32,886** | 32,312 | **830** | 11,148 |

As at 31 December 2022, the restricted bank deposits amounting to $3,874,000 (2021: $6,426,000) pertained to deposits pledged to a bank to secure short-term borrowings granted to the Group. The Group's restricted bank deposits carry fixed interest at 2% per annum and will be released upon the repayment of the short-term borrowings (Note 25).

## 8 TRADE AND NOTES RECEIVABLES

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Trade receivables: | | |
| Outside parties(i) | **14,528** | 17,904 |
| Unbilled receivables | **22,249** | 30,935 |
| Loss allowance | **(1,050)** | (780) |
| | **35,727** | 48,059 |
| Notes receivable: | | |
| Outside parties(ii) | **11,165** | – |
| Loss allowance | **(150)** | – |
| | **11,015** | – |
| Total trade and notes receivables | **46,742** | 48,059 |

(i) In 2021, the Group entered into a three-party arrangement with the major customer and a debtor and the rights and obligations in the revenue contract for the sale of a drama production were novated from the debtor to the Group. Copyrights and ancillary rights to the drama production was transferred by the debtor to the Group. The debtor also received partial consideration for the revenue contract from the major customer in accordance with the contractual payment milestones, before the contract was novated to the Group. As at 31 December 2021, the Group and the new debtor had an arrangement to settle the remaining amount due to or from each other at a net basis (Note 5(b)).

As at 31 December 2021, $11,430,000 of trade receivables was owing from the debtor to the Group and repayment plan was entered with the debtor whereby full amount will be collected before 31 December 2022. However, the debtor has not adhered to the repayment plan agreed earlier and $6,849,000 remained uncollected as at 31 December 2022 which increased the credit risk. In January 2023, the Group entered into addendum agreement on revised repayment plan and $2,906,000 has been collected subsequent to year end based on the revised repayment plan agreed with the debtor. The remaining $3,943,000 which is to be collected before 31 December 2023 remained uncollected as at date of these consolidated financial statements.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 8 TRADE AND NOTES RECEIVABLES (CONTINUED)

(ii) In 2022, the Group received endorsed notes receivables from the major customer which is accepted by banks in PRC (the "Endorsed Notes") in order to settle the trade receivables due from the major customer with a carrying amount of $1,356,000. The Group will receive the amount by presenting the Endorsed Notes to the bank upon maturity in March 2023. In January 2023, the Group has collected $1,349,000 with $7,000 finance cost to the Group for early redemption.

The Group also discounted certain notes receivables of the major customer which is accepted by a bank in PRC (the "Discounted Notes") with carrying amount of $9,809,000. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Discounted Notes have a right of recourse against the Group if the customer default. As at 31 December 2022, the Group recognised the proceeds received from the Discounted Notes with an amount of $9,809,000 as borrowings (current portion) because the directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Notes (Note 25). During the year ended 31 December 2022, the Group recognised the interest expense on the discounted notes receivable amounting to $155,000 (Note 32).

As at 31 December 2022, the Group's concentration of credit risk arose mainly from a major customer whom contributed 36%, 88% and 89% (2021: 60%, Nil% and 92%) of the trade receivables, notes receivables and contract assets balance respectively. Out of the Group's trade and notes receivables, $17,557,000 have been collected subsequent to year end, with $5,178,000 remaining uncollected as at date of these consolidated financial statements.

As at 1 January 2021, trade receivables from contract with customers amounted to $27,474,000 (net of loss allowance of $113,000).

The average credit period granted to customers is 30 days (2021: 30 days). No interest is charged on the outstanding balance.

Unbilled receivable represents the Group's unconditional right to consideration which the Group has satisfied the performance obligation by transferring the drama production to the customer. The customer has obtained control of the drama production and only a passage of time is required before the Group issues the trade invoice based on the billing milestone.

Loss allowance for trade and notes receivables has been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade and notes receivables are estimated using a provision matrix by reference to past default experience of the debtor and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, collection history and trend analysis and knowledge of the businesses. There has been no change in the estimation techniques or significant assumptions made during the financial year.

A trade and notes receivable is written-off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade and notes receivables are over two years past due, whichever occurs earlier. None of the trade and notes receivables that have been written-off is subject to enforcement activities.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 8 TRADE AND NOTES RECEIVABLES (CONTINUED)

The following table details the risk profile of trade receivables from contracts with customers based on the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimate of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Trade receivables – days past due | | | | | |
| | Unbilled $'000 | Not past due $'000 | 1 to 30 days $'000 | 31 to 60 days $'000 | 61 to 90 days $'000 | > 90 days $'000 | Total $'000 |
| 2022 | | | | | | | |
| Estimated total gross carrying amount at default | **22,249** | **–** | **1,573** | **8,848** | **4** | **4,103** | **36,777** |
| Lifetime ECL | **(855)** | **–** | **(28)** | **(47)** | ***** | **(120)** | **(1,050)** |
| | | | | | | | **35,727** |
| 2021 | | | | | | | |
| Estimated total gross carrying amount at default | 30,935 | 706 | 228 | – | 9,906 | 7,064 | 48,839 |
| Lifetime ECL | (452) | – | (3) | – | (181) | (144) | (780) |
| | | | | | | | 48,059 |

* Amount less than $1,000.

The table below shows the movement in lifetime ECL – non credit-impaired that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| At the beginning of the year | **780** | 113 |
| Change in loss allowance | **354** | 641 |
| Exchange differences | **(84)** | 26 |
| At the end of the year | **1,050** | 780 |

As at 31 December 2022, the Group's notes receivable were all aged within one year and not past due.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 8 TRADE AND NOTES RECEIVABLES (CONTINUED)

The table below shows the movement in lifetime ECL – non credit-impaired that has been recognised for notes receivable in accordance with the simplified approach set out in SFRS(I) 9:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| At the beginning of the year | **–** | – |
| Change in loss allowance | **159** | – |
| Exchange differences | **(9)** | – |
| At the end of the year | **150** | – |

## 9 OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Other receivables (current portion): | | | | |
| Outside parties | **1,580** | 2,352 | **–** | – |
| Subsidiary and related company | **–** | – | **7,832** | 2,710 |
| Film investment funds advanced to outside parties(i) | **1,247** | – | **–** | – |
| Advances to staff | **132** | 97 | **–** | – |
| Advances to third party contractor | **818** | 711 | **–** | – |
| Director of a subsidiary | **310** | 343 | **–** | – |
| Refundable security deposits | **163** | 535 | **–** | – |
| Prepayments(ii) | **8,454** | 8,182 | **39** | 453 |
| Value-added tax receivable | **880** | 3,082 | **–** | – |
| Interest receivables | **138** | 33 | **–** | – |
| Grant receivables | **20** | – | **–** | – |
| | **13,742** | 15,335 | **7,871** | 3,163 |
| Other receivables (non-current portion): | | | | |
| Refundable security deposits | **104** | 104 | **–** | – |
| Prepayments | **–** | 4 | **–** | – |
| | **104** | 108 | **–** | – |
| Total | **13,846** | 15,443 | **7,871** | 3,163 |

(i) As at 31 December 2022, the film investment funds advanced to two investors for two drama and film productions are carried at amortised cost, bore interest ranging from 15% to 16% per annum and are repayable within 12 months.

(ii) These amounts were mainly utilised in the ordinary course of business in respect of preparation work for various ongoing and upcoming drama and film projects of the Group, including but not limited to the purchase and development of scripts, research and preparation of filming sites, costumes and props for such drama and film projects and concert production. Such amounts are paid in accordance with the planned production schedule.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 9 OTHER RECEIVABLES (CONTINUED)

Other receivables at the end of the reporting period are unsecured, interest free and not past due unless otherwise stated.

For purpose of impairment assessment, the other receivables are considered to have low credit risk as there has been no significant increase in the risk of default on the other receivables since initial recognition. Accordingly, for the purpose of impairment assessment of these receivables, the loss allowance is measured at an amount equal to 12-month expected credit loss ("ECL").

In determining the ECL, management has taken into account historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

## 10 CONTRACT ASSETS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Drama and film production | **41,266** | 60,514 |
| Less: loss allowance | **(239)** | (1,201) |
| | **41,027** | 59,313 |

As at 1 January 2021, contract assets amounted to $53,191,000 (net of loss allowance of $64,000).

The contract assets relate to the Group's right to consideration for drama and film production in progress or completed but not billed at the reporting date. Contract assets are initially recognised for revenue earned from drama and film production to represent the Group's right to consideration for the services transferred to date. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Upon subsequent billing to the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The balances are classified as current as they are expected to be received within the Group's normal operating cycle.

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts due from customers at the end of the reporting period is past due.

# NOTES TO **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2022

## 10 CONTRACT ASSETS (CONTINUED)

The table below shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in SFRS(I) 9:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| At the beginning of the year | **1,201** | 64 |
| Change in loss allowance | **(897)** | 1,100 |
| Exchange differences | **(65)** | 37 |
| At the end of the year | **239** | 1,201 |

## 11 CONTRACT COSTS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Costs to fulfil contracts | **574** | 663 |

The Group incurred costs to fulfil contracts associated with artistic performance management. The costs related directly to the contract, generate resources that will be used in satisfying the contract. They were therefore recognised as an asset from costs to fulfil a contract. The asset will be recognised as expense at point in time consistent with the recognition of the associated revenue.

For the financial year ended 31 December 2021, an impairment loss of $219,000 had been recognised due to postponement of concerts in Malaysia and Australia arising from travel restrictions and concerns over the COVID-19 outbreak. The concerts in Malaysia and Australia are subsequently held in January 2023 and March 2023 respectively. No impairment loss was made during the year ended 31 December 2022.

## 12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| At the beginning of the year | **3,029** | 215 |
| Additions | | |
| Cash | **820** | 2,719 |
| Non-cash[(i)] | **397** | – |
| Changes in fair value (Notes 30 and 31) | | |
| Fair value (loss) gain | **(145)** | 95 |
| Loss on derecognition | **(200)** | – |
| Settlement | | |
| Cash | **(9)** | – |
| Non-cash[(ii)] | **(972)** | – |
| Exchange differences | **(258)** | – |
| At the end of the year | **2,662** | 3,029 |

(i) As at 31 December 2021, an amount of $397,000 is due from an external party. In 2022, this amount is converted into investments in films to be distributed by the external party.

(ii) As at 31 December 2022, the Group is entitled to proceeds of $981,000 from completed film and concert investments, out of which $972,000 remained uncollected. $714,000 was subsequently collected in February 2023.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The financial assets at FVTPL represent films, concert and musical play investments advanced to external parties for the financing of production and marketing expenditures that are associated with specific films, concert and musical play that the Group invested in.

The fair value of investment is determined based on the estimated box office revenue and fees from licensing rights. A fair value loss of $145,000 (2021: gain of $95,000) is recognised for the financial year ended 31 December 2022.

For the financial year ended 31 December 2022, a loss of $200,000 (2021: $Nil) has been recognised based on the actual box office revenue and actual ticket sales for certain films investments.

The fair value measurement is categorised in Level 3 of the fair value hierarchy.

## 13A FILMS AND DRAMA PRODUCTIONS IN PROGRESS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| At the beginning of the year | **22,687** | 8,920 |
| Additions | **11,193** | 34,858 |
| Transfer to films and drama products (Note 13B) | **(5,314)** | (21,822) |
| Sales of films and drama productions in progress[(i)] | **(2,712)** | (66) |
| Written-off | **(181)** | – |
| Exchange differences | **(2,107)** | 797 |
| At the end of the year | **23,566** | 22,687 |

(i) For the financial year ended 31 December 2022, the Group sold and transferred the copyrights and ancillary rights for adaptation of scripts and musical plays to the customers.

For the financial year ended 31 December 2021, the Group sold and transferred the copyright and ancillary rights for adaptation of a drama under production in progress for gaming products to the customer.

The Group sometimes participates in drama and film production as a co-producer and the Group involves and participates in the determination of idea origination, script, budget, production crew, cast selection, shooting, post-production, and distribution plan for the drama and film with other co-producers. Under the contractual agreements, unanimous consent is required from all parties to direct the key relevant activities. Accordingly, the Group has joint control on the key relevant activities of certain drama and film production as at 31 December 2022 and $2,426,000 (2021: $613,000) is related to the Group's proportionate share in the ownership of the films and drama productions in progress. The Group is entitled to a proportionate share of the revenue received and bears a proportionate share of the joint operation's expenses.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 13A FILMS AND DRAMA PRODUCTIONS IN PROGRESS (CONTINUED)

The Group has the following material joint operations in PRC:

a) The 10th Regiment 第十团: In 2022, the Group has a 50.0% (2021: 50.0%) share in the ownership of the drama production in progress. In 2022, the Group entered into addendum agreement with the joint operator. The Group shall repay the full amount received from the joint operator if the drama production did not commence filming as of 31 December 2022 and both parties will enter into termination agreement upon full settlement of the advances. The joint operation agreement has not been terminated as at 31 December 2022 (Note 21).

b) Moon Romance 月上朝颜: In 2022, the Group has a 15.0% (2021: 15.0%) share in the ownership of the drama production in progress.

c) Basketball Miracle 空中接力: In 2022, the Group has 66.7% (2021: Nil%) share in the ownership of the film production in progress.

## 13B FILMS AND DRAMA PRODUCTS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Cost: | | |
| At the beginning of the year | **48,869** | 45,682 |
| Transfer from films and drama productions in progress (Note 13A) | **5,314** | 21,822 |
| Sales of films and drama products | **(3,328)** | (19,839) |
| Exchange differences | **(2,518)** | 1,204 |
| At the end of the year | **48,337** | 48,869 |
| Accumulated amortisation: | | |
| At the beginning of the year | **48,362** | 40,386 |
| Amortisation charge | **2,061** | 6,892 |
| Exchange differences | **(2,473)** | 1,084 |
| At the end of the year | **47,950** | 48,362 |
| Net carrying amount | **387** | 507 |

The balances are classified as current as the films and drama products has an economic life of less than twelve months and are expected to be realised within the Group's normal operating cycle.

In light of the circumstances of the films and drama industry, the Group regularly reviewed its films and drama products to assess the marketability/future economic benefits of films and drama products and the corresponding recoverable amounts. The estimated recoverable amount as at 31 December 2022 and 2021 was determined based on the expected future revenues.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 14 PLANT AND EQUIPMENT

| Group | Leasehold improvements $'000 | Motor vehicles $'000 | Furniture and fixtures $'000 | Office equipment $'000 | Computer equipment $'000 | Film sets $'000 | Filming equipment $'000 | Concert equipment $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | | | |
| At 1 January 2021 | 395 | 584 | 119 | 37 | 493 | – | 37 | 3,511 | 5,176 |
| Additions | 283 | 103 | 82 | 46 | 328 | 1,347 | – | – | 2,189 |
| Written-off | (51) | – | – | – | – | – | – | – | (51) |
| Exchange differences | 4 | 3 | 3 | 1 | 8 | 41 | 2 | 183 | 245 |
| At 31 December 2021 | 631 | 690 | 204 | 84 | 829 | 1,388 | 39 | 3,694 | 7,559 |
| Additions | 1,048 | 489 | 9 | 7 | 22 | – | 4 | – | 1,579 |
| Written-off | (51) | – | (1) | – | – | – | – | – | (52) |
| Exchange differences | (70) | (10) | (8) | (4) | (21) | (134) | (4) | (356) | (607) |
| At 31 December 2022 | **1,558** | **1,169** | **204** | **87** | **830** | **1,254** | **39** | **3,338** | **8,479** |
| Accumulated depreciation: | | | | | | | | | |
| At 1 January 2021 | 358 | 175 | 50 | 20 | 190 | – | 18 | 466 | 1,277 |
| Depreciation | 117 | 129 | 34 | 14 | 179 | 36 | 7 | 408 | 924 |
| Written-off | (33) | – | – | – | – | – | – | – | (33) |
| Exchange differences | 1 | (1) | 1 | * | 2 | 1 | 2 | 37 | 43 |
| At 31 December 2021 | 443 | 303 | 85 | 34 | 371 | 37 | 27 | 911 | 2,211 |
| Depreciation | 148 | 150 | 42 | 17 | 217 | 216 | 8 | 404 | 1,202 |
| Written-off | (44) | – | * | – | – | – | – | – | (44) |
| Exchange differences | (7) | (3) | (2) | (1) | (9) | (16) | (3) | (111) | (152) |
| At 31 December 2022 | **540** | **450** | **125** | **50** | **579** | **237** | **32** | **1,204** | **3,217** |
| Carrying amount: | | | | | | | | | |
| At 31 December 2021 | 188 | 387 | 119 | 50 | 458 | 1,351 | 12 | 2,783 | 5,348 |
| At 31 December 2022 | **1,018** | **719** | **79** | **37** | **251** | **1,017** | **7** | **2,134** | **5,262** |

* Amount less than $1,000.

The Group's concert equipment is used to generate rental income which is subject to short-term operating lease arrangement with lessee.

As at 31 December 2022, the Group's motor vehicles included an amount of $479,000 in respect of asset held under hire purchase agreement (Note 25).

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 15 RIGHT-OF-USE ASSETS (THE GROUP AS LESSEE)

The Group leases several assets including office premises/filming studios, office equipment and motor vehicles. The leases have varying terms and renewal rights. The lease term ranges between 1 to 3 years (2021: 1 to 3 years) and rentals are generally fixed for the same periods.

The Group does not have the option to purchase the leased assets for a nominal amount at the end of the lease term.

| | **Office premises/ filming studios $'000** | **Office equipment $'000** | **Motor vehicles $'000** | **Total $'000** |
|---|---|---|---|---|
| **Group** | | | | |
| Cost: | | | | |
| At 1 January 2021 | 7,375 | 22 | 122 | 7,519 |
| Additions | 2,501 | – | 132 | 2,633 |
| Disposals | (2,145) | – | – | (2,145) |
| Exchange differences | 281 | – | 10 | 291 |
| At 31 December 2021 | 8,012 | 22 | 264 | 8,298 |
| Additions | 157 | 22 | – | 179 |
| Disposals | (279) | – | – | (279) |
| Exchange differences | (572) | – | (25) | (597) |
| At 31 December 2022 | **7,318** | **44** | **239** | **7,601** |
| Accumulated depreciation: | | | | |
| At 1 January 2021 | 2,631 | 14 | 29 | 2,674 |
| Depreciation | 1,960 | 5 | 48 | 2,013 |
| Disposals | (1,645) | – | – | (1,645) |
| Exchange differences | 80 | – | 1 | 81 |
| At 31 December 2021 | 3,026 | 19 | 78 | 3,123 |
| Depreciation | 1,941 | 5 | 54 | 2,000 |
| Disposals | (199) | – | – | (199) |
| Exchange differences | (239) | – | (12) | (251) |
| At 31 December 2022 | **4,529** | **24** | **120** | **4,673** |
| Carrying amount: | | | | |
| At 31 December 2021 | 4,986 | 3 | 186 | 5,175 |
| At 31 December 2022 | **2,789** | **20** | **119** | **2,928** |

Certain leases for the plant and equipment expired in the current financial year. The expired contracts were either replaced by new leases for identical underlying assets or extended through exercising the extension options. For the financial year ended 31 December 2022, this resulted in additions to right-of-use assets of $179,000 (2021: $2,633,000).

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 16 GOODWILL

| | Group<br>$'000 |
|---|---|
| Cost: | |
| At 1 January 2021, 31 December 2021 and 31 December 2022 | 1,111 |
| Accumulated impairment: | |
| At 1 January 2021, 31 December 2021 and 31 December 2022 | – |
| Carrying amount: | |
| At 31 December 2021 and 31 December 2022 | 1,111 |

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill arose from the acquisitions of G.H.Y Culture & Media (Singapore) Pte. Ltd. and GHY Culture & Media (Malaysia) Sdn Bhd in 2018 and is allocated as follows:

| | Group | |
|---|---|---|
| | 2022<br>$'000 | 2021<br>$'000 |
| Television Program and Film Production | **510** | 510 |
| Concert Production | **601** | 601 |
| | **1,111** | 1,111 |

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the future contract revenue, discount rate, EBITDA and terminal growth rate. Management estimates discount rate using pre-tax rate that reflect current market assessment of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 3 years and thereafter budget a perpetual growth of 1.00% (2021: 1.00%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 14.3% (2021: 10.5%).

As at 31 December 2022 and 2021, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 17 INTANGIBLE ASSETS

| | Film and drama adaptation licenses $'000 | Rights to the film sets $'000 | Computer software $'000 | Software royalty $'000 | Total $'000 |
|---|---|---|---|---|---|
| Cost: | | | | | |
| At 1 January 2021 | 146 | 1,958 | 97 | 8 | 2,209 |
| Additions | – | 387 | 22 | 77 | 486 |
| Exchange differences | – | (15) | – | 3 | (12) |
| At 31 December 2021 | 146 | 2,330 | 119 | 88 | 2,683 |
| Additions | – | 1,493 | – | – | 1,493 |
| Exchange differences | – | (241) | – | (8) | (249) |
| At 31 December 2022 | **146** | **3,582** | **119** | **80** | **3,927** |
| Accumulated amortisation: | | | | | |
| At 1 January 2021 | 93 | 45 | 12 | 3 | 153 |
| Amortisation charge | 29 | 311 | 39 | 16 | 395 |
| Exchange differences | – | 3 | – | 1 | 4 |
| At 31 December 2021 | 122 | 359 | 51 | 20 | 552 |
| Amortisation charge | 21 | 625 | 40 | 31 | 717 |
| Exchange differences | – | (57) | – | (3) | (60) |
| At 31 December 2022 | **143** | **927** | **91** | **48** | **1,209** |
| Accumulated impairment: | | | | | |
| At 1 January 2021 and 31 December 2021 | – | – | – | – | – |
| Impairment charge | – | 143 | – | – | 143 |
| Exchange differences | – | (5) | – | – | (5) |
| At 31 December 2022 | **–** | **138** | **–** | **–** | **138** |
| Carrying amount: | | | | | |
| At 31 December 2021 | 24 | 1,971 | 68 | 68 | 2,131 |
| At 31 December 2022 | **3** | **2,517** | **28** | **32** | **2,580** |

Film and drama adaptation licenses are amortised over their estimated useful life of 5 to 6 years. The amortisation expenses of $16,000 (2021: $22,000) have been capitalised in the line item "films and drama productions in progress" in statements of financial position as at 31 December 2022 (Note 13A).

The Group signed agreements with joint investors to operate and manage the business of licensing and exploiting the jointly owned film sets. The Group is entitled to a proportionate share of the rights to the film sets, rental income received and bears a proportionate share of the joint operations' expenses. The film sets are held for leasing purpose and own use.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 17 INTANGIBLE ASSETS (CONTINUED)

The Group has the rights to the following film sets:

a) Malaysia: As at 31 December 2022, the Group has a 50% (2021: 50%) share of rights to the film set located in Malaysia for 10 years upon completion of the construction of the film set in 2020.

b) PRC: As at 31 December 2022, the Group has a 60% and 50% (2021: 60% and Nil%) share of rights to the film sets located in PRC for 3 years and 4 years (2021: 3 years and Nil year) upon completion of the construction of the film sets in 2021 and 2022 respectively.

During the year, the Group carried out a review of the recoverable amount of the rights to the film sets. The recoverable amount is determined based on value-in-use and the review led to the recognition of an impairment loss of $143,000 (2021: $Nil) that has been recognised in profit or loss and included in the other expenses line item.

## 18 DEFERRED TAX

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Deferred tax liabilities | **19** | 28 |
| Deferred tax assets | **(4,362)** | (3,789) |
| | **(4,343)** | (3,761) |

| | **Group** |
|---|---|
| | **$'000** |
| At 1 January 2021 | 2,804 |
| Credit to profit or loss during the year (Note 33) | (6,554) |
| Exchange differences | (11) |
| At 31 December 2021 | (3,761) |
| Credit to profit or loss during the year (Note 33) | (938) |
| Exchange differences | 356 |
| At 31 December 2022 | **(4,343)** |

As at 31 December 2022, deferred tax assets arose from deductible temporary differences and unutilised tax losses of $1,387,000 and $2,975,000 (2021: $1,791,000 and $1,998,000) respectively. The deductible temporary differences mainly arose from net tax effect of deferred income, contract costs, prepayments and unrealised profits.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 18 **DEFERRED TAX** (CONTINUED)

Subject to the agreement by the tax authorities and satisfaction of certain conditions, as at 31 December 2022, the Group has unutilised tax losses of $20,909,000 (2021: $13,236,000) available for offset against future profits. A deferred tax asset has been recognised in respect of $12,160,000 (2021: $11,959,000) of such losses, including amounts of $1,226,000, $6,205,000 and $4,267,000 (2021: $1,334,000 and $7,223,000) that will expire at the end of the year 2025, 2026 and 2027 (2021: year 2025 and 2026) respectively and an amount of $462,000 (2021: $3,402,000) that may be carried forward indefinitely for offset against future profits subject to the conditions imposed by law in the respective jurisdiction of the subsidiaries. No deferred tax asset has been recognised in respect of the remaining tax losses of $8,749,000 (2021: $1,277,000) due to the unpredictability of future profit streams. These tax losses will expire at the end of the year 2027 (2021: year 2026).

The Group intends to permanently reinvest earnings to further expand its businesses in PRC. It does not intend to declare dividends to its immediate foreign holding entities in the foreseeable future. Accordingly, no deferred tax liability on withholding tax was accrued as at the end of each reporting period. Cumulative undistributed earnings of the Company's PRC subsidiaries intended to be permanently reinvested in PRC amounted to $37,637,000 (2021: $29,653,000) as of 31 December 2022.

## 19 **INVESTMENT IN SUBSIDIARIES**

| | **Company** | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Unquoted shares, at cost | **8,518** | 8,518 |

The details of the Group's subsidiaries for the financial year are as follows:

| **Name of subsidiaries** | **Principal activities** | **Country of incorporation/ place of business** | **Effective percentage of equity interest and voting power held** | |
|---|---|---|---|---|
| | | | **2022** | **2021** |
| | | | **%** | **%** |
| **Directly held:** | | | | |
| G.H.Y Culture & Media (Singapore) Pte. Ltd.(i) | TV program and film production; Concert production; Talent management | Singapore | **100** | 100 |
| G.Yue Culture and Media Limited(iii) | Investment holding | Hong Kong | **100** | 100 |
| BJHJHL Limited(iv) | Investment holding | Hong Kong | **100** | 100 |

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

## 19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of subsidiaries | Principal activities | Country of incorporation/ place of business | Effective percentage of equity interest and voting power held | |
|---|---|---|---|---|
| | | | 2022 % | 2021 % |
| **Indirectly held:** | | | | |
| GHY Culture & Media (Malaysia) Sdn Bhd(ii) | TV program and film production; Concert production | Malaysia | **100** | 100 |
| GHY Culture & Media (IMS) Sdn Bhd(ii) | TV program and film production | Malaysia | **100** | 100 |
| GHY Culture & Media (ISK) Sdn Bhd(ii) | TV program and film production | Malaysia | **100** | 100 |
| G.H.Y Culture & Media (Australia) Pty Ltd.(i) | Concert production | Australia | **100** | 100 |
| G.H.Y Talent Pte. Ltd.(iv), (v) | Talent management | Singapore | **100** | – |
| Tianjin Xinhe Culture & Broadcast Co., Ltd. (天津信和文化传播有限公司)(iii) | Talent management services and the renting and leasing of concert equipment | PRC | **100** | 100 |
| Tianjin Zhengzai Vision Co., Ltd. (天津正在视觉有限公司)(iii) | Costume, props and make up services | PRC | **100** | 100 |
| Huahuo Entertainment (Tianjin) Culture & Management Co., Ltd. (花火乐娱(天津)文化经纪有限公司)(iii) | Talent management services | PRC | **100** | 100 |
| Beijing Xinyuan Culture & Broadcast Co., Ltd. (北京信远文化传播有限公司)(iii) | Consultancy services | PRC | **100** | 100 |
| Tianjin Xinyuan Culture & Broadcast Co., Ltd. (天津信远文化传播有限公司)(iii) | Consultancy services | PRC | **100** | 100 |

The English names of certain subsidiaries and associates referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

## 19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of subsidiaries | Principal activities | Country of incorporation/ place of business | Effective percentage of equity interest and voting power held | |
|---|---|---|---|---|
| | | | **2022** % | **2021** % |
| **Indirectly held:** (Continued) | | | | |
| Shanghai Xincheng Culture & Broadcast Co., Ltd. (上海信澄文化传播有限公司)(iii) | Talent management services, costume, props and make up services and consultancy services | PRC | **100** | 100 |
| Shanghai Senwu Culture & Management Co., Ltd. (上海森梧文化传播有限公司)(iii) | Talent management services | PRC | **100** | 100 |
| PT. Creative Ocean Pictures(iii) | TV program and film production, distribution, and post-production | Indonesia | **100** | 100 |
| **Structured entities controlled via the Contractual Arrangements(iii) (Note A):** | | | | |
| Tianjin Changxin Film & Media Co., Ltd. (天津长信影视传媒有限公司) (the "PRC Affiliated Holdco") | TV program and film production and operation | PRC | **100** | 100 |
| Beijing Changxin Film & Media Co., Ltd. (北京长信影视传媒有限公司) | TV program and film production and operation | PRC | **100** | 100 |
| Tianjin Ruyang Film & Media Co., Ltd. (天津如阳影视传媒有限公司) | TV program and film production and operation | PRC | **100** | 100 |
| Beijing Yizhongdao Film & Media Co., Ltd. (北京易中道影视传媒有限公司) | TV program and film production and operation | PRC | **100** | 100 |
| Guangzhou Fengye Culture & Co., Ltd. (广州风也文化传媒有限公司) | TV program and film production | PRC | **60** | 60 |
| Xiamen Jinzhao Film Culture & Media Co., Ltd. (厦门金朝映画文化传媒有限公司)(vi) | TV program and film production | PRC | **51** | 51 |

The English names of certain subsidiaries and associates referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

## 19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of subsidiaries | Principal activities | Country of incorporation/ place of business | Effective percentage of equity interest and voting power held | |
|---|---|---|---|---|
| | | | 2022 % | 2021 % |
| **Structured entities controlled via the Contractual Arrangements[iii] (Note A):** (Continued) | | | | |
| Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd. (北京嗨泛互娱管理咨询有限公司)[v] | TV program and film production | PRC | **100** | – |
| Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd. (上海嗨泛互娱文化传媒有限公司)[v] | TV program and film production | PRC | **100** | – |
| Beijing N'Cubic LIVE Management Consulting Co., Ltd. (北京立次方管理咨询有限公司)[v] | TV program and film production | PRC | **100** | – |
| N'Cubic LIVE (Shanghai) Culture & Media Co., Ltd. (立次方(上海)文化传媒有限公司)[v] | TV program and film production | PRC | **100** | – |
| Shijiazhuang Changxin Film & Media Co., Ltd. (石家庄长信影视传媒有限公司)[v] | TV program and film production | PRC | **100** | – |

(i) Audited by Deloitte & Touche LLP, Singapore for group consolidation purpose.

(ii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited for group consolidation purpose.

(iii) The consolidated financials of the G.Yue Culture and Media Limited and its subsidiaries (including PRC Affiliated Entities) is audited by overseas practices of Deloitte Touche Tohmatsu Limited for group consolidation purpose.

(iv) Not material to the results of the Group.

(v) Newly incorporated during the year.

(vi) On 6 May 2021, Tianjin Changxin acquired 51% of the equity interest in Xiamen Jinzhao Film Culture & Media Co. Ltd ("Xiamen Jinzhao") which was incorporated in March 2021. The non-controlling interest of 49% ownership interest recognised at the acquisition date of $11,000 was measured by reference to the net asset value of Xiamen Jinzhao. During the financial year ended 31 December 2022, the paid-in capital of $198,000 injected by the non-controlling shareholder was accounted for as a capital contribution to the Group.

The English names of certain subsidiaries and associates referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

**19 INVESTMENT IN SUBSIDIARIES** (CONTINUED)

**Note A:**

**Contractual Arrangements**

On 1 November 2020, the Company, through the wholly-foreign owned enterprises ("WFOEs"), namely Tianjin Xinyuan and Beijing Xinyuan, entered into the contractual arrangements with the ultimate controlling shareholder and Mr. Xue Xin ("Individual Shareholders") and each of the controlled structured entities ("PRC Affiliated Entities"). During the financial year ended 31 December 2021, there were new subsidiaries incorporated by PRC Affiliated Entities, being Guangzhou Fengye Culture & Media Co., Ltd. and Xiamen Jinzhao Film Culture & Media Co., Ltd.. These 2 new subsidiaries are controlled by Tianjin Changxin and both subsidiaries have entered into supplemental agreements with WFOEs, PRC Affiliated Entities, Individual Shareholders and each of the spouse of the Individual Shareholders dated 30 December 2021. During the financial year ended 31 December 2022, there are new subsidiaries incorporated by PRC Affiliated Entities, being Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd., Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd., Beijing N'Cubic LIVE Management Consulting Co., Ltd., N'Cubic LIVE (Shanghai) Culture & Media Co., Ltd. and Shijiazhuang Changxin Film & Media Co., Ltd.. These 5 new subsidiaries are controlled by Tianjin Changxin and the entities have entered into supplemental agreements with GHY WFOEs, PRC Affiliated Entities, Individual Shareholders and each of the spouse of the Individual Shareholders dated 28 September 2022 (collectively known as "Contractual Arrangements").

The Contractual Arrangements confer operational control and economic rights over the PRC Affiliated Entities are conferred to the Group, which enables the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities, and to have the ability to use its power to affect its return. Further details of Contractual Arrangements are set out below.

Following the completion of the Corporate Reorganisation Exercise of the Group in 2020, the Company became the holding company of the subsidiaries and the PRC Affiliated Entities. The Company together with subsidiaries and the PRC Affiliated Entities are known as the Group.

To comply with the PRC laws, rules and regulations that prohibit foreign ownership of companies that are engaged in television program and film production and operation (including distribution of television programs and films produced overseas) and other businesses, such as internet cultural business (except music), and restrict foreign ownership of companies that are engaged in the business of concert organisation in the PRC, the Company engages in prohibited and restricted businesses in the PRC through certain PRC Affiliated Entities, whose equity interests are held by the Individual Shareholders.

The Company through wholly-foreign owned enterprises ("WFOEs") has entered into Contractual Arrangements with the Individual Shareholders and the PRC Affiliated Entities, which provide the Company the power to control and the ability to enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

**Note A:** (Continued)

**Contractual Arrangements** (Continued)

The following is a summary of the Contractual Arrangements:

*Exclusive Business Cooperation Agreement*

Pursuant to the Exclusive Business Cooperation Agreement, the WFOEs will provide, as the exclusive service providers, management, consultation, technical and business support to the PRC Affiliated Entities and comprehensive services related to its business activities to the extent permitted under relevant laws and regulations, including but not limited to, assisting in formulating management modes and business plans and market development plans, establishing sound business process management, providing management and consulting services in daily operation, finance, investment, assets, creditor's rights and liabilities, human resources services, providing technical research and development, software development, technical upgrading services, and such other service matters specified by the WFOEs through negotiation, from time to time, according to actual business needs and ability to provide services.

With respect to the services provided by the WFOEs, the PRC Affiliated Entities and the Individual Shareholders will irrevocably ensure that the PRC Affiliated Entities will pay the services fees to the WFOEs, which shall be 100% of the remaining amount of the pre-tax profit of each of the PRC Affiliated Entities, after deducting related costs and reasonable expenses, to the extent permitted under the applicable PRC laws and regulations. The service agreements are effective from financial year ended 31 December 2021 and the PRC Affiliated Entities will make payment of service fees to the WFOEs when the service fees are due.

In addition, the WFOEs are granted certain rights under the terms of the Exclusive Business Cooperation Agreement, including but not limited to (i) the sole responsibility for the selection of the senior executives and employees of the PRC Affiliated Entities, and the finance, management and daily operations of the PRC Affiliated Entities; (ii) the right to enjoy and bear all economic benefits and risks arising out of the business of the PRC Affiliated Entities; and (iii) the right to consolidate the financial results of the PRC Affiliated Entities, each as a wholly-owned subsidiary of Tianjin Xinyuan or Beijing Xinyuan, as the case may be, in accordance with the applicable accounting standards.

*Equity Pledge Agreement*

Pursuant to the Equity Pledge Agreement, the Individual Shareholders and Tianjin Changxin which is the PRC Affiliated Holdco, as the case may be, irrevocably pledge 100% of their equity in the relevant PRC Affiliated Entities and all rights and benefits related thereto to the WFOEs as a guarantee for the PRC Affiliated Entities and the Individual Shareholders to fulfil all obligations under the Contractual Arrangements.

The WFOEs have the right to dispose of the pledged equity in the event of breach of contract under the Equity Pledge Agreement.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 19 INVESTMENT IN SUBSIDIARIES (CONTINUED)

**Note A:** (Continued)

**Contractual Arrangements** (Continued)

*Equity Pledge Agreement* (Continued)

The Individual Shareholders and Tianjin Changxin, as the case may be, further undertake to the WFOEs, including but not limited to, that the Individual Shareholders and Tianjin Changxin, as the case may be, will not sell, lease, lend, transfer, assign, gift, re-mortgage, trust, make capital contribution with the pledged equity or otherwise dispose of all or part of the pledge equity, agree to make resolutions to increase or decrease the registered capital of the PRC Affiliated Entities, or agree to any form of initial public offering, backdoor listing and/or asset restructuring, without the prior written consent of the WFOEs. The aforementioned undertakings would restrict the Individual Shareholders from pledging their interests in the PRC Affiliated Entities and/or Tianjin Changxin's interests in the PRC Affiliated Entities, as collateral and/or encumbrance for any loans undertaken by the Individual Shareholders.

*Agreement on Exclusive Purchasing Power*

Pursuant to the Agreement on Exclusive Purchasing Power, the PRC Affiliated Entities and the Individual Shareholders exclusively, irrevocably and freely grant the WFOEs or their respective designated third party an option to purchase all or part of the PRC Affiliated Entities' equities which the Individual Shareholders hold and/or all or part of the businesses or assets of the PRC Affiliated Entities at a nominal consideration of RMB1 or such other minimum price allowed by PRC laws and regulations.

Once the PRC laws and regulations permit the WFOEs to directly hold and the WFOEs decide to hold the equity interest of the PRC Affiliated Entities, and the WFOEs and/or its subsidiaries and branches can legally engage in the business of the PRC Affiliated Entities, the parties will immediately terminate the Agreement on Exclusive Purchasing Power and the WFOEs will have the right to immediately exercise all exclusive rights to purchase under the Agreement on Exclusive Purchasing Power.

*Powers of Attorney*

Pursuant to the Powers of Attorney granted by each of the Individual Shareholders and Tianjin Changxin in favour of the WFOEs, the Individual Shareholders and Tianjin Changxin appointed the WFOEs and their designated third parties as trustees and as their sole, comprehensive and exclusive agents, and in the name of the Individual Shareholders and Tianjin Changxin, to exercise all shareholder rights the Individual Shareholders and Tianjin Changxin enjoy in accordance with laws and the articles of association of the PRC Affiliated Entities for and on behalf of the Individual Shareholders and Tianjin Changxin, including the rights to attend and vote at shareholders' meetings and appoint directors.

**19 INVESTMENT IN SUBSIDIARIES** (CONTINUED)

**Note A:** (Continued)

**Contractual Arrangements** (Continued)

*Powers of Attorney* (Continued)

The Contractual Arrangements confer operational control and economic rights arising from the business of PRC Affiliated Entities to the Group, which enables the Group to exercise power over the business operations of PRC Affiliated Entities, and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, and enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities, and to have the ability to use its power to affect its return. Therefore, the Company is considered to control the PRC Affiliated Entities. Consequently, the Company regards PRC Affiliated Entities as controlled structured entities and consolidates the financial positions and results of operations of these entities in the financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Affiliated Entities and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Affiliated Entities. The directors are of the view that the Contractual Arrangements confer operational control and economic benefits from PRC Affiliated Entities to the Group and the Contractual Arrangements are legal, valid and enforceable under the applicable PRC laws and regulations. However, there is no assurance that the PRC government and regulatory authorities will not take a view that is contrary to or otherwise different from the advice of the legal adviser, or adopt new laws and regulations in the future which may invalidate the Contractual Arrangements.

If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that the Group or the PRC Affiliated Entities are in violation of PRC laws or regulations or lack the necessary permits or licences to operate its business, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with these violations or failures, including but not limited to, revoking the business and operating licences of the PRC Affiliated Entities, requiring the Group to discontinue or restrict its operations, imposing fines or confiscating any of its income that they deem to have been obtained through illegal operations, imposing conditions or requirements with which the Group and the PRC Affiliated Entities may not be able to comply, requiring the Group to restructure the relevant corporate entities and their operations or taking further actions in order to comply with these laws, regulations and rules or taking other regulatory or enforcement actions against the Group. The imposition of any of these measures could significantly disrupt the Group's business operations and may result in a material and adverse effect on the Group's ability to conduct all or any portion of its business and operations in the PRC. If the imposition of any of these government actions causes the Group to lose its right to direct the activities of any of the PRC Affiliated Entities or otherwise separate from any of these entities and if the Group is not able to restructure its corporate structure and operations in a satisfactory manner, the Company would no longer be able to consolidate the financial results of the PRC Affiliated Entities in the consolidated financial statements of the Group.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 20A INVESTMENT IN ASSOCIATE

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Cost of investment in associate | **1,071** | 1,071 |
| Share of post-acquisition loss | **(58)** | (8) |
| Foreign currency exchange differences | **(99)** | – |
| | **914** | 1,063 |

Details of the Group's associate at the end of the financial year is as follows:

| Name of associate | Principal activities | Country of incorporation/ place of business | Effective percentage of equity interest and voting power held | |
|---|---|---|---|---|
| | | | **2022** | **2021** |
| | | | **%** | **%** |
| Xiamen Kaimen Jianjun Film & Television Industry Investment Partnership (厦门开门见君影视产业投资合伙企业 (有限合伙))[(i)] | TV program and film production and operation; Talent management | PRC | **48.92** | 48.92 |

(i) Not material to the results of the Group.

The associate is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I)s.

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Current assets | **1,857** | 2,712 |
| Non-current assets | **15** | – |
| Current liabilities | **(4)** | – |
| Non-current liabilities | **–** | – |
| | **1,868** | 2,172 |
| | | |
| Post-acquisition revenue | **–** | – |
| Post-acquisition loss for the year | **(102)** | (16) |
| Total post-acquisition comprehensive loss for the year | **(102)** | (16) |

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

## 20A INVESTMENT IN ASSOCIATE (CONTINUED)

The share of loss from associate for the financial year ended 31 December 2022 is $50,000 (2021: $8,000).

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in these consolidated financial statements:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Net assets of the associate | **1,868** | 2,172 |
| Proportion of the Group's ownership interest in the associate | **48.92%** | 48.92% |
| Carrying amount of the Group's interest in the associate | **914** | 1,063 |

## 20B INVESTMENT IN JOINT VENTURE

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Cost of investment in joint venture | **950** | 950 |
| Share of post-acquisition loss | **(581)** | (285) |
| | **369** | 665 |

Details of the Group's joint venture at the end of the financial year is as follows:

| **Name of joint venture** | **Principal activities** | **Country of incorporation/ place of business** | **Effective percentage of equity interest and voting power held** | |
|---|---|---|---|---|
| | | | **2022** | **2021** |
| | | | **%** | **%** |
| Uni-Icon Entertainment Pte. Ltd.[(i), (ii)] | Talent management | Singapore | **70** | 70 |

(i) Not material to the results of the Group.

(ii) Although the Group has 70% shareholding interest and majority of the board seats, the Group only carries out routine business operations based on resolutions/decisions jointly decided by both the Group and joint venture partner.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 20B INVESTMENT IN JOINT VENTURE (CONTINUED)

The joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with FRSs.

| | **Uni-Icon Entertainment Pte. Ltd.** | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Current assets | **571** | 1,053 |
| Current liabilities | **(44)** | (103) |
| Net assets | **527** | 950 |
| Post-acquisition revenue | **–** | – |
| Post-acquisition loss for the year | **(423)** | (407) |
| Total post-acquisition comprehensive loss for the year | **(423)** | (407) |

The share of loss from joint venture for the financial year ended 31 December 2022 is $296,000 (2021: $285,000).

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

| | **Uni-Icon Entertainment Pte. Ltd.** | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Net assets of the joint venture | **527** | 950 |
| Proportion of the Group's ownership interest in the joint venture | **70%** | 70% |
| Carrying amount of the Group's interest in the joint venture | **369** | 665 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 21 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Trade payables: | | | | |
| Outside parties | **2,646** | 978 | **–** | – |
| With entities connected to a shareholder of the Company | **–** | 1,804 | **–** | – |
| Other payables: | | | | |
| Outside parties | **1,810** | 643 | **109** | 8 |
| Subsidiaries | **–** | – | **1,417** | 5,870 |
| Joint operators(i) | **1,400** | 1,201 | **–** | – |
| With an entity connected to a shareholder of the Company(ii) | **132** | 269 | **–** | – |
| Advance receipts from joint operators: | | | | |
| Outside parties | **969** | – | **–** | – |
| With entity connected to a shareholder of the Company(iii) | **6,958** | 9,371 | **–** | – |
| Accruals: | | | | |
| Outside parties | **3,179** | 2,371 | **385** | 246 |
| With an entity connected to a shareholder of the Company | **174** | 192 | **–** | – |
| Accrued interest | **19** | 129 | **–** | – |
| Provision | **107** | 79 | **–** | – |
| Deferred income(iv) | **969** | 21 | **–** | – |
| Listing expense payable | **10** | 10 | **10** | 10 |
| Refund liabilities(v) | **–** | 646 | **–** | – |
| Value added tax payable and goods and services tax payable | **4,318** | 5,266 | **24** | – |
| | **22,691** | 22,980 | **1,945** | 6,134 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period on purchases of goods is 30 days (2021: 30 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

(i) As at 31 December 2022, $1,400,000 (2021: $1,201,000) is payable to joint operators, which pertains to the proportionate share of revenue from concert and drama productions attributable to the joint operators.

The Group has a 70.0% share (2021: Nil%) in the ownership in relation to a material joint operation for a concert held in Malaysia subsequent to the reporting date.

(ii) As at 31 December 2022, $132,000 (2021: $269,000) is payable for operating expenses paid on behalf by an entity connected to a shareholder of the Company

(iii) As at 31 December 2021, $9,371,000 (equivalent to RMB43,750,000) pertains to advances received from a joint operator, an entity connected to a shareholder of the company for joint operation in a drama production.

In 2022, the Group entered into an addendum agreement with the joint operator to repay the full amount to the joint operator bearing fixed interest at 5% per annum with effect from 1 January 2022 if the drama production did not commence filming as of 31 December 2022. Upon full settlement of these advances, both parties will enter into a termination agreement (Note 13A).

During the year ended 31 December 2022, the Group recognised an interest expense of $446,000 (Note 32) and refunded $1,937,000 (equivalent to RMB10,000,000) to the joint operator. The Group repaid the remaining balance of $6,958,000 subsequent to the reporting date.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 21 TRADE AND OTHER PAYABLES (CONTINUED)

(iv) As at 31 December 2022, deferred income of $969,000 (2021: $21,000) represented government grant received for a film production in progress. The deferred income is recognised in profit or loss when the Group recognised as expenses the related cost for which the grants are intended to compensate.

(v) As at 31 December 2021, refund liabilities represented the estimated concert ticket refund to customers due to postponement of concerts in Malaysia and Australia arising from travel restrictions and concerns over the COVID-19 outbreak. As at 31 December 2022, no refund liabilities was recognised. The concerts in Malaysia and Australia are subsequently held in January 2023 and March 2023 respectively.

## 22 CONTRACT LIABILITIES

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Contract liabilities | **6,279** | 5,130 |

As at 1 January 2021, contract liabilities amounted to $6,894,000.

Contract liabilities related to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfils its performance obligation under the contract with the customers which generally does not exceed one year. The balances are classified as current as the performance obligations are expected to be fulfilled within the Group's normal operating cycle.

Revenue recognised in the financial year ended 31 December 2022 amounting to $1,209,000 (2021: $2,425,000) was included in contract liabilities at the beginning of the financial year.

## 23A AMOUNT DUE FROM (TO) RELATED PARTIES

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| AMOUNT DUE FROM RELATED PARTIES: | | | | |
| Trade | | | | |
| (a) With entities associated to a shareholder of the Company and non-executive director | | | | |
| – prepayment of grant of rights for concert production | **814** | 1,240 | **–** | – |
| – payment on behalf of concert production related expenses | **9** | – | **–** | – |
| (b) With a key management personnel and shareholder of PRC Affiliated entities | | | | |
| – advances paid in respect of the expenditure for an ongoing drama project | **97** | 107 | **–** | – |
| | **920** | 1,347 | **–** | – |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 23A AMOUNT DUE FROM (TO) RELATED PARTIES (CONTINUED)

The credit period for balances is 30 days (2021: 30 days) and will be settled under normal credit terms. Management estimates the loss allowance on trade-related balances at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. The amounts due from related parties are not past due at the end of the reporting period.

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| AMOUNT DUE TO RELATED PARTIES: | | | | |
| Non-trade | | | | |
| (a) With directors of the Company | **271** | 201 | **205** | 130 |
| (b) With a key management personnel and shareholder of PRC Affiliated entities | **41** | – | **–** | – |
| (c) With family members of the ultimate controlling shareholder and director | **3** | – | **–** | – |
| Trade | | | | |
| (d) With a company controlled by a shareholder of the Company and non-executive director – artiste fees | **538** | 980 | **–** | – |
| (e) With companies controlled by a shareholder of the Company and non-executive director – concert production related expenses | **1,015** | – | **–** | – |
| (f) With a director of the Company – talent management fees | **33** | 21 | **–** | – |
| | **1,901** | 1,202 | **205** | 130 |

Trade payables principally comprise amounts outstanding for services received from related parties in relation to Television Program and Film Production and Concert Production. The credit period taken for trade purchases is 30 days (2021: 30 days).

The non-trade payables are unsecured, interest-free and repayable on demand unless otherwise stated.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 23B AMOUNT DUE FROM JOINT VENTURE

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Non-trade | | | | |
| With a joint venture – operating expenses paid on behalf | **14** | 77 | **–** | – |

The credit period for balances is 30 days (2021: 30 days) and will be settled under normal credit terms. The amount due from joint venture is not past due at the end of the reporting period.

## 24 LEASE LIABILITIES (THE GROUP AS LESSEE)

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Maturity analysis: | | |
| Year 1 | **1,616** | 2,228 |
| Year 2 | **636** | 1,205 |
| Year 3 | **551** | 639 |
| Year 4 | **485** | 604 |
| Year 5 | **243** | 530 |
| Year 6 onwards | **–** | 265 |
| | **3,531** | 5,471 |
| Less: Unearned interest | **(307)** | (547) |
| | **3,224** | 4,924 |
| Analysed as: | | |
| Current | **1,495** | 2,013 |
| Non-current | **1,729** | 2,911 |
| | **3,224** | 4,924 |

The Group does not face a significant liquidity risk regarding its lease liabilities.

As at 31 December 2022, the weighted average incremental borrowing rate applied to the lease liabilities is 5.47% (2021: 5.46%) per annum.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 24 LEASE LIABILITIES (THE GROUP AS LESSEE) (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | | | Non-cash changes | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 January 2022 $'000 | Financing cash flows[i] $'000 | New lease liabilities $'000 | Early termination of lease $'000 | Hire purchase $'000 | Dividends declared $'000 | Foreign exchange movement $'000 | 31 December 2022 $'000 |
| Lease liabilities (Note 24) | **4,924** | (1,440) | 179 | (80) | – | – | (359) | **3,224** |
| Borrowings (Note 25) | **14,352** | 396 | – | – | 250 | – | (1,396) | **13,602** |
| Dividend payable | **–** | (1,070) | – | – | – | 1,070 | – | **–** |
| | **19,276** | (2,114) | 179 | (80) | 250 | 1,070 | (1,755) | **16,826** |

| | | | Non-cash changes | | | | |
|---|---|---|---|---|---|---|---|
| | 1 January 2021 $'000 | Financing cash flows[i] $'000 | New lease liabilities $'000 | Foreign exchange movement $'000 | Dividends declared $'000 | Other changes[ii] $'000 | 31 December 2021 $'000 |
| Film investment funds from investors | 4,072 | (4,153) | – | 81 | – | – | – |
| Lease liabilities (Note 24) | 4,690 | (1,925) | 2,133 | 198 | – | (172) | 4,924 |
| Borrowings (Note 25) | 7,125 | 6,654 | – | 573 | – | – | 14,352 |
| Dividend payable | 5,000 | (16,490) | – | – | 11,490 | – | – |
| | 20,887 | (15,914) | 2,133 | 852 | 11,490 | (172) | 19,276 |

(i) The cash flows make up the net amount of proceeds from film investment funds from investors and borrowings and repayments of film investment funds from investors and borrowings in the consolidated statement of cash flows.

(ii) Other changes include interest accruals and payments and prepaid lease payments.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 25 BORROWINGS

At the end of the reporting period, the Group have the following borrowings:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Short-term bank loans[i] | **13,357** | 14,352 |
| Other borrowings[ii] | **245** | – |
| | **13,602** | 14,352 |
| Analysed as: | | |
| Current | **13,414** | 14,352 |
| Non-current | **188** | – |
| | **13,602** | 14,352 |

(i) Bank borrowings bore interest rates ranging from 3.25% to 5.60% per annum (2021: 5.46%) and are repayable within 12 months from the financial year end. As at 31 December 2022, bank loans amounting to $3,548,000 (31 December 2021: $14,352,000) are singly or jointly guaranteed by (i) the ultimate controlling shareholder, (ii) third parties, (iii) restricted bank deposits of not less than RMB20 million, and (iv) assignment of sales contracts and sales proceeds.

As at 31 December 2022, a bank loan of $9,809,000 is related to proceeds received from the Discounted Notes (Note 8).

(ii) During the year ended 31 December 2022, the Group purchased a motor vehicle via hire purchase agreement which bore interest rate at 2.78% per annum, constituting in-substance purchase with financing arrangement.

The Group has access to financing facilities of which $31,187,000 (2021: $22,500,000) were unused at the reporting date. The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 26 SHARE CAPITAL

| | Number of shares | Par value US$ | Share capital US$ |
|---|---|---|---|
| Authorised share capital of the Company: | | | |
| At 1 January 2021, 31 December 2021 and 31 December 2022 | **500,000,000** | **0.0001** | **50,000** |

The share capital as at 31 December 2022 and 2021 represented the issued share capital of the Company.

| | Number of shares | |
|---|---|---|
| | 2022 | 2021 |
| Company | | |
| Issued and fully paid: | | |
| At beginning and end of year | **1,073,792,000** | 1,073,792,000 |

| | Share capital | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Issued and fully paid: | | | | |
| At beginning and end of year | **14** | 14 | **14** | 14 |

## 27 SHARE PREMIUM

| | Group and Company | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| At beginning of year | **114,118** | 117,889 |
| Dividends (Note 39) | **(1,070)** | (3,771) |
| At end of year | **113,048** | 114,118 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 28 TREASURY SHARES

| | Group and Company | | Group and Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| | **Number of shares ('000)** | | **$'000** | **$'000** |
| At beginning of year | **672** | – | **367** | – |
| Repurchased during the year | **3,877** | 672 | **1,863** | 367 |
| At end of year | **4,549** | 672 | **2,230** | 367 |

During the financial year ended 31 December 2022, the Company paid $1,863,000 (2021: $367,000) to acquire 3,877,000 (2021: 672,000) of its own shares through purchases on the SGX-ST and the amounts have been deducted from shareholders' equity. The shares are held as "treasury shares".

## 29 REVENUE

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Sale of television, drama and film production | **20,024** | 75,730 |
| Revenue from artistic performance and sponsorship revenue | | |
| – Concert Organiser | **20,255** | – |
| Talent management service income | **1,554** | 1,522 |
| Costume, make-up and props services | **1,116** | 4,693 |
| Others | **2,783** | 1,374 |
| | **45,732** | 83,319 |

A disaggregation of the Group's revenue for the year is as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Timing of revenue recognition: | | |
| At a point in time | **34,352** | 43,658 |
| Over time | **11,380** | 39,661 |
| | **45,732** | 83,319 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 29 **REVENUE** (CONTINUED)

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for sale of television, drama and film production and concert as at the end of the reporting period is:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Performance obligations that are unsatisfied (or partially unsatisfied) | **6,279** | 5,130 |

Management expects that full amount will be recognised as revenue during the next operating cycle.

In 2021, the Group entered into a three-party arrangement with the major customer and the new debtor and the rights and obligations in the revenue contract for the sale of a drama production were novated from the new debtor to the Group. The key contract terms for the revenue contract have been principally agreed before year end and the contract was physically signed off by the major customer in January 2022. The Group obtained a legal opinion from the PRC legal adviser that the Group has enforceable legal rights over the revenue contract as at year end. Accordingly, the Group has recognised revenue of $28,207,000 and gross profit of $8,542,000 arising from the sale transaction (Note 8).

## 30 **OTHER INCOME**

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Interest income | **279** | 307 |
| Interest income on film investment funds to outside parties (Note 9) | **116** | – |
| Fair value gain on financial assets at FVTPL (Note 12) | **–** | 95 |
| Net foreign currency exchange gain | **–** | 2,111 |
| Gain on structured deposits | **3** | 20 |
| Gain on early termination of right-of-use assets | **22** | 20 |
| Government grant[(i)] | **5,658** | 3,201 |
| Rental income from film set | **588** | 153 |
| Reversal of allowance for expected credit losses | **384** | – |
| Others | **45** | 54 |
| | **7,095** | 5,961 |

(i) The government grants received by the Group mainly relate to grants for production of dramas under the TV program and film production business segment.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 31 OTHER EXPENSES

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Allowance for expected credit losses | **–** | 1,741 |
| Amortisation of rights to the film sets (Note 17) | **625** | – |
| Bad debts written-off | **15** | – |
| Donation | **140** | 308 |
| Fair value loss on financial assets at FVTPL (Note 12) | **145** | – |
| Film set operating expenses (Note 17) | **342** | 153 |
| Net foreign currency exchange loss | **8,824** | – |
| Impairment loss on film sets (Note 17) | **143** | – |
| Loss on derecognition of financial assets at FVTPL (Note 12) | **200** | – |
| Written-off of inventories | **2** | – |
| Written-off of plant and equipment | **8** | – |
| Others | **219** | 61 |
| | **10,663** | 2,263 |

## 32 FINANCE COSTS

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Interest expense on: | | |
| Lease liabilities | **221** | 283 |
| Bank guarantee fee | **23** | 130 |
| Discounted notes receivable (Note 8) | **155** | – |
| Short-term bank loans | **500** | 342 |
| Other finance cost | **356** | – |
| Advance receipts from joint operator (Note 21) | **446** | – |
| Film investment funds from external investors[(i)] | **–** | 293 |
| | **1,701** | 1,048 |

(i) During the year ended 31 December 2021, the film investment funds from two investors for two dramas and film productions which were carried at amortised cost, bore interest ranging from 8% to 15% per annum. The funds were fully repaid in 2021.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 33 INCOME TAX (CREDIT) EXPENSE

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Tax expense comprises: | | |
| Current tax | | |
| – Current year | **151** | 9,785 |
| – Under (over) provision of prior year tax | **30** | (58) |
| Deferred tax (Note 18) | | |
| – Current year | **(864)** | (6,554) |
| – Overprovision of prior year tax | **(74)** | – |
| Withholding tax | **96** | – |
| Total | **(661)** | 3,173 |

Under the current laws of the Cayman Islands, there is no corporate income tax or capital gains tax. Accordingly, the Company is not subject to tax on its income or capital gains. In addition, there is no withholding tax on dividends in the Cayman Islands. Therefore, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed. The Company is regarded as a tax resident in Singapore on the basis that its control and management for the financial year 2022 and 2021 was exercised in Singapore.

The Company's subsidiaries incorporated in other jurisdictions were subject to income tax charges calculated according to the tax laws enacted or substantially enacted in the countries where they operate and generate income.

On 11 May 2018, the Company's subsidiary incorporated in Singapore was granted incentives under the Development and Expansion incentive ("DEI"). The status was granted for a period of 5 years from 1 July 2018 to 30 June 2023. As such, for the period beginning 1 July 2018, the income tax expense on the qualifying profits of the subsidiary are determined by applying the concessionary income tax rate of 5%. During the financial year ended 31 December 2022, the Company's subsidiary received communication from Economic Development Board ("EDB") that the DEI incentive has been terminated with effect from 1 July 2021 due to non-fulfillment of conditions for DEI incentive. As such, for the period beginning 1 July 2021, the income tax expense on the qualifying profits of the subsidiary are determined at the statutory tax rate of 17%.

The statutory tax rates for subsidiaries in Malaysia, Australia and the PRC were 24%, 30% and 25%, respectively.

# NOTES TO **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2022

## 33 **INCOME TAX (CREDIT) EXPENSE** (CONTINUED)

The total charge for the year can be reconciled to the accounting profit by applying the Singapore income tax rate of 17% as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| (Loss) Profit before income tax | **(11,142)** | 6,641 |
| Income tax (credit) expenses calculated at 17% | **(1,894)** | 1,129 |
| Effect of expenses that are not deductible in determining taxable profit | **718** | 750 |
| Effect of income not taxable in determining taxable profit | **(263)** | (57) |
| Stepped income exemption | **(17)** | – |
| Effect of applying 5% tax rate under Development and Expansion incentive | **–** | 368 |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | **1,407** | 26 |
| Effect of previously unrecognised tax losses and capital allowance now recognised as deferred tax assets | **–** | (11) |
| Effects of different tax rate of subsidiaries operating in other jurisdictions | **(952)** | 1,027 |
| Others[(i)] | **288** | (1) |
| Withholding tax | **96** | – |
| | **(617)** | 3,231 |
| Overprovision of prior year tax | **(44)** | (58) |
| Income tax (credit) expenses | **(661)** | 3,173 |

(i) In FY2022, this is mainly related to the tax expense recognised on deferred income representing government grant received for a film production in progress (Note 21).

# NOTES TO **FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2022

## 34 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after (crediting) charging:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Gain on structured deposits | **(3)** | (20) |
| Gain on early termination of right-of-use assets | **(22)** | (20) |
| Government grants | **(5,658)** | (3,201) |
| Interest income | **(395)** | (307) |
| (Reversal of allowance) Allowance for expected credit losses | **(384)** | 1,741 |
| Amortisation of films and drama products included in the cost of television, drama and film production recognised as cost of sales | **2,061** | 6,892 |
| Amortisation of intangible assets | **701** | 373 |
| Bad debts written-off | **15** | – |
| Cost of defined contribution plans included in employee benefits expense | **863** | 751 |
| Cost of television, drama and film production recognised as cost of sales | **15,356** | 55,915 |
| Depreciation of plant and equipment included in the cost of concert organisation recognised in cost of sales | **404** | 408 |
| Depreciation of plant and equipment recognised in administrative expenses, selling and general expenses and other expenses | **798** | 516 |
| Depreciation of right-of-use assets | **2,000** | 2,013 |
| Employee benefits expense | **11,088** | 8,967 |
| Expenses relating to leases of low value assets | **1** | 1 |
| Expenses relating to short-term leases | **130** | 154 |
| Fair value loss (gain) on financial assets at fair value through profit or loss | **145** | (95) |
| Impairment loss of contract costs | **–** | 219 |
| Impairment loss of intangible assets | **143** | – |
| Interest expense | **1,701** | 1,048 |
| Listing expenses | **–** | 17 |
| Net foreign currency exchange loss (gain) | **8,824** | (2,111) |
| Written-off of films and drama production in progress | **181** | – |
| Written-off of inventories | **2** | – |
| Written-off of plant and equipment | **8** | 18 |
| Audit/non-audit fees to auditors of the Company: | | |
| – Annual audit fees | **358** | 428 |
| – Annual non-audit fees | **33** | 159 |
| Audit/non-audit fees to other auditors: | | |
| – Annual audit fees | **233** | 232 |
| – Annual non-audit fees | **10** | 34 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 34 **(LOSS) PROFIT FOR THE YEAR** (CONTINUED)

The total cash outflow for leases amount to $1,636,000 (2021: $2,202,000) for the financial year ended 31 December 2022.

During the financial year, the total employee benefits expense incurred of $11,535,000 (2021: $9,977,000) and recognised in profit or loss is $11,088,000 (2021: $8,967,000). During the financial year, total employee benefit expenses incurred of $447,000 (2021: $1,010,000) is capitalised in the line item “films and drama productions in progress”.

## 35 DEFINED CONTRIBUTION PLANS

The employees of the Group are members of state-managed retirement benefit plans, operated by relevant governmental authorities in those countries. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

During the financial year, the total expense of $911,000 (2021: $869,000) was incurred and expense of $863,000 (2021: $751,000) was recognised in the profit or loss. At the end of reporting period, total expense incurred of $48,000 (2021: $118,000) was capitalised in the line item “films and drama productions in progress”.

As at 31 December 2022, contributions of $90,000 (2021: $84,000) due in respect of current financial year had not been paid over to the plans, which was included in the “trade and other payables” line item in the consolidated statement of financial position. The amounts were paid subsequent to the end of the reporting period.

## 36 SEGMENT INFORMATION

The Group’s chief operating decision-maker (“CODM”) comprises the Chief Executive Officer, Executive Directors, Chief Financial Officer, and the heads of each business within the operating segment. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of services provided.

The Group has 4 reportable segments, as described below, which are the Group’s strategic business units. The strategic business units offer different services and are managed separately because they require different marketing strategies. For each of the strategic business units, the CODM reviews the internal management report on periodic basis.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 36 SEGMENT INFORMATION (CONTINUED)

The following describes the operations in each of the Group's reportable segments:

| Segment | Principal activities |
|---|---|
| Television Program and Film Production | Production of dramas and films and script production. |
| Concert Production | Provision of Concert Organisation and Concert Management, sponsorship income and rental of concert equipment. |
| Talent Management Services | Participation and engagement of the artistes managed by the Group in the projects and events which are produced by the Group as their talent management agency on a project basis. |
| Costumes, Props and Make-up Services | Provision of costumes, props and make up services to artists and third-party production companies. |

Segment revenue and results

| | Group For the year ended 31 December 2022 | | | |
|---|---|---|---|---|
| | Television Program and Film Production $'000 | Concert Production $'000 | All Other Segments $'000 | Total $'000 |
| Revenue | 20,058 | 20,255 | 9,733 | 50,046 |
| Inter-segment elimination | (34) | – | (4,280) | (4,314) |
| | 20,024 | 20,255 | 5,453 | 45,732 |
| Gross profit | 4,543 | 8,902 | 3,876 | 17,321 |
| Inter-segment elimination | 125 | – | (3,197) | (3,072) |
| | 4,668 | 8,902 | 679 | 14,249 |
| Other income | | | | 7,095 |
| Share of result from associate | | | | (50) |
| Share of result from joint venture | | | | (296) |
| Administrative expenses | | | | (13,367) |
| Selling and distribution expenses | | | | (6,409) |
| Other expenses | | | | (10,663) |
| Finance costs | | | | (1,701) |
| Loss before tax | | | | (11,142) |
| Income tax credit | | | | 661 |
| Loss for the year | | | | (10,481) |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 36 SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

| | Group<br>For the year ended 31 December 2021 | | | |
|---|---|---|---|---|
| | **Television Program and Film Production $'000** | **Concert Production $'000** | **All Other Segments $'000** | **Total $'000** |
| Revenue | 84,651 | – | 11,361 | 96,012 |
| Inter-segment elimination | (8,921) | – | (3,772) | (12,693) |
| | 75,730 | – | 7,589 | 83,319 |
| Gross profit | 20,205 | (408) | 4,200 | 23,997 |
| Inter-segment elimination | 174 | – | (2,416) | (2,242) |
| | 20,379 | (408) | 1,784 | 21,755 |
| Other income | | | | 5,961 |
| Share of result from associate | | | | (8) |
| Share of result from joint venture | | | | (285) |
| Administrative expenses | | | | (11,514) |
| Selling and distribution expenses | | | | (5,957) |
| Other expenses | | | | (2,263) |
| Finance costs | | | | (1,048) |
| Profit before tax | | | | 6,641 |
| Income tax expense | | | | (3,173) |
| Profit for the year | | | | 3,468 |

Segment assets and liabilities are not reported to the board of directors of the Company.

All other segments include but not limited to talent management services, and costumes, props and make-up services.

Revenue reported above represents revenue generated from external customers. There were inter-segment sales for the financial year ended 31 December 2022 and 2021 of $4,314,000 and $12,693,000 respectively.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of other income, share of result from associate, administrative expenses, selling and distribution expenses, other expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Revenue from major products and services

The Group's revenue from its major products and services are disclosed in Note 29.

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 36 SEGMENT INFORMATION (CONTINUED)

Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of external customers' operations. Non-current assets other than goodwill, investment in associate, investment in joint venture, and deferred tax assets are based on the geographical location of the assets.

| | Revenue from external customers | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Singapore | **20,474** | 4 |
| China | **25,258** | 83,315 |
| | **45,732** | 83,319 |

| | Non-current assets | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Singapore | **1,280** | 1,567 |
| China | **8,292** | 9,466 |
| Malaysia | **1,302** | 1,729 |
| | **10,874** | 12,762 |

Information on major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the periods are as follows:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| Customer A | **10,706** | 61,837 |
| Customer B | **5,040** | – |

## 37 (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **$'000** | **$'000** |
| (Loss) Profit for the year attributable to the owners of the Company | **(9,382)** | 3,901 |
| Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share | **1,070,635** | 1,073,758 |
| Basic and diluted (loss) earnings per share (cents) | **(0.88)** | 0.36 |

# NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2022

## 37 **(LOSS) EARNINGS PER SHARE** (CONTINUED)

The fully diluted (loss) earnings per share and basic (loss) earnings per share for the financial years ended 31 December 2021 and 31 December 2022 are the same because the Group does not have any dilutive instruments.

## 38 **LEASE ARRANGEMENTS**

At the reporting date, the Group is committed to $124,000 (2021: $159,000) for short-term leases.

## 39 **DIVIDENDS**

During the year ended 31 December 2021, the Company declared and paid a tax-exempt final dividend of 1.07 Singapore cents per share in respect of the financial year ended 31 December 2020 amounting approximately $11,490,000 representing approximately 30% of the Group's net profit after tax for the financial year ended 31 December 2020.

During the year ended 31 December 2022, the Company declared and paid a tax-exempt final dividend of 0.10 Singapore cents per share in respect of the financial year ended 31 December 2021 amounting approximately $1,070,000 representing approximately 30% of the Group's net profit after tax for the financial year ended 31 December 2021.

The directors propose the payment of a tax-exempt final dividend of 0.10 Singapore cents per share in respect of the financial year ended 31 December 2022 amounting approximately $1.1 million for the financial year ended 31 December 2022, subject to the approval of Shareholders at the forthcoming annual general meeting and determined based on the share premium of the Company as at 31 December 2022. As at the date of these consolidated financial statements, the final dividends have not yet been paid. The dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

## 40 **EVENTS AFTER THE REPORTING PERIOD**

Subsequent to 31 December 2022, the Group entered into the following agreements in connection with the proposed acquisition of an 80% interest in Iskandar Malaysia Studios Sdn Bhd ("**IMS**"):

1) The Group entered into a share sale agreement to acquire 80% of the total issued and paid-up capital in Studio Management Services Sdn Bhd ("**SMS**") for a consideration of RM8,840,000 (or equivalent to approximately $2,650,000) from the Sellers;

2) SMS entered into a conditional sales and purchase agreement to acquire 100% of the total issued and paid-up capital in IMS ("**IMS SPA**"). Based on the audited accounts of IMS for the financial year ended 31 December 2022, the net asset value of IMS is approximately RM32,000,000 (or equivalent to approximately $9,600,000); and

3) The Group entered into a shares subscription agreement with SMS for a consideration of RM25,600,000 (or equivalent to approximately $7,700,000) where the Group will continue to hold 80% interest in SMS ("**Subscription Agreement**"). This agreement will only be executed upon fulfilment of IMS SPA conditions.

Pursuant to the above agreements, in the event that the IMS SPA is not completed and/or terminated for any reason, then the Group, the Sellers and SMS must take all necessary steps to recover all or any part of the purchase consideration and all other sums paid under the IMS SPA, and the Sellers and SMS must repay the sums paid by the Group.

# CORPORATE GOVERNANCE REPORT

G.H.Y Culture & Media Holding Co., Limited (the "**Company**" and together with its subsidiaries and its PRC Affiliated Entities[1], the "**Group**") and the Board of Directors (the "**Board**") and management of the Company strive to maintain high standards of corporate governance, to promote greater transparency and to protect the interests of Shareholders. The Board's commitment to good corporate governance practices is essential for Directors to discharge their corporate and fiduciary responsibilities, and is fundamental to the enhancement of long-term shareholders' value.

The Board has taken steps to align the Group's corporate governance framework with the principles and provisions set out in the Code of Corporate Governance 2018 (the "**Code**") since the listing of the Company on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 18 December 2020. Where there are deviations from the provisions of the Code, an explanation has been provided in this Report, which includes the reason for the variation, as well as the practices adopted to which are consistent with the relevant principle of the Code.

## (A) BOARD MATTERS

### The Board's Conduct of Affairs

***Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

The Board is responsible for the overall performance of the Group. The Board sets the strategic direction and vision of the Group and directs the overall strategy, policies, and business plans of the Group, as well as oversees the stewardship and allocation of the Group's resources.

*Provision 1.1 – Principal functions of the Board*

The Board's objective is to achieve sustained value creation for all stakeholders. It sets the appropriate tone-from-the-top for the proper conduct of the Group's businesses and affairs, the organisational culture, ethics and code of conduct to ensure proper accountability within the Group. As at the date of this Report, the Board is made up of the following members:

**Executive Directors:**
Mr. Guo Jingyu (Executive Chairman and Group Chief Executive Officer ("**CEO**"))
Ms. Yue Lina
Ms. Wang Qing

**Non-Independent and Non-Executive Directors:**
Mr. Yang Jun Rong
Ms. Zeng Yingxue

**Independent Directors:**
Mr. Yeo Guat Kwang (Lead Independent Director)
Mr. Ang Chun Giap
Mr. Chen Mingyu
Dr. Jiang Minghua
Mr. Li Qi
Mr. Shamsul Kamar Bin Mohamed Razali

[1] Entities which the Group is conferred operational control and economic rights over, and the Group is able to exercise control over the business operations of such entities and enjoy substantially all the economic rights arising from the business of such entities. The Group regards each PRC Affiliated Entity as a controlled structured entity and consolidates the financial positions and results of operations of the PRC Affiliated Entities in the financial statements of the Group.

# CORPORATE GOVERNANCE REPORT

The Board comprises Directors from diverse business, industry, management, and financial backgrounds. The Directors bring with them a wide spectrum of skills, experience, expertise and perspectives to effectively lead and direct the Group. The diversity of the Directors' experience enables meaningful exchange of ideas and views in the development of the Group's strategy and performance. The profiles of the Directors are set out under Board of Directors section of this Annual Report.

The principal functions of the Board include, but are not limited to, the following:

- reviewing and approving Board policies, strategies and financial objectives for the Group and supervising, monitoring and reviewing the performance of the management team;

- overseeing the processes for evaluating and assessing the adequacy of internal controls and risk management (including financial, operational and compliance risk areas identified by the Audit and Risk Management Committee that need to be strengthened), recommending actions to be taken to address and monitor areas of concern, and establishing and maintaining a sound risk management framework to effectively monitor and manage risks;

- deciding on matters in relation to the Group's activities which are of a significant nature, including approving major funding proposals, investment and divestment proposals including merger and acquisition transactions and timely announcements of material transactions;

- approving matters such as half-year and full year results announcements and appointment of directors and key management personnel, and recommending the declaration of dividends;

- setting of the Group's value and standards (including ethical standards), and ensuring transparency and accountability to shareholders and other stakeholders; and

- assuming responsibility for corporate governance and considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy.

Directors are cognisant of their fiduciary duties at law. All Directors are expected to objectively discharge their duties and responsibilities as fiduciaries, take decisions in the best interests of the Company at all times and ensure proper accountability within the Group, including complying with the requirements of the SGX-ST Listing Manual, the Company's internal guidelines and policies, and other applicable laws and regulations, from time to time. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself/herself from discussions and refrain from exercising any influence over other members of the Board. Where such participation is permitted, the conflicted Director will participate only for an appropriate period during the discussions to allow full and frank exchange with the other Directors. In any event, the conflicted Director will abstain from the decisions involving the issues of conflict.

The Board has implemented a code of conduct and ethics which the Group's employees are required to observe. The code of conduct and ethics embodies the ethical standards of the Group and the Group's commitment to conduct its businesses in accordance with all the ethical standards of the Group, laws, rules and regulations applicable from time to time and provides a communicable and understandable framework for all Directors and the Group's employees to observe the principles of honesty, integrity, responsibility and accountability at all levels of the organisation and in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflict of interests.

# CORPORATE **GOVERNANCE REPORT**

*Provision 1.2 – Directors' orientation and training*

The Group encourages Directors to receive regular training and updates on relevant laws and regulations and to participate in conferences, seminars or any training programmes to equip themselves with the relevant knowledge to discharge their responsibilities in an effective and efficient manner. In FY2022, pursuant to the Listing Rule 720(7), the Directors have undergone training on sustainability matters as prescribed by the SGX-ST.

Newly appointed Directors are briefed on his/her roles, duties, obligations, responsibilities and expectations, and receive orientation and training, if necessary, to familiarise themselves with the Group's business activities, strategic direction and the regulatory environment in which the Group operates in, as well as their statutory and other duties and responsibilities as Directors. Directors are provided with extensive background information on the Group's corporate structure, history, industry-specific knowledge, mission, and values. Directors are also briefed on the key audit matters in the auditors' report and receive quarterly updates on the strategic development of the Group.

The Board is also kept updated on the relevant amendments and/or requirements of the SGX-ST, including the SGX-ST Listing Manual and the Code, and other statutory and regulatory requirements and key changes in financial reporting standards from time to time. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board.

In FY2022, Mr. Shamsul Kamar Bin Mohamed Razali, Mr. Li Qi and Ms. Zeng Yingxue have completed the prescribed mandatory training as specified under Practice Note 2.3 of the SGX-ST Listing Manual within one year from the date of their respective appointments to the Board.

Newly appointed Directors are given letters explaining the terms of their appointment as well as their duties and obligations. The Company arranges for any new Director with no prior experience of serving as a director in a listed company ("**First-time Director**") to attend appropriate courses, conferences or seminars, including the mandatory training conducted by the Singapore Institute of Directors in accordance with the SGX-ST Listing Manual or other training institutions in areas such as accounting, legal and industry-specific knowledge, at the expense of the Company, unless the First-time Director has been assessed by the Nominating Committee to possess relevant experience. In assessing whether the First-time Director has the relevant experience, the Nominating Committee will consider whether the experience is comparable to the experience of a person who has served as a director of an issuer listed on the SGX-ST, and the Nominating Committee will disclose the reasons for such assessment in the Company's announcement of the First-time Director's appointment as director of the Company.

*Provision 1.3 – Matters for Board Approval*

The Group has formalised a set of internal guidelines for matters reserved for the Board's approval and which have been clearly communicated to the management in writing. The following is an extract of some of these matters:

a. corporate restructuring;

b. mergers and acquisitions;

c. investments and divestments;

d. acquisitions and disposals of assets;

# CORPORATE **GOVERNANCE REPORT**

e. major corporate policies on key areas of operations;

f. acceptance of bank facilities;

g. the Group's half-yearly and full year results announcements;

h. recommendation and declaration of dividends;

i. convening of general meetings;

j. material regulatory matters or litigation;

k. appointment of Directors and key management personnel;

l. compliance matters associated with the SGX-ST Listing Manual and other relevant laws and regulations; and

m. interested person transactions.

In addition, there is a formalised delegation of authority matrix that sets out financial approval limits for the Board and the management team of the Group regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements.

*Provision 1.4 – Board Committees*

The Board is supported by 3 Board Committees: namely, the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). These Board Committees function within clearly defined and written terms of reference (which sets out their respective duties, authority, responsibilities and accountability to the Board) and operating procedures, and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board on a regular basis to enhance the effectiveness of the Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections of this Corporate Governance Report.

All committees are chaired by an Independent Director. The ultimate responsibility for the final decision on all matters, however, lies with the Board, and all matters discussed at the Board Committees' meetings are presented and reported to the Board for approval prior to its implementation.

The compositions of the Board Committees are as follows:

| **Designation** | **Audit and Risk Management Committee** | **Nominating Committee** | **Remuneration Committee** |
|---|---|---|---|
| Chairman | Mr. Ang Chun Giap | Mr. Yeo Guat Kwang (Lead Independent Director) | Mr. Chen Mingyu |
| Member | Dr. Jiang Minghua | Mr. Guo Jingyu | Mr. Yeo Guat Kwang |
| Member | Mr. Chen Mingyu | Dr. Jiang Minghua | Mr. Shamsul Kamar Bin Mohamed Razali |
| Member | – | – | Mr. Li Qi |

# CORPORATE GOVERNANCE REPORT

*Provision 1.5 – Board meetings, attendance, and multiple commitments*

The Board schedules at least 2 meetings a year to coincide with the announcements of the Group's half-year and full year financial results. Additional meetings are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. The Board is free to seek clarification and information from the management on all matters within their purview. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company.

Where a physical Board meeting is not possible, the Company's Articles of Association and the terms of reference for each Board Committee provide for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in meetings to communicate with each other simultaneously and instantaneously. Matters concerning the Group requiring approval of the Board are also put to the Board for its decision by way of written resolutions.

In FY2022, the Board convened 2 meetings, the ARMC convened 2 meetings, the NC convened 2 meetings and the RC convened 1 meeting, respectively. The Board members were either present at the meetings in person or via teleconference. The table below shows the attendance of the Directors at the Board and respective Board Committee meetings during FY2022[1].

| Name of Director | Board | | Audit and Risk Management Committee | | Nominating Committee | | Remuneration Committee | |
|---|---|---|---|---|---|---|---|---|
| | Number of Meetings | | Number of Meetings | | Number of Meetings | | Number of Meetings | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Guo Jingyu | 2 | 2 | 2 | 1* | 2 | 2 | 1 | 1* |
| Yue Lina | 2 | 2 | 2 | 0 | 2 | 0 | 1 | 0 |
| Wang Qing | 2 | 2 | 2 | 2* | 2 | 1* | 1 | 1* |
| Yang Chun-Jung | 2 | 1 | 2 | 0 | 2 | 0 | 1 | 0 |
| Yeo Guat Kwang | 2 | 2 | 2 | 0 | 2 | 2 | 1 | 1 |
| Ang Chun Giap | 2 | 2 | 2 | 2 | 2 | 0 | 1 | 0 |
| Chen Mingyu | 2 | 2 | 2 | 2 | 2 | 0 | 1 | 1 |
| Jiang Minghua | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 0 |
| Shamsul Kamar Bin Mohamed Razali[2] | 2 | 2 | 2 | 0 | 2 | 0 | 1 | 1 |
| Li Qi[3] | 2 | 2 | 2 | 0 | 2 | 0 | 1 | 1 |
| Zeng Yingxue[4] | 2 | 1 | 2 | 0 | 2 | 0 | 1 | 0 |

**Notes:**

(1) Refers to the number of meetings held/attended while each Director was in office.

(2) Mr. Shamsul Kamar Bin Mohamed Razali was appointed as an Independent and Non-Executive Director of the Company with effect from 1 February 2022.

(3) Mr. Li Qi was appointed as an Independent and Non-Executive Director of the Company with effect from 1 February 2022.

(4) Ms. Zeng Yingxue was appointed as a Non-Independent and Non-Executive Director of the Company with effect from 1 February 2022.

* *By invitation*

# CORPORATE GOVERNANCE REPORT

The Board Meetings and Board Committee meetings were attended by all the Directors and the relevant Board members respectively, save where the Directors have abstained from attending due to issues of conflict. During the meetings, members of the Board and the respective Board Committees deliberated and approved the new policies to be implemented, the unaudited half-year and full year results of the Group and various other matters. The external and internal auditors of the Company and the Company Secretaries were invited to join the relevant meetings.

*Provision 1.6 – Access to information*

The Board is furnished with complete, detailed and timely information concerning the Group prior to Board and Board Committee meetings and on an ongoing basis, to enable them to be fully apprised of conditions and other factors affecting the Group's operations and to understand the decisions and actions of the management. All Directors have unrestricted access to the Group's management and information. From time to time, the Independent Directors may meet with the management team to conduct ad-hoc discussions on the Group's business and operational matters. The relevant management staff may also be invited to attend Board meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

The management provides Board members with detailed Board papers containing complete and timely information before each meeting of the Board and the Board Committees. Such Board papers and any other relevant documents are circulated to all Board members before the meetings. The management provides periodic financial and corporate information, performance of the individual divisions within each business segment and management proposals to enable the Directors to make informed decisions on issues to be considered at Board meetings.

Directors may request for further explanations, briefings or discussions on any aspect of the Group's operations or business from the management team. When circumstances require, the Board members may also exchange their views outside the formal environment of Board meetings.

*Provision 1.7 – Access to Management, Company Secretary and External Advisers*

The Company Secretaries and/or their representatives attend the Board and Board Committee meetings. The roles of the Company Secretaries have been formally established in the letter of engagement with the Company. The Company Secretaries are responsible for advising the Board on governance matters, facilitating the orientation of new Directors and keeping the Board updated on any relevant regulatory changes. The Company Secretaries also ensure that established procedures and all relevant rules and regulations that are applicable to the Group are complied with.

The appointment and the removal of the Company Secretaries shall be decided by the Board as a whole.

The Board has separate and independent access to the management team and the Company Secretaries at all times. The Directors are aware that they may direct the Company to appoint external advisers in order for the Board or the Independent Directors to seek independent legal and other professional advice, at the Company's expense, in order to discharge the responsibilities effectively, as and when necessary.

# CORPORATE GOVERNANCE REPORT

**Board Composition and Guidance**

***Principle 2:*** ***The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.***

*Provision 2.1 – Board independence*

The Board comprises 11 members, of which the Independent Directors are Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi.

Mr. Shamsul Kamar Bin Mohamed Razali was appointed as an Independent and Non-Executive Director of the Company with effect from 1 February 2022 and Mr. Li Qi was appointed as an Independent and Non-Executive Director of the Company with effect from 1 February 2022. Mr. Shamsul and Mr. Li have the requisite experience and relevant expertise and will add to the collective strength and dynamics of the Board. Details relating to Mr. Shamsul and Mr. Li's professional qualifications and work experience are provided on page 7 of the Annual Report.

The profile of each Director may be found on pages 4 to 7 of the Annual Report.

The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his independence. The checklist is drawn up based on the definitions and guidelines provided in the Code and the SGX-ST Listing Manual, and requires each Director to assess whether he or considers himself independent despite not having any of the relationships identified in the Code. The Directors are also required to disclose to the Board any such relationships as and when they arise. If the Board determines that a Director is independent notwithstanding the existence of such relationships or circumstances which might suggest otherwise, the Board will provide its reasons.

The NC adopts the Code's definition of what constitutes an "Independent" Director in its review. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. Thereafter, the NC reviews the checklist completed by each Independent Director, assesses the independence of the Independent Directors and recommends its assessment to the Board. There is no Independent Director who has served the Board for an aggregate period of more than 9 years.

The NC, with the concurrence of the Board, is of the view that no individual or small group of individuals dominates the Board's decision-making process. The NC has reviewed the independence of the Independent Directors, and is satisfied that the Independent Directors, Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi are independent in accordance with the Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual. Each of the Independent Directors abstained from the discussions and voting in respect of their own independence.

The Independent Directors offer alternative views to the Group's business and corporate activities and bring objective judgement to bear on business activities as well as transactions involving conflicts of interest and other complexities.

# CORPORATE GOVERNANCE REPORT

*Provisions 2.2, 2.3 and 2.4 – Board composition and diversity*

The Independent and Non-Executive Directors make up a majority of the Board. No alternate Director has been appointed. The composition of the Board complies with Provision 2.2 of the Code as Independent Directors make up a majority of the Board where the Chairman of the Board is not independent, and complies with Provision 2.3 of the Code as Non-Executive Directors make up a majority of the Board.

The Directors have given due consideration to the size and composition of the Board. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective and informed decision-making. The Board, in concurrence with the NC, considers the present Board size appropriate and effective, taking into the account the size, scope and nature of the Group's operations.

The Company has also adopted the Board Diversity Policy which provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, professional experience and knowledge, gender, age, ethnicity and culture and educational background, tenure of service and other relevant factors. These differences and additional measurable objectives will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, extensive experience, and knowledge which the Board as a whole requires to be effective. Diversity is a key criterion in the instructions to external search consultants.

In recognition of the importance and value of gender diversity in the composition of the Board, the Board considered diversity in the appointment of the Directors when it was listed on the Mainboard of the SGX-ST on 18 December 2020 and continues to consider diversity in its subsequent appointments of Directors. The current Board comprises 3 female Directors and 8 male Directors, with Ms. Yue Lina and Ms. Wang Qing appointed as the Executive Directors of the Company and Ms. Zeng Yingxue appointed as a Non-Independent and Non-Executive Director of the Company. Each Director has been appointed based on the strength of his/her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board, in concurrence of the NC, is of the view that the Directors possess the necessary competencies to provide the management with diverse and objective perspectives on issues so as to lead and govern the Company effectively.

*Provision 2.5 – Non-Executive Directors and/or Independent Directors meet regularly without the presence of management*

Non-Executive and/or Independent Directors contribute to the Board process by monitoring and reviewing the management's performance against the goals and objectives of the Group. Independent Directors fulfil a pivotal role in corporate accountability and their views and opinions provide alternative perspectives to the Group's business. When challenging management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Independent Directors meet without the presence of the management as and when required. The Chairman of such meetings provides feedback to the Board and/or the Chairman, as appropriate.

# CORPORATE GOVERNANCE REPORT

**Chairman and Chief Executive Officer**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

*Provision 3.1 – Separation of the role of the Chairman and the CEO*

The Board notes that Provision 3.1 of the Code requires the Chairman and CEO to be separate persons in order to ensure an appropriate balance of power, increased accountability and greater capacity of the Board's independent decision making. Presently, the Chairman of the Board, Mr. Guo Jingyu, is also the Group CEO.

The Board believes that there is a strong independent element on the Board which enables the Board to exercise independent decision-making separate from the management. The Independent Directors are also encouraged to constructively challenge and help develop proposals on strategy. Their views and opinions provide alternative perspectives to the Group's business. As recommended by Provision 3.3 of the Code, a Lead Independent Director, Mr. Yeo Guat Kwang, has been appointed and a majority of the Board's composition is occupied by Independent Directors. In addition, the ARMC, NC and RC comprise either fully or a majority of Independent Directors. Each of the ARMC, NC and RC are also chaired by Independent Directors. The Board believes that the Independent Directors have demonstrated a high level of commitment in their roles as Directors and have ensured that there is a good balance of power and authority on the Board.

*Provision 3.2 – Role of the Chairman and the CEO*

As Chairman of the Board, Mr. Guo Jingyu bears primary responsibility for the workings of the Board by ensuring effectiveness in all aspects of its role, including setting the agenda for Board meetings and ensuring that the Directors receive complete and adequate information. Although the roles and responsibilities of the Chairman and the CEO are vested in Mr. Guo Jingyu, the Board believes that the current composition of the Board is able to make an objective and prudent judgement of the Group's corporate affairs separate from the management and that there are sufficient safeguards and checks to ensure that the Board's decision making process is independent and based on collective decisions without any individual or small group of individuals exercising any unfettered or considerable concentration of power or influence.

With the establishment of various Board Committees who have power and authority to perform key functions and to put in place internal controls for effective oversight of the Group's business, the Board is of the view that these arrangements enable the Board to exercise objective decision-making in the interests of the Group. The Board, with the concurrence of the NC, believes that Mr. Guo Jingyu's dual role as Executive Chairman and Group CEO allows for more effective planning and execution of long-term business strategies as he is knowledgeable in the business of the Group and provides the Group with strong and consistent leadership. Mr. Guo Jingyu plays an instrumental role as the Group CEO in (i) formulating the overall business and corporate policies and strategies of the Group; (ii) managing the overall business and operations of the Group; and (iii) overseeing the Group's overall business development. Given the foregoing, the Board believes that there is no need for the roles of the Chairman and the CEO to be separated for the Company.

*Provision 3.3 – Lead Independent Director*

Taking cognisance of the non-separation of the roles of the Chairman of the Board and the CEO, the Board has in the spirit of good corporate governance, appointed Mr. Yeo Guat Kwang as the Lead Independent Director to represent the views of Independent Directors and to facilitate a two-way flow of information between Shareholders, the Chairman and the Board. He will be available to Shareholders in the event their concerns are not resolved through the Chairman, the Executive Directors, or for which contact is inappropriate or inadequate.

# CORPORATE GOVERNANCE REPORT

**Board Membership**

***Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.***

*Provisions 4.1 and 4.2 – Composition of the Nominating Committee*

The Board has established a NC which consists 3 members, a majority of whom, including the Chairman of the NC, are Independent Directors. The Lead Independent Director, Mr. Yeo Guat Kwang, is a member and the Chairman of the NC. The members of the NC are as follows:

Mr. Yeo Guat Kwang (Chairman)
Mr. Guo Jingyu
Dr. Jiang Minghua

The NC meets at least once a year. The NC is responsible for:

(a) making recommendations to the Board on relevant matters relating to:

   (i) the review of board succession plans for Directors, in particular, the appointment and/or replacement of the Executive Chairman and Group CEO, and key management personnel;

   (ii) the process and objective performance criteria for the evaluation of the performance and effectiveness of the Board as a whole, each Board Committee separately, the contribution by the Executive Chairman and Group CEO and each individual Director;

   (iii) the review of training and professional development programmes for the Board, its Board Committees and the Directors; and

   (iv) the appointment and re-appointment of Directors (including alternate directors, if any), including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates;

(b) reviewing annually whether the Board and the Board Committees are of:

   (i) an appropriate size;

   (ii) an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company; and

   (iii) an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate;

(c) reviewing and determining annually, and as and when circumstances require, if a Director is independent, having regard to the circumstances set out in the SGX-ST Listing Manual, the Code and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented);

# CORPORATE GOVERNANCE REPORT

(d) ensuring that the Directors disclose their relationships with the Company, the related corporations, the Substantial Shareholders or the officers, if any, which may affect their independence and reviewing such disclosures from the Directors and highlighting these to the Board as required;

(e) reviewing the training and professional development programs for the Board, in particular, ensuring that new Directors are aware of their duties and obligations;

(f) reviewing and determining if a Director is able to and has been adequately carrying out his duties as a Director of the Company. Where a Director holds a significant number of listed company directorships and principal commitments which involve significant time commitment (such as a full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and non-profit organisations), providing a reasoned assessment of the ability of the Director to diligently discharge his duties;

(g) reviewing the appointment of the relevant persons as the director and legal representative of the Group's WFOE(s)[2];

(h) reviewing any material amendments to the terms and conditions of the service agreement entered into between the Group and Mr. John Ho in respect of his role as the Group Adviser and the scope of the provision of his services for such role;

(i) in the event that any associate of Mr. John Ho proposes to be a Director or Executive Officer of the Company or the Group, assessing that such relevant associate possesses the relevant experience, expertise, qualification, character and integrity to perform in the proposed role as a Director or Executive Officer and ensuring that an announcement is made on the SGXNet, the web-based platform of the SGX-ST, on the proposed appointment of such relevant associate and the NC's views (including bases), in a timely manner;

(j) setting the objectives for achieving board diversity and reviewing the progress towards achieving these objectives;

(k) reviewing the statements relating to the following matters in the annual reports, with a view to achieving clear disclosure of the same:

  (i) the induction, training and development provided to new and existing Directors;

  (ii) the process for selection, appointment and re-appointment of Directors to the Board, criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates;

  (iii) the Directors' relationships with the Company, the related corporations, the Substantial Shareholders or the officers, if any, which may affect their independence and the reasons of the Board in determining that such Directors are independent notwithstanding the existence of such relationships;

  (iv) the listed company directorships and principal commitments of each Director and the Board's and NC's reasoned assessment of the Director's ability to diligently discharge his duties;

[2] Refers to wholly-foreign owned enterprises, Tianjin Xinyuan Culture & Broadcast Co., Ltd. and Beijing Xinyuan Culture & Broadcast Co., Ltd., and each a "GHY WFOE".

# CORPORATE **GOVERNANCE REPORT**

(v) how the assessments of the Board, the Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of the Directors; and

(vi) the Board Diversity Policy and progress made towards implementing the Board Diversity Policy, including objectives;

(l) taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented) in carrying out its duties;

(m) reviewing the NC's terms of reference annually and recommending any proposed changes to the Board for approval; and

(n) assuming such other duties (if any) that may be required by law or the SGX-ST Listing Manual and/or the Code (as each may be, from time to time, amended, modified or supplemented).

*Provision 4.3 – Process for selection, appointment and re-appointment of Directors*

When reviewing and recommending the appointment and re-appointment of new Directors, the Board takes into consideration the current Board's diversity, size and mix. The NC has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of the Company, as well as the relevant background of the candidates, the key attributes that an incoming Director should have and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable. The NC will review and shortlist candidates and provide a recommendation for Board approval.

In accordance with the SGX-ST Listing Manual and the Company's Articles of Association, each Director is required to retire at least once in every 3 years. New Directors who are appointed during the financial year are required to submit themselves for re-election at the next Annual General Meeting ("**AGM**"). No Director is required to retire pursuant to the Articles of Association this year.

Each member of the NC is required to abstain from voting, approving or making a recommendation on any resolutions of the NC in which he has a conflict of interest in the subject matter under consideration, including participating in deliberations in respect of his re-election as Director (if applicable).

*Provision 4.4 – Independence review of Directors*

The task of assessing the independence of the Directors is delegated to the NC which reviews the independence of each Director annually, and as and when circumstances require, having regard to the provisions of the Code and the SGX-ST Listing Manual. Based on the confirmation of independence checklist submitted by the Independent Directors, the NC is of the view that each Independent Director is independent in accordance with the Listing Rule 210(5)(d) as, *inter alia*, the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past 3 financial years; (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past 3 financial years, and whose remuneration is determined by the RC; or (iii) have not been directors of the Company for an aggregate period of more than 9 years (whether before or after listing).

# CORPORATE **GOVERNANCE REPORT**

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Annually, each Independent Director is required to complete a confirmation of independence checklist to confirm his independence. At the recent NC meeting held in February 2023 (which does not fall in FY2022), the NC has reviewed and is satisfied that the Independent Directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which puts the independence of the Independent Directors in question.

The Board, after taking into account the views of the NC, determined that Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi are independent.

As at the date of this report, no alternate Director has been appointed.

*Provision 4.5 – Multiple directorships and commitments of Directors*

NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors. A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group.

Details of the appointment of the current Directors including date of initial appointment and date of last re-election are set out below:

| Name of Director | Age | Date of Initial Appointment | Date of Last Re-election |
|---|---|---|---|
| Guo Jingyu | 49 | 29 May 2018 | 29 April 2021 |
| Yue Lina | 48 | 23 November 2020 | 29 April 2021 |
| Wang Qing | 44 | 23 November 2020 | 29 April 2021 |
| Yang Chun-Jung | 59 | 23 November 2020 | 29 April 2021 |
| Yeo Guat Kwang | 62 | 23 November 2020 | 29 April 2021 |
| Ang Chun Giap | 65 | 23 November 2020 | 29 April 2021 |
| Chen Mingyu | 60 | 23 November 2020 | 29 April 2021 |
| Jiang Minghua | 57 | 23 November 2020 | 29 April 2021 |
| Shamsul Kamar Bin Mohamed Razali | 51 | 1 February 2022 | 28 April 2022 |
| Li Qi | 62 | 1 February 2022 | 28 April 2022 |
| Zeng Yingxue | 53 | 1 February 2022 | 28 April 2022 |

# CORPORATE GOVERNANCE REPORT

A list of directorships of the Directors of the Board in other listed companies, as well as their principal commitments as at the date of this report are set out below:

| Name of Director | Present Directorships in Other Listed Companies | Principal Commitments (excluding the Company) | |
|---|---|---|---|
| | | **Present** | **Past 5 years** |
| Guo Jingyu | – | • G.H.Y Culture & Media (Singapore) Pte. Ltd.<br>• G.H.Y Culture & Media (Malaysia) Sdn. Bhd.<br>• G.H.Y Culture & Media (Australia) Pty Ltd<br>• G.Yue Culture and Media Limited<br>• Kang Ru Investments Limited<br>• G.Y Media & Entertainment Limited<br>• GHY Culture & Media (IMS) Sdn. Bhd.<br>• GHY Culture & Media (ISK) Sdn. Bhd. | • Tianjin Changxin Film & Media Co., Ltd<br>• Beijing Changxin Film & Media Co., Ltd<br>• Chengde Hengyu Pawn Co. Ltd.<br>• Beijing Perfect Jianxin Film & Culture Co., Ltd.<br>• Chengde Perfect Jianxin Film & Culture Co., Ltd.<br>• Chengde Jianxin Hanzheng Culture & Media Co., Ltd.<br>• Chongqing Perfect Jianxin Film & Culture Co., Ltd. |
| Yue Lina | – | • G.H.Y Culture & Media (Singapore) Pte. Ltd.<br>• Uni-Icon Entertainment Pte. Ltd. | Nil |
| Wang Qing | – | Nil | Nil |
| Yang Chun-Jung | – | • JVR Music International Limited<br>• Eastern Eagle Investment Co., Ltd.<br>• Sure Legend International Limited<br>• Taiho Holding Ltd<br>• 8 Dimension Corporation<br>• OMusic Co., Ltd<br>• SelvaRey GC Limited<br>• Star Plus Legend Holdings Limited<br>• Balcony International Limited<br>• Legend Key International Limited | • G.H.Y Culture & Media (Singapore) Pte. Ltd.<br>• Dream Started Limited |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Present Directorships in Other Listed Companies | Principal Commitments (excluding the Company) | |
|---|---|---|---|
| | | Present | Past 5 years |
| Yeo Guat Kwang | SIIC Environment Holdings Ltd.[(1)]<br>Koyo International Ltd.[(2)] | • SIIC Environment Holdings Ltd.<br>• Koyo International Ltd.<br>• Motorway Automotive Pte. Ltd.<br>• Poh Ern Shih<br>• The Place Holdings Limited | Nil |
| Ang Chun Giap | Lian Beng Group Ltd[(3)] | • Acevision & Associates PAC<br>• Acevision Blast & Coat Pte Ltd<br>• Lian Beng Group Ltd<br>• Acevision Management Consultants | • J Wong & Associates PAC<br>• JPL Wong & Co<br>• Acevision Solutions Pte. Ltd. |
| Chen Mingyu | Fujian Cosunter Pharmaceutical Co., Ltd[(4)] | • D&E (Beijing) Business Consulting Co., Ltd<br>• Fujian Cosunter Pharmaceutical Co., Ltd. | Nil |
| Jiang Minghua | Haoxiangni Health Food Co., Ltd. | • Haoxiangni Health Food Co., Ltd. | • Beijing Fund River Investment Co., Ltd<br>• AVIC Culture Co., Ltd |
| Shamsul Kamar Bin Mohamed Razali | Advancer Global Limited[(5)] | • Independent Non-Executive Director, Advancer Global Limited<br>• Member, M3 FA4 Taskforce Workgroup Panel<br>• Adviser to Aljunied GRC GROs (Kaki Bukit)<br>• Chairman, PAP Community Foundation (PCF Kaki Bukit) | • Executive Director, Centre for Domestic Employees, NTUC & Deputy Executive Secretary, Education Services Union<br>• Member, Mendaki Tuition Scheme (MTS) Review Panel |

# CORPORATE **GOVERNANCE REPORT**

| Name of Director | Present Directorships in Other Listed Companies | Principal Commitments (excluding the Company) | |
|---|---|---|---|
| | | Present | Past 5 years |
| Li Qi | – | • Associate Professor, Guanghua School of Management, Peking University | • Associate Professor, Guanghua School of Management, Peking University<br>• Dean of Guanghua School of Management Shenzhen Campus<br>• Dean of Guanghua School of Management Shanghai Campus<br>• Associate Dean of Guanghua School of Management, Peking University<br>• Head of EMBA Program of Guanghua School of Management |
| Zeng Yingxue | Perfect World Pictures Co., Ltd(6) | • Executive Director and Chief Financial Officer, Perfect World Holding Co., Ltd. and its subsidiaries<br>• Senior Vice President, Perfect World Co., Ltd (A company listed on Shenzhen Stock Exchange) and its subsidiaries (Perfect World Group)<br>• Director, General Manager, Deputy General Manager and Finance Director, Perfect World Pictures Co., Ltd and its subsidiaries | Nil |

**Notes:**

(1) Mr. Yeo Guat Kwang is the Lead Independent Non-Executive Director of SIIC Environment Holdings Ltd.

(2) Mr. Yeo Guat Kwang is the Lead Independent Non-Executive Director of Koyo International Ltd.

(3) Mr. Ang Chun Giap is an Independent Director of Lian Beng Group Ltd.

(4) Mr. Chen Mingyu is an Independent Director of Fujian Cosunter Pharmaceutical Co., Ltd.

(5) Mr. Shamsul Kamar Bin Mohamed Razali is an Independent Director of Advancer Global Limited.

(6) Ms. Zeng Yingxue is an Executive Director of Perfect World Pictures Co., Ltd.

# CORPORATE GOVERNANCE REPORT

The Board, with the concurrence of the NC, having considered the confirmations received from Mr. Yang Jun Rong, Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Ms. Zeng Yingxue, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi, is of the view that their multiple board representations and/or principal commitments do not hinder them from carrying out their duties as Directors of the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The NC is of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each company vary, and time commitment cannot be objectively determined in all situations.

**Board Performance**

***Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its Board Committees and individual Directors.***

*Provisions 5.1 and 5.2 – Assessment of the Board and the Board Committees*

The Board, through the NC, adopts a process to evaluate the effectiveness of the Board as a whole and its Board Committees and the contribution by each individual Director to the effectiveness of the Board. As part of this process, the Directors have completed the respective performance evaluation questionnaires of the Board, the relevant Board Committees and in their capacity as individual Directors, and the findings have been analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board, Board Committees and each individual Director.

The assessment of the Board's performance will focus on a set of performance criteria for the Board's evaluation which includes (a) Board structure, strategy and performance, (b) governance on the Board's risk management and internal controls, (c) information to the Board, (d) Board procedures, (e) the CEO and top management and the Directors' standards of conduct. The performance criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the ARMC, NC and RC. The annual assessment of individual Directors considers, among other matters, each Director's attendance as well as generation of constructive debate and participation in meetings of the Board and Board Committees, contribution, initiative, responsiveness of the Director, knowledge of senior management and the Group's businesses, and the Director's self-assessment.

There was no external facilitator engaged for FY2022. However, the NC will consider such engagement to carry out the evaluation process at the Company's expense if the need arises.

# CORPORATE GOVERNANCE REPORT

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

***Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.***

*Provisions 6.1 and 6.2 – Composition of the Remuneration Committee*

The Board has established a RC which consists 4 members, all of whom are Independent and Non-Executive Directors. The members of the RC are as follows:

Mr. Chen Mingyu (Chairman)
Mr. Yeo Guat Kwang
Mr. Shamsul Kamar Bin Mohamed Razali
Mr. Li Qi

The RC meets at least once every year. The RC is responsible for:

(a) reviewing and recommending to the Board a framework of remuneration and guidelines for the remuneration of the Directors and such other persons having authority and responsibility for planning, directing and controlling the activities of the Company, which, for the avoidance of doubt, will only take into consideration the role undertaken by the Directors in their capacity as a director of the Company, and will not take into consideration any other role(s) they may undertake in the Group, such as producer, director, scriptwriter or actor/actress in the drama and film projects;

(b) reviewing and recommending to the Board specific remuneration packages for each Director and key management personnel;

(c) considering all aspects of remuneration (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments) and termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives;

(d) ensuring that:

    (i) a significant and appropriate proportion of the remuneration of Executive Directors and key management personnel is structured so as to link rewards to corporate and individual performance and performance-related remuneration is aligned with the interests of Shareholders and other stakeholders and promotes the long-term success of the Company;

    (ii) the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities; and

    (iii) the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company, and key management personnel to successfully manage the Company for the long term;

# CORPORATE GOVERNANCE REPORT

(e) administering any share schemes which may be approved by Shareholders, including the GHY Performance Share Plan and the GHY Employee Share Option Scheme;

(f) reviewing the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in the annual report with a view to achieving clear disclosure of the same;

(g) taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented) in carrying out its duties;

(h) reviewing the RC's terms of reference annually and recommending any proposed changes to the Board for approval; and

(i) assuming such other duties (if any) that may be required by law or the Listing Manual and/or the Code of Corporate Governance (as each may be, from time to time, amended, modified or supplemented).

*Provision 6.3 – Remuneration framework*

The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors are aligned with that of Shareholders.

Termination clauses are included in the service agreements for key management personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable and are not overly generous. There was no termination of any key management personnel during FY2022.

If a member of the RC has an interest in a matter being reviewed or considered by the RC, he will abstain from voting on the matter.

*Provision 6.4 – Remuneration consultant*

No external remuneration consultants were appointed for FY2022. The RC will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

# CORPORATE **GOVERNANCE REPORT**

**Level and Mix of Remuneration**

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.***

*Provisions 7.1 and 7.3 – Remuneration of Executive Directors and Key Management Personnel*

As part of its responsibilities, the RC reviews the remuneration of each of the Directors and key management personnel's remuneration packages annually and makes recommendations to the Board for approval. The RC ensures that their remuneration commensurate with their performance, giving due regard to the financial and commercial performance and business needs of the Group and the performance of the individual Director and key management personnel.

The remuneration packages of Executive Directors and key management personnel consist of fixed, variable components and benefits. The fixed component mainly comprises the basic salary and statutory contributions. To ensure that key management personnel's remuneration is comparable with industry practice, the RC may benchmark remuneration components against those of comparable companies, giving due regard to the performance criteria as set out in the key performance indicators (which are specific, measurable, result oriented and time-bound) and that are linked to pre-agreed financial and non-financial performance targets for variable bonuses and incentives, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements. The variable component is linked to the Group or Company's performance and the individual personnel's performance. Such performance-related remuneration is designed to align the individual with the interests of Shareholders and other stakeholders and promote the long-term success of the Group.

The Company has also adopted the employee share incentive schemes, the GHY Performance Share Plan and GHY Employee Share Option Scheme, which were adopted by the Company on 25 November 2020 (the "**GHY Share Incentive Schemes**"). The GHY Share Incentive Schemes provide eligible participants with an opportunity to participate in the equity of the Company, motivate them towards better performance through increased dedication and loyalty, and align the interests of the Directors and the Group's employees, especially key executives, with those of Shareholders. The GHY Share Incentive Schemes, which form an integral and important component of the Group's compensation plan are designed primarily to reward and retain the Directors (including Independent Directors) and the Group's employees whose services are vital to the Group's well-being and success. The selection of a participant and the number of shares to be granted in accordance with the GHY Share Incentive Schemes is determined in the absolute discretion of the RC, taking into criteria such as his/her rank, job performance during the performance period, potential for future development, and his/her future contribution to the success and development of the Group. Entitled participants will be allotted fully paid-up shares upon satisfactory achievement of pre-determined performance target(s) within the performance period.

The Executive Directors' service agreements are for an initial period of 3 years (the "**Initial Term**") and are automatically renewed yearly. After the Initial Term, the service agreements can be terminated by 6 months' notice by either party. Notwithstanding the foregoing, the Company may also forthwith terminate the Executive Directors' service agreements at any time if they, among other matters, are guilty of any dishonesty, gross misconduct, or material breach of their service agreement, or if the Executive Director acts in a manner that is likely to bring himself or herself and/or any member of the Group into disrepute. The Company is not required to make any termination payments to Executive Director in the event of termination under such circumstances. The Executive Directors do not receive Directors' fees.

# CORPORATE GOVERNANCE REPORT

The Company does not have any contractual provisions that allow for the reclaiming of incentive components from the key management personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company remunerates key management personnel based on a balanced assessment of each individual's performance and the performance of the Group, taking into account industry benchmarking, without setting excessive bonuses. Furthermore, the Board believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the key management personnel. The Group currently does not offer any termination or retirement benefits to the Directors and key management personnel.

*Provision 7.2 – Remuneration of Non-Executive Directors*

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account their level of contribution, as well as factors such as effort and time spent and responsibilities of the Directors, and the fees paid by comparable companies. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company. The Directors' fees are reviewed annually to ensure that the Independent Non-Executive Directors are not overly compensated to the extent that their independence may be compromised.

The RC had recommended to the Board an amount of approximately $397,500 and $410,000 as Directors' fees for FY2022 and the financial year ending 31 December 2023 respectively. The Board will table these recommendations at the forthcoming AGM for Shareholders' approval. No Director or a member of the RC is involved in deciding his/her own remuneration.

# CORPORATE GOVERNANCE REPORT

## DISCLOSURE ON REMUNERATION

***Principle 8:*** ***The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

*Provision 8.1 – Remuneration of Directors and Key Management Personnel*

The following table sets out the Directors' Remuneration for FY2022:

| Name of Directors | Remuneration Band[(1)(2)(3)] | Salary % | Fees % | Bonus % | Other Benefits % | Total % |
|---|---|---|---|---|---|---|
| Mr. Guo Jingyu[(4)] | C | 64.9 | – | – | 35.1 | 100 |
| Ms. Yue Lina | B | 89.8 | – | – | 10.2 | 100 |
| Ms. Wang Qing | B | 78.1 | – | 11.0 | 10.9 | 100 |
| Mr. Yang Jun Rong | A | – | 100.0 | – | – | 100 |
| Mr. Yeo Guat Kwang | A | – | 100.0 | – | – | 100 |
| Mr. Ang Chun Giap | A | – | 100.0 | – | – | 100 |
| Mr. Chen Mingyu | A | – | 100.0 | – | – | 100 |
| Dr. Jiang Minghua | A | – | 100.0 | – | – | 100 |
| Mr. Li Qi | A | – | 100.0 | – | – | 100 |
| Ms. Zeng Yingxue | A | – | 100.0 | – | – | 100 |
| Mr. Shamsul Kamar Bin Mohamed Razali | A | – | 100.0 | – | – | 100 |

The aggregate total remuneration paid to the Directors for FY2022 is approximately $2,002,000.

In addition, the Group only has 5 key management personnel who are not Directors or the CEO. A breakdown, showing the level of the 5 key management personnel's remuneration (who are not Directors or the CEO) in bands of $250,000 for FY2022 is set out below:

| Name of Key Management Personnel (who are not Directors or the Chief Executive Officer) | Remuneration Band[(1)(2)] | Salary | Fees | Bonus | Other Benefits | Total |
|---|---|---|---|---|---|---|
| Ms. Chan Pui Yin | A | 85.8 | – | 7.2 | 7.0 | 100.0 |
| Ms. Low Li Pheng Adeline | A | 82.1 | – | 5.9 | 12.0 | 100.0 |
| Ms. Low Hui Min | B | 79.6 | – | 7.8 | 12.6 | 100.0 |
| Ms. Venessa Lian | B | 90.7 | – | 4.5 | 4.8 | 100.0 |
| Mr. Xue Xin | A | 81.2 | – | 18.3 | 0.5 | 100.0 |

# CORPORATE GOVERNANCE REPORT

**Notes:**

1. Remuneration band "A" refers to remuneration below the equivalent of $250,000.
2. Remuneration band "B" refers to remuneration between the equivalent of $250,000 and $500,000.
3. Remuneration band "C" refers to remuneration between the equivalent of $1,000,000 and $1,250,000.
4. No compensation or remuneration was paid to Mr. Guo Jingyu for his roles or his services rendered in his capacity as executive producer, director and/or scriptwriter in any of the dramas and films produced or co-produced by the Group and no such compensation and/or remuneration will be paid to Mr. Guo Jingyu by the Group.
5. Other benefits include but not limited to post-employment benefits and benefits-in-kind such as housing allowance.

The aggregate total remuneration paid to the abovenamed 5 key management personnel (who are not Directors or the CEO) for FY2022 is approximately $1,112,000.

In considering the disclosure of remuneration of Directors and the key management personnel of the Company, the Board has taken into account the sensitive nature of such information in a niche business environment, the confidential nature and commercial sensitivity of remuneration matters, the relative size of the Group and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board level on a long term basis, and also considered factors such as competitiveness of the industry of key talents and increased risk of poaching by other competitors in the market. The Board believes that full detailed disclosure of the specific remuneration figures of each Director and the CEO as recommended by the Code would be prejudicial to the interests of the Group. As such, the Board has deviated from complying with Provision 8.1 of the Code and presented such information in remuneration bands no wider than $250,000.

Having considered the foregoing, the Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code.

As disclosed above, the remuneration packages of Executive Directors and key management personnel consist of fixed and variable components and benefits. The fixed component mainly comprises the basic salary and statutory contributions. The variable component is based on the performance criteria as set out in the key performance indicators (which are specific, measurable, result-oriented and time-bound) and linked to pre-agreed financial and non-financial performance targets for variable bonuses and incentives, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

*Provision 8.2 – Remuneration of related employees*

Mr. Guo Jingyu, the Executive Chairman and Group CEO, is also a Substantial Shareholder of the Company and his remuneration is disclosed as above, in bands of $250,000.

Ms. Yue Lina, the Executive Director, is the spouse of Mr. Guo Jingyu and her remuneration is disclosed as above, in bands of $250,000.

Ms. Venessa Lian, the Group Deputy Chief Executive Officer, is the spouse of Mr. John Ho, a Substantial Shareholder of the Company and her remuneration is disclosed as above, in bands of $250,000.

Except for Mr. Guo Jingyu, Ms. Yue Lina and Ms. Venessa Lian, there were no employees of the Group who are immediate family members of a Director or the CEO or a Substantial Shareholder, and whose remuneration exceeds $100,000 during FY2022.

# CORPORATE GOVERNANCE REPORT

*Provision 8.3 – Forms of remuneration and details of employee share schemes*

As disclosed above, the GHY Share Incentive Schemes were adopted on 25 November 2020 and disclosed in the Prospectus, comprising the GHY Performance Share Plan and the GHY Employee Share Option Scheme.

The GHY Share Incentive Schemes administered by the RC, provide eligible participants with an opportunity to participate in the equity of the Company, motivate them towards better performance through increased dedication and loyalty, and to align the interests of the Directors and the Group's employees, especially key executives, with those of Shareholders. The GHY Share Incentive Scheme form an integral and important component of the Group's compensation plan designed primarily to reward and retain Directors (including Independent Directors) and the Group's employees whose services are vital to the Group's well-being and success.

Unlike the GHY Employee Share Option Scheme whereby participants are required to pay the exercise price of the Options, the GHY Performance Share Plan allows the Group to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid Shares to participants after these targets have been met. In addition to the common objectives of fostering an ownership culture within the Group and ensuring that the Group is able to retain skilled staff, the GHY Performance Share Plan incorporates an element of stretch targets for senior executives and Directors, which is aimed at delivering long-term Shareholder value and sustaining long-term growth. As such, the assessment criteria for granting Options under the GHY Employee Share Option Scheme are more general (such as length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Group. On the other hand, the assessment criteria for granting of Awards under the GHY Performance Share Plan will be based on specific performance targets, time-based service conditions or a combination of both.

Full-time employees of the Company, its subsidiaries and its PRC Affiliated Entities and Directors (including Independent Directors) who have attained the age of 21 years and hold such rank as may be designated by the RC, from time to time, shall be eligible to participate in the GHY Share Incentive Schemes, provided that none shall be an undischarged bankrupt or have entered into a composition with his/her creditors. Associates of such Controlling Shareholders who meet the eligibility criteria are also eligible to participate in the GHY Share Incentive Schemes if their participation and Awards and/or Options are approved by independent Shareholders in separate resolutions for each such person and for each such Award or Option.

The aggregate number of ordinary shares in the issued share capital of the Company which the RC may grant on any date, when added to the number of ordinary shares issued and issuable in respect of all shares granted under the GHY Share Incentive Schemes and any other share schemes to be implemented by the Company, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings from time to time, if any) on the day preceding the relevant date of Award.

Since the commencement of the GHY Share Incentive Schemes till the date hereof, no Share Options or Awards have been granted under the GHY Share Incentive Schemes. Accordingly, none of the Directors, controlling Shareholders or their associates has been awarded any shares under the GHY Share Incentive Schemes and none of the participants was granted 5% or more of the total number of shares available under the GHY Share Incentive Schemes.

# CORPORATE GOVERNANCE REPORT

## (C) ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

***Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its Shareholders.***

*Provision 9.1 – Risk management and internal controls*

The Board has overall responsibility for the governance of risk and with the support of the ARMC, oversees the design, implementation and monitoring of the risk management and internal control systems. The Group has established adequate and effective risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

The Board is of the view that the Group's risk management process and system of internal controls are designed to manage, rather than to eliminate, the risk of failure to achieve the Group's strategic objectives. Action plans to manage the risks are continually being monitored and refined. The Board acknowledges that it is responsible for the overall internal controls framework to safeguard Shareholders' interests and the Group's businesses and assets but recognises that no cost-effective internal controls system will preclude all errors and irregularities. The internal controls system provides a reasonable but not absolute assurance against material misstatement or loss. The Board also notes that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The internal controls system stipulates a series of procedures and policies, which the Board believes plays an important role in assisting the Board and the management with respect to risk management. The key elements of the Group's system of internal controls are as follows:

Operating structure

The Group has a well-defined operating structure with clear lines of responsibility and delegated authority, complementing the reporting mechanism to the management and the Board.

Policies, procedures and practices

Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority that sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. Approval sub-limits are also provided at various management levels to facilitate operational efficiency and provide a system of check and balance. The Group's procedures and practices are regularly reviewed as well as revised where necessary to enhance controls and efficiency.

# CORPORATE GOVERNANCE REPORT

Risk Management

Risk management is an integral part of the Group's business strategy. In order to safeguard and create value for Stakeholders, the Group proactively manages risks and embeds the risk management process into the Group's planning and decision-making process. On a semi-annual or more frequent basis if required, the ARMC will meet with the management team and the external and internal auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. The Group has identified key risks, assessed their likelihood of occurrence and impact on the Group's businesses, and established corresponding mitigating controls. The information is reviewed and updated regularly. The outsourced internal audit function is also reviewed regularly to ensure that an effective system of internal controls is maintained in the Group.

Whistleblowing policy

The Company has in place a whistle-blowing policy whereby employees of the Group and any other party may, in confidence, raise concerns about possible improprieties and other reporting matters to the Chairman of the ARMC and Lead Independent Director and at the same time, assure them that they will be protected from victimisation for whistle-blowing in good faith. Whistle-blowing concerns may be reported in writing via electronic mail at sg_whistleblow_ghy@pwc.com or through postal mail at 7 Straits View, Marina One East Tower Level 12 Singapore 018936. Channels for reporting fraudulent practices and inappropriate activities are also clearly communicated to employees and the contact information can be found at the Company's corporate website at https://ghyculturemedia.com/investor-relations/ir-whistle-blowing-policy/. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. There were no whistle-blowing incidents reported during FY2022.

Information Technology (IT) controls

As part of the risk management process, general IT controls and cyber security measures are reviewed to ensure that IT risks and cybersecurity threats are identified and mitigated. In addition, as part of the Group's business continuity plan, IT disaster recovery planning and tests are conducted to ensure that critical IT systems remain functional during a crisis.

Financial reporting

The Board is updated quarterly on the Group's financial performance whereby explanations for significant variances in financial performance, in comparison with budgets and actual performance of corresponding periods in the preceding year are provided. The Board is also provided with quarterly updates on key operational activities.

Financial management

The management reviews the performance of the various business units monthly to instill financial and operational discipline at all levels of the Group. The key financial risks which the Group is exposed to comprise of interest rate risk, liquidity risk and credit risk. In addition, the management proactively manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations of cash flows. The Group also maintains revolving credit facilities with various banks that can be drawn down to meet short-term financing needs. The Group has in place credit control procedures for managing credit risk and monitoring debt collection.

# CORPORATE **GOVERNANCE REPORT**

Regular review

Management regularly reviews the Group's business and operational activities to identify areas of significant financial, operational and compliance risks. Steps have been taken to document the operational procedures to minimise the identified risks in various areas. Any significant matters are reported to the ARMC and the Board.

*Provision 9.2 – Assurance from the CEO, Executive Director and Chief Financial Officer ("**CFO**")*

As required under the Code, the Board had received written assurances from:

(a) the Executive Chairman and the Group CEO, an Executive Director and the CFO of the Company that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Executive Chairman and the Group CEO, an Executive Director and the CFO of the Company regarding the effectiveness and adequacy of the Group's risk management and internal control systems.

Based on the Group's internal controls and risk management framework, the internal control policies and procedures established and maintained by the Group, reviews performed by the management and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks for FY2022.

**Audit and Risk Management Committee**

***Principle 10: The Board has an Audit Committee which discharge its duties objectively.***

*Provisions 10.1, 10.2 and 10.3 – Composition of the Audit Committee*

The Board has established the ARMC which consists 3 members, all of whom are Independent Directors. The members of the ARMC are as follows:

Mr. Ang Chun Giap (Chairman)
Mr. Chen Mingyu
Dr. Jiang Minghua

The Board is of the opinion that the ARMC Chairman and its members are appropriately qualified, with the necessary accounting, financial, business management and corporate experience to discharge their responsibilities. In compliance with the Code, none of the ARMC members are a former partner or director of the external auditors or hold any financial interest in the auditing firm.

# CORPORATE GOVERNANCE REPORT

The ARMC has met 2 times in FY2022 to carry out its functions. The ARMC works under clearly defined terms of reference adopted by the Board and it is responsible for:

(a) reviewing the external auditor's audit plan and audit report, the external auditor's evaluation of the system of internal accounting controls, the assistance given by the Company's officers to the auditors, the scope and results of the internal audit procedures and consolidated financial statements of the Group (including the PRC Affiliated Entities);

(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group (including the PRC Affiliated Entities), including the classification of film investments in the financial statements of the Group, and any announcements relating to the financial performance of the Group (including the PRC Affiliated Entities);

(c) reviewing at least annually the adequacy and effectiveness of the internal controls of the Group (including the PRC Affiliated Entities) (including financial, operational, compliance and information technology controls) and risk management systems and, where necessary and appropriate, providing a statement on the adequacy and effectiveness of the internal controls;

(d) reviewing and reporting to the Board at least annually the implementation of risk treatment plans in relation to the adequacy and effectiveness of the Group's risk management and internal controls systems (including financial, operational, compliance and information technology controls);

(e) reviewing audit plans and reports of the external auditors and internal auditors in relation to the Group (including the PRC Affiliated Entities), and considering the results, significant findings and recommendations, together with the effectiveness of actions taken by management on the recommendations and observations;

(f) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;

(g) commissioning an independent audit on internal controls and risk management systems for the ARMC's assurance, where necessary or where the ARMC is not satisfied with the systems of internal controls and risk management of the Group (including the PRC Affiliated Entities);

(h) ensuring that the scope of review by the internal auditors includes (i) the internal control policies and procedures with respect to any informal arrangements for the production of dramas and/or films entered into by the Group, as and when such informal arrangements occur in a particular financial year; and (ii) any partially implemented measures recommended by the internal auditors in relation to the internal control policies and procedures, in order to ensure the effectiveness of such internal controls;

(i) reviewing and approving the terms of any proposed informal arrangements with the distributor (with whom the Group has had informal arrangements in the past where the Group had commenced production of a drama or film and handed over the final product thereof, without a formal agreement in place) prior to commencement of production of any drama or film and monitoring ongoing negotiations for the finalisation of the formal agreement with such distributor;

(j) approving the handover of the final product for the drama or film to the customer in the event that the production of the drama or film has been completed but the terms of the formal agreement between the Group and such customer have yet to be finalised;

# CORPORATE GOVERNANCE REPORT

(k) monitoring and reviewing of the Group's implementation of any recommendations to satisfactorily address any internal control weaknesses highlighted by the Group's external auditor and internal auditor;

(l) reviewing the assurance from the Executive Chairman and Group CEO, an Executive Director and the CFO on the financial records and financial statements of the Group (including the PRC Affiliated Entities);

(m) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

(n) making recommendations to the Board on (i) the proposals to Shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(o) reviewing the adequacy and effectiveness, independence, scope and results of the external audit and the internal audit function;

(p) reviewing the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;

(q) reviewing the internal control policies and procedures in place to safeguard the Group's assets which are held through the Contractual Arrangements (including the management of funds and the unwinding of the Contractual Arrangements as soon as the applicable PRC laws and regulations allow the business of the PRC Affiliated Entities to be operated without them) on a regular basis;

(r) commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls or infringement of any law, rule or regulation which has, or is likely to have, a material impact on the Company's operating results and/or financial position and ensuring that appropriate follow-up actions are taken;

(s) reviewing the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(t) reviewing the adequacy of and approving procedures put in place related to any hedging policies to be adopted by the Group;

(u) ensuring that the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

(v) assessing the performance of the CFO, financial director and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his/her suitability for the position;

(w) being the primary reporting line of the internal audit function and ensuring that the internal audit function has direct and unrestricted access to the Chairman of the Board and the ARMC;

(x) ensuring that the internal audit function is independent, effective and adequately resourced. The internal audit function should be staffed with persons with the relevant qualifications and experience;

(y) deciding on the appointment, termination and remuneration of the head of the internal audit function (if any);

# CORPORATE GOVERNANCE REPORT

(z) approving the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation to which the internal audit function is outsourced (if any);

(aa) meeting with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually and reviewing the co-operation extended to the internal auditors and the external auditors;

(bb) reviewing the nature, extent and costs of non-audit services performed by the external auditors, to ensure their independence and objectivity;

(cc) reviewing interested person transactions (including the Contractual Arrangements and other transactions under any general mandate as may, from time to time, be approved by Shareholders pursuant to Chapter 9 of the SGX-ST Listing Manual) and monitoring the procedures established to regulate interested person transactions and conflicts of interest, including ensuring compliance with the internal control system and the relevant provisions of the SGX-ST Listing Manual and ensuring that proper measures to mitigate conflicts of interest have been put in place, in relation to interested person transactions;

(dd) reviewing and monitoring any potential conflict of interest that may arise in respect of any Director(s) of the Group, and resolving all conflicts of interest matters referred to it;

(ee) reviewing on an annual basis the terms and conditions of the Contractual Arrangements;

(ff) reviewing and approving any new or additional Contractual Arrangements or any material changes to the terms of the Contractual Arrangements;

(gg) reviewing and approving the terms of any loan agreements in respect of the transfer of the net proceeds due to the Company from the initial public offering of the Company and the issuance of the cornerstone shares by the Company and/or funds (if any) raised through secondary fundraising in the future by the Company to the PRC subsidiaries and/or PRC Affiliated Entities or for use to finance their operations;

(hh) proper monitoring of the measures and procedures adopted by the Group in relation to the Contractual Arrangements to ensure the effective operations of the Group with the adoption of the Contractual Arrangements and the Group's compliance with applicable laws and regulations, including procedures to regulate interested person transactions to ensure that the Contractual Arrangements are not prejudicial to the interests of the Group or the minority Shareholders;

(ii) monitoring the undertakings and confirmations provided by the Company to the SGX-ST, in particular where the Company has undertaken that the written consent of the relevant GHY WFOE to be provided to the Individual Shareholders and/or Tianjin Changxin, to sell, lease, lend, transfer, assign, gift, re-mortgage, trust, make capital contribution with the pledged equity or otherwise dispose of all or part of the pledged equity, agree to make resolutions to increase or decrease the registered capital of the relevant PRC Affiliated Entity or agree to any form of initial public offering, backdoor listing and/or asset restructuring, must be unanimously approved by the ARMC;

(jj) monitoring (including making decisions on) the enforcement of the Equity Pledge Agreements and the Agreements on Exclusive Purchasing Power under the Contractual Arrangements;

# CORPORATE GOVERNANCE REPORT

(kk) reviewing the procedures and terms of any transfer or disposal of the equity interest of the PRC Affiliated Entities, including the appointment of a valuer if applicable and/or any valuation to be conducted on the PRC Affiliated Entities in connection with the sale of equity interests under the Equity Pledge Agreements, in order to ensure that the bases of valuation adopted by the proposed valuer to be appointed will appropriately reflect the value of the Group's business operations conducted through the PRC Affiliated Entities, and considering whether the eventual terms pertaining to the sale of pledged equity, as a whole, is in the interests of the Company;

(ll) reviewing on an annual basis the processes and procedures in relation to the appointment and removal of the legal representative of each of the PRC subsidiaries and PRC Affiliated Entities;

(mm) monitoring and reviewing the adequacy and implementation of measures to safeguard the corporate seal, finance seal, legal seal and cheque books of each of the PRC subsidiaries and PRC Affiliated Entities;

(nn) recommending the appointment of an independent financial adviser (where necessary under the SGX-ST Listing Manual) and its fees in respect of any transaction, matter or any other corporate action taken by the Company where such independent financial adviser is required;

(oo) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems, with a view to achieving clear disclosure of the same and including any material issues arising from the internal auditors' review of the internal control policies and procedures (including those in relation to the informal arrangements for the production of dramas and/or films entered into by the Group, if any, in that particular financial year) and how these material issues have been addressed with the implementation of the mitigating measures;

(pp) reviewing the half-year and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

(qq) undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings, from time to time, on matters arising and requiring the attention of the ARMC;

(rr) taking into consideration all factors as may be specified in the Code of Corporate Governance and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented) in carrying out all its duties;

(ss) reviewing the ARMC's terms of reference annually and recommending any proposed changes to the Board for approval; and

(tt) assuming such other duties (if any) that may be required by law or the SGX-ST Listing Manual and/or the Code of Corporate Governance (as each may be, from time to time, amended, modified or supplemented).

The ARMC has explicit authority to investigate any matters within its terms of reference, with full access to and cooperation by management and full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. The ARMC also generally undertakes such other functions and duties as may be required by statute or the SGX-ST Listing Manual.

# CORPORATE GOVERNANCE REPORT

External Auditors

The external auditors of the Company and the Group are Deloitte & Touche LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority of Singapore. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual. The ARMC is satisfied that the resources and experience of Deloitte & Touche LLP, the audit engagement partner and the team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

A breakdown of the fees paid to the external auditors for FY2022 is as follows:

| | FY2022 | |
|---|---|---|
| | **$** | **% of Total Fees** |
| Audit/non-audit fees to auditors of the Company: | | |
| – Annual audit fees | 358,000 | 56.5% |
| – Annual non-audit fees | 33,000 | 5.2% |
| | 391,000 | 61.7% |
| Audit/non-audit fees to other auditors: | | |
| – Annual audit fees | 233,000 | 36.7% |
| – Annual non-audit fees | 10,000 | 1.6% |
| | 243,000 | 38.3% |
| Total Fees | 634,000 | 100.0% |

The ARMC reviews all non-audit services provided by the external auditor to ensure that the provision of these services does not affect the independence of the external auditors. The ARMC has reviewed the non-audit services provided by Deloitte & Touche LLP for FY2022 and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditor and accordingly, has recommended the re-appointment of Deloitte & Touche LLP as the external auditors of the Company at the forthcoming annual general meeting.

Key Audit Matters

The ARMC considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with the management team and the external auditors have been included as Key Audit Matters ("**KAMs**") in the auditor's report for FY2022 under the Financial Statements section of this Annual Report. In assessing the KAMs, the ARMC took into consideration the approach and methodology applied as well as the reasonableness of the estimates and key assumptions used. The ARMC concluded that management's accounting treatment and estimates in the KAMs were appropriate.

The ARMC has full access to resources to enable it to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements and to discharge its functions fully. The external auditors have provided updates on accounting standards and issues at the meetings of the ARMC.

# CORPORATE GOVERNANCE REPORT

*Provision 10.4 – Internal audit function*

The Group has appointed PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PWC**" or "**Internal Auditors**") as its internal auditors who is independent of the Company's business activities. Accordingly, the Group has outsourced its internal audit function to PWC who reports directly to the ARMC and administratively to the CFO. The Internal Auditors, staffed with persons of relevant qualifications and experience, carry out the internal audit taking guidance from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, and report directly to the ARMC on internal audit matters. The ARMC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's outsourced internal audit function. The role of the Internal Auditors is to provide independent assurance to the ARMC that the Group maintains adequate and effective risk management and internal control systems. The Internal Auditors have unfettered access to all documents, records, properties and personnel, including access to the ARMC.

PWC is a professional service firm that specialises in the provision of, *inter alia*, internal audit and risk management services. The PWC internal audit team is led by a partner with significant experience performing internal audit services for companies listed on the SGX-ST. The team members supporting the partner are dedicated internal audit specialists with knowledge and experience. Pursuant to its review, the ARMC is satisfied that PWC has the relevant qualifications and experience and has met the standards established by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

*Provision 10.5 – Activities of the Audit and Risk Management Committee*

The external auditor and internal auditors have unrestricted access to the ARMC and meet with the ARMC without the presence of management team at least once a year.

On a semi-annual or more frequent basis if required, the ARMC will meet with the management team and the external and internal auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the outsourced internal audit function to ensure that an effective system of internal controls is maintained in the Group. The ARMC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

The ARMC is kept abreast by the management, the external auditors and the Company Secretaries of changes to accounting standards, SGX-ST Listing Manual and other regulations which could have an impact on the Group's business and financial statements. In addition, at least once a year, the ARMC, together with the Board, reviews the effectiveness and adequacy of the Group's system of internal controls put in place to address key financial, operational, compliance and information technology controls and risk management system affecting the operations.

The ARMC reviews the internal audit findings prepared by the Internal Auditors. Based on risk assessments performed by the Internal Auditors, greater emphasis and appropriate internal reviews are planned for high-risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. Any material non-compliance and weakness in the risk management and internal control policies and procedures, and recommendations for improvements are reported to the ARMC. The ARMC has also reviewed the effectiveness of actions taken by management on the recommendations made by the Internal Auditors.

The ARMC is satisfied that the Group's internal audit function is independent, effective and adequately resourced.

# CORPORATE GOVERNANCE REPORT

For each relevant financial year, the ARMC:

(i) holds at least 2 meetings to review the financial results;

(ii) reviews the annual audit plans, including the nature and scope of the internal and external audits before commencement of these audits;

(iii) reviews and approves the consolidated audited financial statements;

(iv) reviews the interested person transactions;

(v) reviews and discusses the reports of the internal auditors and external auditors and consider the effectiveness of responses/actions taken by management on the audit recommendations and observations;

(vi) reviews the adequacy and effectiveness of the Group's internal audit function;

(vii) meets with the internal and external auditors without the presence of management at least annually and shall establish that both the internal and external auditors have the full co-operation of management in carrying out the audit for the relevant financial year end. Both the internal and external auditors have also confirmed that no restrictions were placed on the scope of their audits; and

(viii) undertakes a review of all audit and non-audit services provided by the external auditors to ensure that the nature and provision of such services would not affect the independence and objectivity of the external auditors.

## (D) SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

***Principle 11: The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives Shareholders a balanced and understandable assessment of its performance, position and prospects.***

*Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings*

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with Shareholders and is for Shareholders to voice their views, raise issues to and seek clarification from the Board or members of the senior management regarding the Group and its operations. All Shareholders of the Company will be able to access to an electronic copy of the Annual Report including the Notice of AGM on the SGXNet website within the mandatory period.

All the Directors, in particular the Chairman of the Board and the respective Chairmen of the ARMC, NC and RC, will attend general meetings to address questions raised by the Shareholders. The Company's external auditors will be invited to attend the AGM and are available to assist the Directors, in addressing any relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

# CORPORATE GOVERNANCE REPORT

In line with the guidance issued by the SGX RegCo on the conduct of general meetings amid the extension of the temporary legislative relief under the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, which allows entities to hold general meetings via electronic means amid the COVID-19 situation, the forthcoming AGM will be convened and held wholly by electronic means, will utilise both real-time electronic voting and real-time electronic communication. Alternative arrangements relating to attendance at the AGM via electronic means, such as (a) observing or listening to the AGM proceedings via "live" audio-and-video webcast or listening to the "live" audio feed of the AGM proceedings, (b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, addressing of relevant and substantial questions in advance of, or "live" at, the AGM, and (c) voting at the AGM, either (i) "live" via electronic means by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, will be put in place.

In accordance with the Company's Articles of Association, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretaries, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists, as a result of the failure of the Board, shall be reimbursed to the requisitionists by the Company.

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the re-election of the retiring Directors. Where the resolutions are bundled, the Company explains the reasons and material implications in the notice of meeting.

At general meetings, all Shareholders are encouraged to attend, participate effectively and vote in person or by proxy. The Articles of Association of the Company provides for a Shareholder or a depositor to appoint not more than 2 proxies to attend and vote at the general meetings of the Company. Where a member is a relevant intermediary, it may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her. Proxies need not be a Shareholder of the Company. Shareholders are informed of such meetings through the annual report or circulars sent to all Shareholders, notices published in the newspapers and announcements released via SGXNet. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings prior to such meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security-related concerns. The Company is of the view that this practice is consistent with the intent of Principle 11 of the Code as Shareholders have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings.

All votes of the Shareholders at the Shareholders' meeting will be taken by poll. Voting results of all votes cast for or against each resolution at the general meeting with respective percentages and these details will be announced through SGXNet after the meeting.

*Provision 11.5 – Minutes of general meetings*

The Company Secretaries prepare the minutes of the Company's general meetings, which will incorporate comments or queries from Shareholders and the corresponding responses from the Board and the management team. The minutes will be made publicly available on SGXNet and/or the Company's corporate website after the general meeting.

# CORPORATE GOVERNANCE REPORT

*Provision 11.6 – Dividend policy*

The Group does not have a fixed dividend policy. In considering any declaration of dividends, the Company takes into consideration the Group's profit forecast, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

As disclosed in the full year results announcement on 28 February 2023, the Directors have proposed the payment of a tax-exempt final dividend of 0.10 Singapore cents per share in respect of FY2022 amounting approximately $1.1 million, subject to the approval of Shareholders at the forthcoming AGM and determined based on the share premium of the Company as at 31 December 2022.

**Engagement with Shareholders**

***Principle 12: The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.***

*Provision 12.1 – Communication with Shareholders*

The Group recognises the importance of maintaining a constructive and effective communication channel with all Shareholders, stakeholders, investors and the public in general.

The Group does not practice selective disclosure. In line with continuous disclosure obligations of the SGX-ST Listing Manual and the Cayman Islands Companies Law, the Board's policy is that all Shareholders should be informed of all major developments that impact the Group in a timely manner. The Board embraces openness and transparency in the conduct of the Group's affairs. Information is communicated to Shareholders on a timely basis through:

- Annual reports that are prepared and issued to all Shareholders. The Board makes every effort to ensure that the annual report contains all relevant information about the Group, including future developments and other disclosures required by the Cayman Islands Companies Law and Singapore Financial Reporting Standards (International);

- Half-year and full-year results announcements containing a summary of the financial information and affairs of the Group for the period are disseminated through SGXNet and news releases;

- Notices of and explanatory notes for resolutions to be tabled at AGMs and extraordinary general meetings;

- Minutes of AGMs and extraordinary general meetings; and

- Shareholders can access information on the Group's website https://www.ghyculturemedia.com which provides, *inter alia*, corporate announcements, press releases, annual reports, and the profile of the Group.

# CORPORATE GOVERNANCE REPORT

*Provisions 12.2 and 12.3 – Investor relations policy*

The Company has an outsourced investor relations function which focuses on facilitating communications with Shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company will solicit and understand the views of Shareholders, the investment community and other stakeholders.

The Company will review the need for analyst briefings, investor roadshows or investor briefings from time to time, depending on the financial performance of the Group. The Company conducts briefings to present its financial results to the media and analysts. After the financial announcement periods, when necessary and appropriate, the investor relations team will meet investors and analysts who wish to seek a better understanding of the Group's businesses and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Group's website https://www.ghyculturemedia.com, and through which the Company may respond to such questions.

## (E) MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material Stakeholders, as part of its overall responsibility to ensure that the best interest of the Company are served.***

*Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement*

The Company recognises the importance of maintaining positive stakeholder relationships. It maintains a corporate website at https://www.ghyculturemedia.com to constantly communicate with Stakeholders and welcomes any comment, feedback and query from the Stakeholders through the corporate website and strives to engage and manage relationships with the Stakeholders. The Group's Stakeholders may find such information on the Investors Relations section of the Group's corporate website. The Company's communication framework and practices provide open and fair, as well as meaningful and timely, shareholder communication and interaction on a non-selective basis.

Rule 711A the SGX-ST Listing Manual provides that an issuer must issue a sustainability report for its financial year, no later than 4 months after the end of the financial year, or where the issuer has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year. The sustainability report has been prepared in accordance with the requirements set out in Practice Note 7.6 of the SGX-ST Listing Manual, setting out its Sustainability Reporting Framework focusing on Economic, Social and Governance impacts and strategy in relation to the management of Stakeholder relationships. The Company's sustainability report is included in the Annual Report.

## (F) INTERESTED PERSON TRANSACTIONS

The Group has established controls and reporting procedures for handling Interested Person Transactions ("**IPTs**"). These ensure that such transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Group and its minority Shareholders.

# CORPORATE GOVERNANCE REPORT

The Group has obtained a general mandate from the Shareholders as at listing date (the "**IPT General Mandate**") and renewed the IPT General Mandate from the Shareholders at the Annual General Meeting held on 28 April 2022. IPTs are executed on fair terms and at arm's length regardless of their nature and size. When a potential conflict of interest arises, the Director concerned neither takes part in the discussions nor exercises any influence over other members of the Board. The Group maintains a register to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the CFO and subject to such verifications or declarations as required by the ARMC for such period as determined by them. This list of interested persons is disseminated to any staff of the Group that the Group's finance team considers relevant for the purposes of entering into transactions that fall under the IPT General Mandate.

A review committee has been tasked by the Board to assist the ARMC in reviewing and approving IPTs exceeding $100,000 but below 3% of the Group's latest audited net tangible assets. A separate register of IPTs carried out pursuant to the IPT General Mandate (including the bases on which the IPTs are entered into, amount and nature) is maintained for such purpose, which is reviewed by the CFO on a monthly basis and circulated to the ARMC and Board for their information.

For IPTs outside the ambit of the IPT General Mandate, a list of IPTs including those less than $100,000 and their aggregate is submitted quarterly to the ARMC for its review. Any IPT exceeding $100,000 must receive the ARMC's recommendation and the Board's approval before it is entered into. Where an IPT or its aggregate exceeds 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the Board's approval. Where an IPT or its aggregate exceeds 5% of the Group's latest audited net tangible assets, Shareholders' approval will be sought through a general meeting, while the interested Shareholder will abstain from voting.

The ARMC shall review all Mandated Transactions (except where Mandated Transactions are required under the review procedures to be approved by the ARMC prior to the entry thereof) at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the ARMC. The ARMC shall, when it deems fit, request for sources, advisers or valuers, or require the appointment of internal auditors to provide additional review of the internal control procedures and review procedures and their implementation pertaining to IPTs (including the Mandated Transactions) under review.

The ARMC will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and its interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the ARMC, the ARMC is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders, and the Group will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that the Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders. In the interim, the ARMC will review every Mandated Transaction pending the grant of the fresh mandate, which will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the SGX-ST Listing Manual (as from time to time amended).

# CORPORATE GOVERNANCE REPORT

Contractual Arrangements

The ARMC will carry out periodic review of the terms of the Contractual Arrangements on an annual basis and will monitor the procedures established to regulate such interested person transactions in order to ensure that the Contractual Arrangements are not prejudicial to the interest of the Group and its minority Shareholders, and to ensure that proper measures to mitigate conflicts of interest have been put in place. In particular, where the prior written consent of the GHY WFOEs is required under the Contractual Arrangements for any transactions, the ARMC will first review such transactions and the terms of the Contractual Arrangements and any consent to be provided by the GHY WFOEs under the Contractual Arrangements will be subject to the prior unanimous consent of the ARMC having first been obtained. In the event that the ARMC is of the view that the Contractual Arrangements are prejudicial to the interests of the Group and its minority Shareholders and/or if there are any material changes to the terms of the Contractual Arrangements (even where such changes would not be considered as interested person transactions under Chapter 9 of the SGX-ST Listing Manual), an independent financial adviser will be appointed to review the terms of the Contractual Arrangements and to provide an opinion on whether the Contractual Arrangements are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders.

Any material changes to the terms of the Contractual Arrangements will also be subject to review and approval by the ARMC and the requirements under Chapter 9 of the SGX-ST Listing Manual. Any amendments to the Contractual Arrangements which do not constitute material changes to the terms of the Contractual Arrangements, and will thus not be subject to the approval by Shareholders, will nonetheless be subject to review and approval by the ARMC and will be subject to the prior unanimous consent of the ARMC having first been obtained. In addition, where the Group intends to enter into new contractual arrangements with terms similar to the Contractual Arrangements and/or acquire the equity interest of the PRC Affiliated Entities to the extent permissible under the applicable PRC laws and regulations, such transactions will be subject to review and approval by the ARMC and the requirements under Chapter 9 of the SGX-ST Listing Manual. This is to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Board also ensures that all disclosures, approvals and other requirements on IPTs, including those required by prevailing legislation, the SGX-ST Listing Manual (in particular, Chapter 9 thereof), recommendations set out in the Code and relevant accounting standards, are complied with.

All other existing and future IPTs not subject to the IPT General Mandate will be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the SGX-ST Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its minority Shareholders. In the event that such IPTs require the approval of the ARMC, the relevant information will be submitted to the ARMC for review. In the event that such IPTs require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

The ARMC will also review all IPTs to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the SGX-ST Listing Manual) are complied with.

# CORPORATE GOVERNANCE REPORT

Details of IPTs for FY2022 are presented below:

| Name of Interested Person | Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920) ($'000) | Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000) ($'000) |
|---|---|---|
| Sure Legend International Limited(1) | – | 1,931 |
| JVR Music International Ltd(2) | 770 | – |
| Taiho Holding Ltd(3) | 76 | – |
| Kang Ru Investments Limited(4) | 640 | – |
| Mr. Guo Jingyu(5)(6) | 5 | – |
| Ms. Yue Lina(7) | – | 705 |
| Mr. Yang Zhigang(8) | – | 115 |

**Notes:**

(1) Related to grant of the rights to undertake the production of concerts by Sure Legend International Limited, which is 45.0% owned by Mr. Yang Jun Rong, our Non-Executive Director and non-controlling shareholder.

(2) Related to artiste service fees and concert production sundry expenses paid to JVR Music International Ltd. JVR Music International Ltd is 45.0% owned by Mr. Yang Jun Rong, a Non-Executive Director and non-controlling shareholder.

(3) Related to the final dividends in respect of FY2021 paid to Taiho Holding Ltd, which is 50.0% owned by Mr. Yang Jun Rong, a Non-Executive Director and non-controlling shareholder.

(4) Related to the final dividends in respect of FY2021 paid to Kang Ru Investments Limited, which is 100.0% owned by Mr. Guo Jingyu, the Executive Chairman and Group CEO and Controlling Shareholder.

(5) Related to the final dividends in respect of FY2021 paid to Mr. Guo Jingyu, the Executive Chairman and Group CEO and Controlling Shareholder.

(6) As at date of this report, credit line facilities of up to approximately RMB111 million and $0.3 million are singly or jointly secured by personal guarantees provided by Mr. Guo Jingyu, the Executive Chairman and Group CEO and Controlling Shareholder, third parties as well as restricted bank deposits of not less than RMB20 million and assignment of sales contract and sales proceeds as well as the Group's motor vehicle.

(7) Related to (a) amounts received by the Group for provision of talent management services to Ms. Yue Lina, an Executive Director and (b) fees for acting services paid by the Group to Ms. Yue Lina.

(8) Related to (a) amounts received by the Group for provision of talent management services to Mr. Yang Zhigang and (b) fees for acting services paid by the Group to Mr. Yang Zhigang. Mr. Yang Zhigang is the brother of Mr. Guo Jingyu, the Executive Chairman and Group CEO and Controlling Shareholder.

## (G) MATERIAL CONTRACTS

Other than those disclosed under IPTs for FY2022, there are no material contracts of the Company or its subsidiaries and its PRC Affiliated Entities involving the interest of the CEO, Directors or Controlling Shareholders either still subsisting as at 31 December 2022 or if not then subsisting, entered into since the end of the previous financial year.

## (H) DEALINGS IN SECURITIES

The Group has adopted an internal compliance code of conduct to provide guidance to the Group, its officers regarding dealings in the securities of the Company and the implications of insider trading, in compliance with the principles of Rule 1207(19) of the SGX-ST Listing Manual. The implications of insider trading are set out in the internal compliance code of conduct, which prohibits the Company, its Directors and officers from dealing in the Company's securities (i) during the periods commencing 1 month before the announcement of the Company's financial results for its half-year and full year financial statements, ending on the date of the announcement of the relevant results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

# CORPORATE GOVERNANCE REPORT

## (I) RISK MANAGEMENT POLICIES AND PROCESSES

The Board regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks as follows:

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis.

The Board, with assistance from PWC and the ARMC, is responsible for the governance of risk by ensuring the management maintains a sound system of risk management and internal controls to safeguard Shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, considered the system of internal financial control as required by Singapore Standards on Auditing and may also report on matters relating to internal financial controls that are relevant to the audit of the Group's financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the ARMC. The management will then take corrective measures to strengthen the internal financial controls.

Based on the Group's framework of internal controls and risk management, the internal control policies and procedures established and maintained by the Group, reviews performed by management and the regular audits, monitoring and reviews performed by internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks for FY2022.

For FY2022, the Board has received assurances from the CEO, an Executive Director and the CFO of the Company that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are operating effectively.

The Group's financial risk and capital management is discussed under Note 5 to Financial Statements of the Annual Report.

# CORPORATE **GOVERNANCE REPORT**

## (J) USE OF IPO PROCEEDS

As at the date of this Annual Report, the net proceeds from the initial public offering of the Company ("**IPO**") have been utilised and described in the table below:

| | Amount allocated $'million | Amount utilised $'million | Balance as 12 April 2023 $'million |
|---|---|---|---|
| Expansion of the TV Program and Film Production business via investment in production[1], acquisitions, joint ventures and/or strategic alliances[2] | 64.5 | (64.5) | – |
| Expansion of the Concert Production business via investment in production[3], acquisitions, joint ventures and/or strategic alliances | 21.5 | (3.0) | 18.5 |
| General working capital purposes | 15.0 | (8.2)[4] | 6.8 |
| Total | 101.0 | (75.7) | 25.3 |

**Notes:**

(1) Such investments have included and may include, but are not limited to, the production of dramas, films, online short film series, musicals and stage plays.

(2) It is intended that out of the gross proceeds to be used for expansion of the TV program and film production business via investment in production, acquisitions, joint ventures and/or strategic alliances, 70.0% and 30.0% will be used for the expansion of the TV program and film production business in the PRC and other countries respectively.

(3) Such investments may include, but are not limited to, undertaking the production of concerts for a larger number of artistes in Singapore and in the region.

(4) Approximately $8.2 million was used for general working capital purposes from listing to date of this report mainly: (a) payment for professional fees of approximately $0.9 million, payment for employees' salaries of approximately $5.0 million and payment for office rental expenses of approximately $0.6 million; and (b) payment for income tax of approximately $1.7 million.

The above utilisations of the net IPO proceeds are in accordance with the intended use of proceeds from the IPO as stated in the Prospectus dated 11 December 2020. The Company will continue to make periodic announcements on the utilisation of the balance of net IPO proceeds as and when such proceeds are materially disbursed.

# SUSTAINABILITY **REPORT**

## MESSAGE FROM THE EXECUTIVE CHAIRMAN AND GROUP CEO

Dear Stakeholders,

It is our pleasure to present to you the Sustainability Report (the "**Report**") for G.H.Y Culture and Media Co. Holdings Limited ("**GHY**" or the "**Company**" and together with its subsidiaries and its PRC Affiliated Entities[1], the "**Group**") for FY2022. This Report provides information on the sustainability performance of our business and practices.

As a leading player in the media and entertainment industry in the Asia Pacific region, we remain committed to produce high-quality content and aim to create long-term value for its stakeholders. GHY focuses on having good corporate governance, underpinned by high business ethics and complying with all local laws and regulations in countries which we operate in.

We are committed to building a strong, diverse and sustainable organisation. We recognise that our employees are core to the Group's business operations and we seek to nurture talents and develop their capabilities. This has been achieved through training for all employees and development programmes for staff to upskill and upgrade, in turn capturing value for the Group.

As we continue to operate in a post-COVID world, the Group remains vigilant to ensure that we uphold the safety of our employees, concert attendees and drama and film production crew. Aside from navigating carefully through the volatile market, the Group continues to evaluate the impact of climate change on our business. Within this Report, we have presented our inaugural climate related disclosures report based on the Taskforce for Climate-related Financial Disclosures ("**TCFD**") recommendations. This has helped us to consider climate-related risks and opportunities when formulating our overall business strategy, objectives and performance measurements.

On behalf of the Board of Directors (the "**Board**"), I would like to take this opportunity to thank all our stakeholders for their unwavering support as we continue to strive towards sustainable growth and innovation in the years ahead.

**Mr. Guo Jingyu**
Executive Chairman and Group CEO

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1 Entities which the Group is conferred operational control and economic rights over, and the Group is able to exercise control over the business operations of such entities and enjoy substantially all the economic rights arising from the business of such entities. The Group regards each PRC Affiliated Entity as a controlled structured entity and consolidates the financial positions and results of operations of the PRC Affiliated Entities in the financial statements of the Group.

# SUSTAINABILITY **REPORT**

## REPORTING PRACTICE

### Reporting Principles & Statement of Use

This Report is produced in accordance with the Global Reporting Initiative ("**GRI**") 2021 Standards covering the Group's performance from 1 January 2022 to 31 December 2022. The GRI standards were selected as it represents the global best practices for reporting on economic, environmental and social topics.

The following GRI reporting principles were applied to guide the Group in ensuring the quality and proper presentation of the information in this Report: Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness and Verifiability. For more information on GRI disclosures, please refer to the GRI Content Index.

To provide transparency on our climate-related risk exposures, this Report presents the Group's climate related financial information in line with the recommendations of the Taskforce for Climate-related Financial Disclosures ("**TCFD**") framework. The United Nations Sustainable Development Goals ("**UN SDGs**") have also been incorporated into the Report to highlight the Group's contributions to sustainable development. This Report is in compliance with Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules 711A and 711B.

The Board has reviewed and approved the reported information, including the material topics.

### Reporting Scope

The scope of this report covers all of the Group's business segments including our TV Programme and Film Production, as well as Concert Production, and all of our geographic locations including but not limited to Singapore, People's Republic of China ("**PRC**") and Malaysia.

### Restatements

There are no restatements of information made from previous reporting periods.

### Assurance

The Group has established internal controls and verification mechanisms to ensure the accuracy and reliability of the narratives and data disclosed within this Report. We have also considered the recommendations of an external Environmental, Social and Governance ("**ESG**") consultant for the selection of material topics as well as compliance with GRI Standards, SGX-ST Listing Rules and alignment to TCFD recommendations.

To further enhance the credibility of the Group's sustainability reporting, the Group has subjected our sustainability reporting process to internal review by our internal auditors, as required by SGX-ST Listing Rules 711B (3).

The Board has therefore assessed that independent external assurance is not required at this juncture.

### Availability & Feedback

This Report is available online at SGXnet and https://ghyculturemedia.com/investor-relations. For any queries or feedback on this Report, please contact us at enquiries@ghyculturemedia.com.

# SUSTAINABILITY **REPORT**

## OUR VALUE CHAIN

The Group possesses expertise and capabilities across the business value chain. Currently headquartered in Singapore and the PRC with over 130 employees, the Group engages in concert production, talent management services, and costumes, props and make-up services. The Group also has an extensive supply chain ranging from film and production equipment and event management vendors to post-production and costume suppliers.

### TV Programme and Film Production

We collaborate with third-party suppliers and subcontractors for the provision of their services to our Group, which supports our TV program and film production business and costumes, props and make-up services business on a recurring basis.

### Concert Production

Our concert production business involves the organisation and management of concerts in various jurisdictions, depending on the scope and extent of the rights for the concert production. This is typically granted to us by the management agency of the respective artistes. We have undertaken the production of concerts for well-known international artistes in Singapore, Malaysia and Australia.

We have concert production teams based in both Singapore and the PRC, which will oversee the overall production and promotion of each concert and carry out the Concert Organisation and/or Concert Management, as the case may be. Our concert production teams will also liaise with the artiste and/or such artiste's management team throughout the preparation, marketing and performance itself, in order to successfully stage each concert.

### Costumes, Props, and Make-up Services

We provide costumes, props and make-up services for artistes and third party production companies for their drama and film production activities by engaging subcontractors for the provision of such costumes, props and make-up services.

### Talent Management Services

We identify and recruit artistes who are based mostly in the PRC and have built up a stable pool of well-known artistes. The current pool of artistes we manage are actors and actresses who are primarily based, or whose projects and engagements are primarily based, in the PRC and/or Singapore.

For more details on the Group's business activities and corporate structure, please refer to Corporate Profile and Corporate Structure sections of this Annual Report.

# SUSTAINABILITY **REPORT**

## SUSTAINABILITY AT G.H.Y

### Our ESG Focus and Strategy

The Group contributes to the development of arts and culture across the countries in which we operate, particularly in the PRC, Singapore and Malaysia. Our works include a wide variety of dramas, films and concerts, which continue to enjoy notable successes with our audiences in the Asia-Pacific region.

GHY's sustainability strategy focuses on the social impact of our operations as it is an area where we have significant contributions. While curating memorable experiences for our audience, the Group strives to comply with local government regulations in every country we operate in. We pay particular attention to safeguard customer and employee data and comply with all relevant laws and regulations pertaining to data privacy and protection.

We remain committed to deliver high quality dramas and films to audiences on major streaming platforms and leading TV networks. Comprehensive staff training programmes and upskilling opportunities ensure that staff are empowered and equipped to deliver quality service and content. We also prioritise the safety and well-being of our employees to ensure operational continuity in a post-COVID world.

Finally, the Group has enhanced our sustainability strategy by embedding climate-related risks and opportunities and implementing the TCFD Recommendations within this Report. The following 6 focus areas guide our sustainability strategy:

# SUSTAINABILITY **REPORT**

**Focus 1: Governance & Ethics**
With ever evolving laws and compliance requirements, the Group's strong corporate governance practices have enabled us to navigate complex film and media industry regulations in multiple geographic locations we operate in.

**Focus 2: Climate Resilience**
The Group has embarked on our climate reporting journey by implementing the TCFD Recommendations within this Report, and embedded climate-related risks and opportunities into our business and strategy.

**Focus 3: Contribution to the Media & Entertainment Industry**
The Group leverages on our strong in-house production capabilities and established industry network to create opportunities with like-minded organisations and jointly shape the next generation of media and film talents in the region.

**Focus 4: Human Capital**
The Group practices non-discriminatory hiring and remunerates our employees fairly based on performance. Employees undergo training and development programmes and there is a conscious effort to hire locally where possible.

**Focus 5: Health & Safety**
The Group is committed to providing a safe and rewarding work environment by prioritising the health and safety of all employees and customers in our daily operations. We conduct inspections of all filming and concert sites and equipment to ensure that there are minimal incidental risks during our drama, film and concert productions.

**Focus 6: Corporate Social Responsibility**
The Group strives to generate positive impacts for the local communities wherever we operate. We partner with local communities to uplift society and empower individuals. We also aim to reduce our consumption of energy and paper resources where possible.

# SUSTAINABILITY **REPORT**

**Contribution to the Sustainable Development Goals**

The Group's business focus is aligned with the UN SDGs. The attainment of the UN SDGs is a continuing global effort and forms part of the Group's long-term focus on sustainability. The Group's contributions to the attainment of the relevant UN SDGs are highlighted below:

SUSTAINABLE DEVELOPMENT GOALS

| UN SDG | The Group's Contribution | Read more in the following sections |
|---|---|---|
| 4 QUALITY EDUCATION | Provide training, career appraisal and development opportunities for all our employees | Focus 4: Human Capital |
| 5 GENDER EQUALITY | Provide equal opportunities in employment, training and career development regardless of gender | |
| 8 DECENT WORK AND ECONOMIC GROWTH | Provide work opportunities and a conducive working environment for the community | Focus 5: Health & Safety |
| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | Contribute to the development of culture and media and develop new media and entertainment technologies | Focus 3: Contribution to the Media & Entertainment Industry |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | Reduce energy consumption and the usage of paper whenever possible | Focus 6: Corporate Social Responsibility |
| 13 CLIMATE ACTION | Continuous monitoring of climate-related risks and opportunities and identify potential areas to enhance climate change resilience | Focus 2: Climate Resilience |
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | Promote good corporate governance and build strong working relationships with financial institutions and government bodies | Focus 1: Governance & Ethics |

# SUSTAINABILITY **REPORT**

**ESG Performance Highlights**

Signed memorandum of understanding ("**MOU**") with Curtin University to collaborate in higher education programmes in Asia related to media and film studies.

Zero incidents of environmental non-compliance.

Zero significant incidents of health and safety non-compliance and regulatory breaches.

## STAKEHOLDER ENGAGEMENT

The Group believes that stakeholder engagement is key to building a sustainable business. Our stakeholders are groups that have a material impact on or are materially impacted by our operations. We maintain meaningful relationships with our stakeholders through open, transparent and responsive dialogue and communication. We engage with our stakeholders through various platforms and channels throughout the year. Apart from communicating important developments and updates about the Group, feedback from our stakeholders enhances our ability to identify opportunities, improve our services and advance our ESG goals.

The following table summarises our key stakeholders, engagement platforms, their key concerns and how the Group has responded to those concerns.

| Stakeholders | Key Concerns | Engagement Platforms | Our Response | Addressed in this Report |
|---|---|---|---|---|
| **Customers** | • Quality of dramas and films<br>• Concert venue safety | • Social media platforms such as Facebook, Instagram, Weibo, TikTok<br>• Streaming platform and media's feedback channels | • Conduct market research and discussions with streaming platforms and TV networks to ensure that content produced is aligned to market trends and preferences.<br>• Conduct concert venue safety inspections. The concert organiser is required to obtain all relevant permits prior to actual concert date. | Focus 3: Contribution to the Media & Entertainment Industry<br><br>Focus 5: Health & Safety |

# SUSTAINABILITY **REPORT**

| Stakeholders | Key Concerns | Engagement Platforms | Our Response | Addressed in this Report |
|---|---|---|---|---|
| **Employees** | • Occupational Health and Safety (including COVID-19)<br>• Training and education<br>• Employee rights and benefits<br>• Diversity and equal opportunity | • Annual employee performance appraisal<br>• Training | • Establish policies on performance appraisals, diversity, and anti-harassment.<br>• Build a safe and inclusive workplace. | Focus 4:<br>Human Capital<br><br>Focus 5:<br>Health & Safety |
| **Government and regulators** | • Contributions to the media and entertainment industry | • Sustainability Reports<br>• Regulatory filings | • Comply strictly with socioeconomic and environmental regulations.<br>• Disclose climate-related risks and opportunities through implementation of TCFD recommendations. | Focus 1:<br>Governance & Ethics<br><br>Focus 2:<br>Climate Resilience |
| **Suppliers and ticketing agencies** | • Governance and Ethics<br>• Customers' privacy | • Community engagement<br>• Annual Reports | • Fulfill all regulatory compliance requirements.<br>• Ensure customers' data are secured and protected. | Focus 1:<br>Governance & Ethics |
| **Shareholders and investors** | • Climate change resiliency<br>• Environmental impact<br>• Corporate governance | • Annual Reports<br>• Investor Relations | • Provide informative and insightful Annual Reports, Sustainability Reports and regulatory filings. | Focus 1:<br>Governance & Ethics<br><br>Focus 2:<br>Climate Resilience<br><br>Focus 6:<br>Corporate Social Responsibility |

## MATERIALITY ASSESSMENT

As part of our ongoing monitoring of material ESG issues, we engaged an external consultant to conduct a materiality assessment workshop in FY2022. The aim of the workshop was to identify new material ESG issues that may have emerged as a result of recent global events, as well as to evaluate the relevance of the material ESG issues from the previous reporting period. The workshop involved our senior management where we ascertained our material ESG issues based on the significance of its impact in relation to the key concerns raised by our internal and external stakeholders. We have also taken into consideration current sustainability themes and areas of concern to the media and entertainment industry when selecting the material ESG issues.

With an increasing spotlight on social impact, new material ESG issues introduced in this Report include market presence, non-discrimination and local communities. Material ESG issues that have been removed include energy and waste as it is largely managed by suppliers and is beyond the Group's operational control.

The following steps were taken to present the relevant material ESG issues in this Report:

| Step 1: Identify | Step 2: Prioritise | Step 3: Review | Step 4: Validate |
|---|---|---|---|
| Selection of potential material issues based on the risks and opportunities to the sector. | Prioritise material issues based on concerns of internal and external stakeholders. Key considerations include alignment with organisational values, policies, management systems, goals and targets. | Review the relevance of previously identified material issues. | Validate selected material issues in the Report with the Board. |

# SUSTAINABILITY **REPORT**

Our materiality assessment informs us on the list of material ESG issues to include in this Report. Based on the results of our materiality assessment, we have prioritised and categorised the material issues into key themes which are crucial to the Group's business. The table below presents an overview of the Group's material ESG issues grouped according to key focus areas in this Report.

| GHY's Material ESG Issues | Applicable Segments | Addressed in this Report |
|---|---|---|
| **Anti-corruption** | Group-wide | Focus 1: Governance & Ethics |
| **Tax** | | |
| **Marketing & Labelling** | | |
| **Customer Privacy** | | |
| **Economic Performance** | Group-wide | Focus 2: Climate Resilience |
| **Indirect Economic Impacts** | Group-wide | Focus 3: Contribution to the Media & Entertainment Industry |
| **Market Presence** | Group-wide | Focus 4: Human Capital |
| **Employment** | | |
| **Training and Education** | | |
| **Diversity and Equal Opportunity** | | |
| **Non-discrimination** | | |
| **Occupational Health and Safety** | Group-wide | Focus 5: Health & Safety |
| **Customer Health & Safety** | | |
| **Local Communities** | Group-wide | Focus 6: Corporate Social Responsibility |

## FOCUS 1: GOVERNANCE & ETHICS

The Group is committed to upholding professional standards, workplace standards and behaviours in the course of our business operations. Strong corporate governance practices are key to building a viable and resilient business that is able to adapt to the trends and uncertainties in the entertainment industry. Such practices help the Group to align its operations and business activities with the interests of all key stakeholders.

The Group has implemented policies and processes to ensure that all employees and business partners uphold strong ethics and integrity to prevent any incidents of corruption. We have implemented escalation mechanisms through our Whistleblowing Policy to allow employees and our stakeholders to report any incidents of breaches in business integrity. GHY has zero tolerance on any incidents of non-compliance to our anti-corruption laws and regulations. We have put processes in place to ensure that our practices are consistent with the policies implemented.

**Corporate Compliance**

The Group is subject to various laws and regulations applicable to our business in Singapore, the PRC, Malaysia and Australia. This includes, but not limited to, the Films and Public Entertainments Act by Infocomm Media Development Authority ("**IMDA**"), the Copyright Law of the PRC, the Perbadanan Kemajuan Filem Nasional Malaysia Act 1981, regulations by the Monetary Authority of Singapore, Listing Rules of the SGX-ST, the Code of Corporate Governance 2018 and the Securities and Futures Act, amongst others.

# SUSTAINABILITY **REPORT**

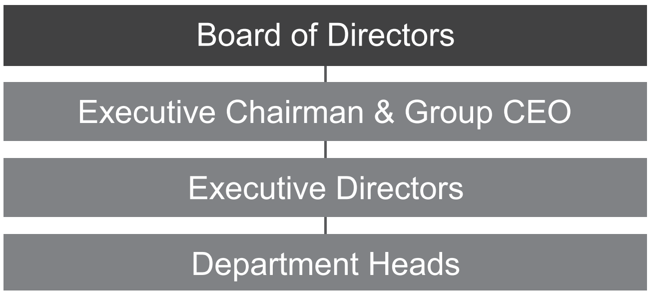
The Group receives updates on new regulations and updates to existing regulations from professional parties including but not limited to secretarial firm, auditors and counsels. Updates are disseminated to relevant staff and processes have been put in place to monitor the activities and its performance on a regular basis.

Additionally, updates on relevant legal, accounting and regulatory developments are regularly provided to the Board. The company secretary circulates articles, reports and press releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Board.

There were no incidents of non-compliance with material laws and regulations applicable to the Group in FY2022.

**Sustainability Governance and Statement of the Board**

The Board considers sustainability matters when curating the Group's strategic direction and oversees the management and monitoring of the Group's impact on the economy, environment and people. The Board is also responsible for reviewing and approving the reported information in this Report, including the material ESG issues.




The Board has delegated the responsibility of managing the Group's impacts on the economy, environment and people to the senior management, which includes the Group Chief Executive Officer ("**CEO**"), Executive Directors and Chief Financial Officer ("**CFO**"). Board meetings to discuss the ESG agenda are convened at least once annually and management will provide quarterly updates to the Board on the business operations. The Group will continue to monitor the effectiveness of our governance structure for managing ESG-related risks and opportunities and update the Board on the risk mitigation progress at least annually or whenever necessary.

To allow all members of the Board to better understand sustainability, SGX has mandated sustainability training for all board directors of equity issuers listed on SGX. As at 31 December 2022, all of the Group's Directors have attended the mandatory sustainability training conducted by approved service providers.

**Risk Management**

The Group implements a comprehensive risk management framework and takes a precautionary approach towards strategic decision making and our daily operations.

For more details on corporate governance practices and risk management framework, please refer to the Corporate Governance section of this Annual Report.

# SUSTAINABILITY **REPORT**

**Anti-Corruption**

The Group adopts a zero-tolerance approach to corruption and is guided by the following core principles: integrity, responsibility and accountability. Effective controls, processes and procedures provide the framework for all employees and board members to adhere to in their dealings with customers, business partners and colleagues. We expect our business partners and suppliers to comply with applicable anti-corruption laws and regulations. All Board members and employees have received training on anti-corruption.

All of our operations have been assessed for risks related to corruption covering money laundering and terrorism financing, theft, fraud, conflicts of interest including insider trading and bribery. In FY2022, there were no reported incidents of corruption.

**Whistleblowing Policy**

The Group is committed to a high standard of compliance with corporate governance. In line with this commitment, we have developed a Whistleblowing Policy to provide an avenue for internal and external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistleblowing in good faith. More details on our Whistleblowing Policy is available on the Group's website.

**Customer Privacy and Data Protection**

The Group is committed to respecting and protecting the privacy of our customer's personal data collected in connection with the Group's website. Our Privacy Policy outlines how the Group collects, uses, discloses and processes the personal data provided by customers, as well as to assist customers in making an informed decision before providing us with any personal data. In FY2022, there were zero substantiated complaints concerning breaches of customer privacy and also zero instances of data leaks or losses of customer data.

**Marketing and Labelling**

The Group aims to be compliant with all marketing and labelling requirements of our concerts, dramas and films in the countries where we distribute and market our products. All drama and film productions films produced by the Group and third parties are classified in accordance with relevant film and concert classification guidelines enforced by local authorities. For example, all dramas and films distributed and publicly exhibited in Singapore must be submitted for classification and certification under the Films Act which is administered by the IMDA. The Board of Film Censors is responsible for classifying TV programs and films in Singapore into age-appropriate ratings. In addition, concerts organised by the Group are given a classification rating in accordance with the Arts Entertainment Classification Code, which forms part of the licensing conditions that are issued by a licensing officer under the Public Entertainments Act.

To provide clear and accurate information to our customers, details of our dramas and films productions and concert productions are disclosed on our website, advertisements and marketing materials. Production details include, but are not limited to, the genre and names of producers, directors, and cast members.

There have been zero incidences of non-compliance relating to product and service information and labelling and marketing communications in FY2022.

# SUSTAINABILITY **REPORT**

**Tax Compliance**

The payment of taxes is part of GHY's contribution to society and plays a central link between GHY and the countries and communities where we operate. The Group aims to fully comply with relevant tax laws and regulations in all jurisdictions we operate in. We have a zero tolerance for any intentional breach of tax laws and regulations.

Tax-related risks are identified as part of the Group's enterprise risk management framework. An Executive Director and the CFO are responsible for tax matters and provides assurance based on our tax control framework. The respective business units are delegated the responsibility of implementing tax compliance related policies and procedures, which are monitored by the Group's Executive Director and the CFO.

The Board approves our tax strategy, regularly reviews its effectiveness and maintains a sound system of risk management and internal control. The Audit and Risk Management Committee ("**ARMC**") assists the Board in maintaining a sound system of risk management and internal control and oversight over GHY's financial reporting. Annually the Board conducts a review, to its satisfaction, of the effectiveness of GHY's system of risk management and internal controls which includes financial, operational and compliance controls, including tax controls.

Tax-related trainings are attended by relevant staff to keep abreast of key changes. The Group also engages qualified professional tax advisors in all jurisdictions to ensure compliance at the transaction level as well as to fulfil required tax filings. Any instances of non-compliance are immediately reported to the ARMC and resolved promptly.

**Governance & Ethics Targets**

| Segment | FY2022 Targets | Status | FY2022 Performance Update |
|---|---|---|---|
| **Group-wide** | Zero incidents of non-compliance with SGX-ST listing rules or Code of Corporate Governance | ✓ Met | Achieved zero incidents of non-compliance with SGX-ST listing rules or Code of Corporate Governance. |
| | Zero reported corruption and zero whistle blowing report | ✓ Met | Achieved zero reported corruption and zero whistle blowing report. |
| | Zero reported human right, child & forced labour breach | ✓ Met | Achieved zero reported human right, child & forced labour breach. |
| | Zero data privacy and cyber security breach | ✓ Met | Achieved zero data privacy and cyber security breach. |
| | No non-compliance incidents with local regulations or voluntary codes regarding marketing and labelling | ✓ Met | Achieved no non-compliance incidents with local regulations or voluntary codes regarding marketing and labelling. |
| | No significant tax-related non-compliance | ✓ Met | Achieved no significant tax-related non-compliance. |

# SUSTAINABILITY REPORT

| Segment | FY2023 Targets |
|---|---|
| **Group-wide** | • Zero incident of non-compliance with SGX-ST listing rules or Corporate Governance Code<br>• Zero report of corruption and zero whistle blowing report<br>• Zero report of human right, child & forced labour breach<br>• Zero data privacy and cyber security breach<br>• Zero report of non-compliance incident with local regulations or voluntary codes regarding marketing and labelling<br>• Zero report of significant tax-related non-compliance |

## FOCUS 2: CLIMATE RESILIENCE

The Group recognises that climate risks are key business risks. Climate change is one of the long-term key global risks that can potentially impact the Group's assets, revenue, operations, supply chain, stakeholder engagement and investor communication. The Group also understands that aside from climate-related physical risks, regulatory transition risks can result in stricter emission standards and increased carbon tax, amongst others.

The Group is committed to building resilience against climate change. Over the past year, we have witnessed the impact of climate change on our stakeholders which has given us the impetus to increasingly consider climate-related risks and opportunities in our business decisions. To provide greater accountability and transparency in our sustainability reporting, we will be disclosing our first TCFD report which highlights the Group's climate-related risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies in our changing world.

### Taskforce on Climate-related Financial Disclosures Recommendations

Climate risks can materialise into tangible financial impact on our business operations. Beyond the impact of the Group's operations on the environment and society, we need to consider the impact of climate change on our business operations, assets and stakeholders such as our employees, audiences and shareholders. The Group will progressively enhance our climate-related disclosures and begin implementing the TCFD recommendations using a phased approach. In accordance with the recommendations of TCFD, we have assessed the impact of climate-related risks and opportunities, and proposed mitigating responses to cushion against the impact of climate change on our operations.

# SUSTAINABILITY **REPORT**

The four core elements of the TCFD Recommendations provide an appropriate structure to identify, disclose and manage climate-related risks and opportunities. The following table summarises our considerations of each element in our disclosures.

| TCFD Recommended Disclosures | FY2022 Status | Summary and Next Steps |
|---|---|---|
| **Governance** | | |
| Describe the Board's oversight of climate-related risks and opportunities | Met | The Board is responsible for the governance of risk across the Group, while ensuring that the management maintains a sound system of risk management and internal controls.<br><br>Climate risks and opportunities were discussed and identified by the senior management based on the TCFD framework. Management has also presented their strategies and mitigation for these risks and opportunities to the Board for review and approval.<br><br>Board meetings to discuss the ESG agenda are convened at least once annually. We will continue to monitor the effectiveness of our governance structure for managing climate-related risks and opportunities and update the Board on the risk mitigation progress at least annually or whenever necessary. |
| Describe management's role in assessing and managing climate-related risks and opportunities | Met | The management identifies the climate-related risks and opportunities and supports the Board on the implementation of the respective climate-related strategies. The management surfaces significant risk issues for discussion with the Board to keep them fully informed in a timely manner. Any critical decisions pertaining to climate-related risks and opportunities will be escalated to the Board immediately for review and approval. |
| **Strategy** | | |
| Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term | Met | Please refer to the "*Climate-related risks and opportunities*" section below for more information. |
| Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning | Met | |
| Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | In progress | In line with SGX's phased implementation approach for TCFD adoption, the Group will incorporate scenario analysis in our subsequent sustainability reports. |

# SUSTAINABILITY **REPORT**

| TCFD Recommended Disclosures | FY2022 Status | Summary and Next Steps |
|---|---|---|
| **Risk Management** | | |
| Describe the organisation's processes for identifying and assessing climate-related risks | Met | GHY conducts annual discussions on climate change risks and opportunities involving senior management across business units. This is facilitated by an independent ESG consultant to determine the key sustainability issues that are crucial to our stakeholders.<br><br>The Group has identified the relevant climate-related risks and opportunities as outlined in the Climate Risks and Opportunities section below. Each identified risk is assessed based on: 1) the likelihood of occurrence; and 2) the severity of potential impacts arising from the risk. |
| Describe the organisation's processes for managing climate-related risks | Met | The climate risk assessment process detailed above provides input for the Group to determine our risk management strategy. In addition to the likelihood and impact of the risk, we have also taken into consideration other relevant factors such as cost and time period involved. |
| Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management | Met | The Board and management team will undertake a periodic review of the identified climate-related risks and the risk management approach. |
| **Metrics and Targets** | | |
| Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | Met | To manage climate-related risks, the Group is evaluating other metrics that may potentially warrant inclusion as targets. In line with SGX's phased approach for TCFD adoption, the Group shall evaluate the need to quantify and monitor greenhouse gas emissions in subsequent sustainability reports. |
| Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | In Progress | |
| Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | In Progress | |

# SUSTAINABILITY **REPORT**

**Climate-related Risks and Opportunities**

In line with our commitment to align with the TCFD recommendations, our identification and assessment of climate-related risks considers:

- **Transition risks**: include changes to policy and legal obligations, technological innovation, changing market demand for products, and changing stakeholder expectations.

- **Physical risks**: risks relating to the physical impacts of climate change (both acute and chronic). Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods, while chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.

The table below presents our analysis of our most significant and relevant climate-related risks. The Group recognises that the list is not exhaustive, and we will continue to enhance our understanding and responses to these risks.

| Type of Risk | Description | Risk Mitigation |
|---|---|---|
| **Transition Risk** | | |
| **Policy and Legal** | **Introduction and/or increase of carbon tax in countries where GHY operates in will indirectly increase the cost of media production**<br><br>• In Singapore, the existing carbon tax rate of $5/t$CO_2$e is expected to increase from 2024 onwards. By 2030, the rate of carbon tax is expected to reach $50-$80/t$CO_2$e. | Energy cost is not deemed as a material cost in the Group's operations. Notwithstanding the above, the Group shall continue to monitor its energy usage and explore implementing energy efficiency measures. |
| | **Time Period**[2]: Medium, Long | |
| | **Likelihood**[3]: Possible | |
| | **Financial Impact**: Higher cost of energy usage | |

2 Definition of time period used in this Report:
- **Short:** 1-3 years
- **Medium:** 3-5 years
- **Long:** More than 5 years

3 Three categories of likelihood have been used in this Report (in decreasing order of likelihood):
(a) Certain
(b) Likely
(c) Possible

# SUSTAINABILITY **REPORT**

| Type of Risk | Description | Risk Mitigation |
|---|---|---|
| **Reputation** | **Clients and industry players prefer to work with companies that commit to environmental standards (including but not limited to environmentally responsible and resource-efficient or utilizes technology throughout its production processes to reduce its carbon footprint and drive a green transition) during film production and organising concerts**<br><br>• The effects of climate change could pose greater physical risk for outdoor productions and concerts. This could result in clients' preference to engage in media companies which commit to environmental standards. | The Group will actively consider our environmental impact during drama and film productions.<br><br>The Group has provided e-ticketing services to conserve resources for concert-goers and implemented segregated bins for waste disposal to encourage waste segregation. |
| | **Time Period**: Short, Medium, Long | |
| | **Likelihood**: Possible | |
| | **Financial Impact**: Loss in revenue | |
| **Physical Risk** | | |
| **Acute and Chronic** | **Extreme weather events such as typhoons, floods, droughts, extreme heat lead to delay in production time and inflated project costs**<br><br>• The increase in unpredictable weather events affect the production planning and pose as a safety hazard for production crews and staff. | The Group will plan the filming schedule based on the latest available weather forecast to minimise disruption or delays in filming on rainy days.<br><br>Going forward, the Group will increase the usage of green screen in filming. A green screen allows drama and film production to remain within a sound stage but depict disparate locations and sequence hence minimising disruption in filming due to extreme weather conditions. |
| | **Time Period**: Short, Medium, Long | |
| | **Likelihood**: Certain | |
| | **Financial Impact**: Increase in drama and film production cost | |

# SUSTAINABILITY **REPORT**

While climate change presents certain risks to the Group, there are also opportunities that could arise. The Group is well-positioned to capture such opportunities and create long-term value for our stakeholders.

| Opportunities | Description | Management's Response |
|---|---|---|
| **Product/ Services** | **Creating content for corporates to communicate their sustainability strategies and values**<br><br>• With the increasing emphasis and awareness on climate change and its impacts, there could be an increase in demand for content creation projects on climate change.<br><br>**Creating content that promote sustainability**<br><br>• With the increasing emphasis and awareness on climate change and its impact, there could be an increase in viewer preference towards content on climate change. | The Group will actively consider films promoting sustainability. For instance, if the client is a strong advocate for sustainability, we may suggest an ESG-related script or idea for the client's consideration.<br><br>The Group will actively consider creating short films on climate change for broadcast on short-form video platforms (e.g. Tik Tok). |
| | **Time Period**: Short, Medium, Long | |
| | **Likelihood**: Possible | |
| | **Financial Impact**: Increase in revenue | |
| **Markets** | **Access to capital from sustainability linked funds and grants to produce 'green' films/ events**<br><br>• In producing 'green' films/events, there could be government grants available to defray the operating costs of producing such content. | The Group will explore the suitability of producing 'green' content to gain new sources of funding for drama and film production. |
| | **Time Period**: Short, Medium, Long | |
| | **Likelihood**: Likely | |
| | **Financial Impact**: Reduction in the cost of drama and film production | |

# SUSTAINABILITY **REPORT**

## FOCUS 3: CONTRIBUTION TO THE MEDIA & ENTERTAINMENT INDUSTRY

As a leading player in the Asia Pacific media and entertainment industry, GHY aims to produce high-quality content and strive for continuous innovation and breakthroughs while generating positive impact for the industry.

**Indirect Economic Benefits**

The Group recognises its role in shaping the next generation of media and film talents in the Asia Pacific region. On 8 December 2022, GHY signed a MOU with world-renowned education establishment, Curtin University, to enter into an academic partnership in media and film studies. The partnership will bolster the future talent pool in Asia and bring about opportunities for such talents to collaborate with GHY in the areas of drama and film production and digital media.

This collaboration also leverages on GHY's strong in-house production capabilities and established industry network to provide more opportunities for industry exchanges and on-the-job training programs for students.

Under the MOU, both parties have agreed to discuss opportunities for education-industry collaboration and work-integrated learning programs, as well as to explore development of a global major and cross-campus industry-integrated learning programme. The partnership will also see the exchange of information relating to activities in fields of mutual interest and provide the students of Curtin with mobility opportunities.

Since its establishment, the Group has placed a strong emphasis on identifying, nurturing and promoting talent in the media and film industry across Southeast Asia. To better prepare and equip students for the future trends in the media and film industry, both GHY and Curtin University share a common vision of providing a structured higher-learning platform to develop Asia's talent pool and technology in the media and film industry.

**Contribution to the Media & Entertainment Industry Targets**

| Segment | FY2022 Target | Status | FY2022 Performance Update |
|---|---|---|---|
| **Group-wide** | Continue supporting local communities through partnerships and educational programmes | ✓ Met | Signed MOU with Curtin University to collaborate in higher education programmes in Asia related to media and film studies.<br><br>Please refer to the Corporate Social Responsibility section of this Annual Report for collaborations with other educational institutions. |
| **Segment** | **FY2023 Target** | | |
| **Group-wide** | Continue supporting local communities through partnerships and educational programmes | | |

# SUSTAINABILITY REPORT

## FOCUS 4: HUMAN CAPITAL

GHY aims to create a highly engaged and dedicated workforce as our people are the cornerstone of our long-term growth and success. We strive to empower our people by investing in their professional and personal development and equipping them with future skills. We work towards an inclusive employment and a vibrant work environment allowing our people to grow and have a rewarding career with us.

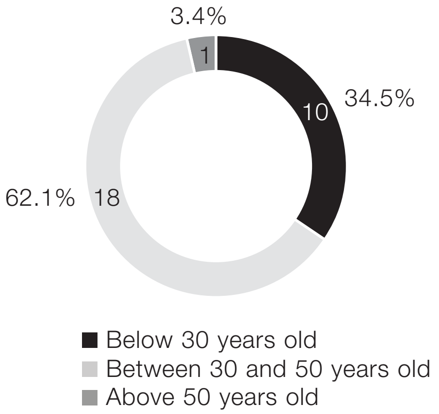
**Employment Practices**

The Group is committed to fair and unprejudiced employment practices and does not discriminate on the basis of gender, race, religion, mental or physical disabilities and other criteria when employing new employees. As at 31 December 2022, the Group has a total strength of 136 employees which is an 20% decrease from 170 employees in FY2021. Out of the total 136 employees, 29 employees were new hires and 63 employees left the organisation in FY2022. This translates to a new employee hire rate of 19.0% and a turnover rate of 41.2%[1].

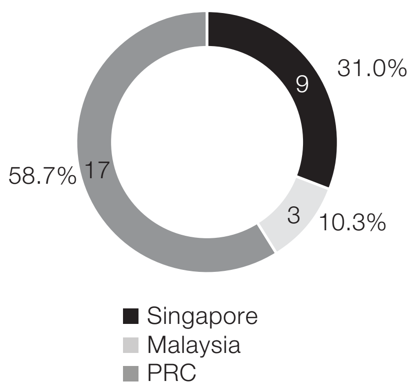
**Employment Metric**

**New Employee Hire**

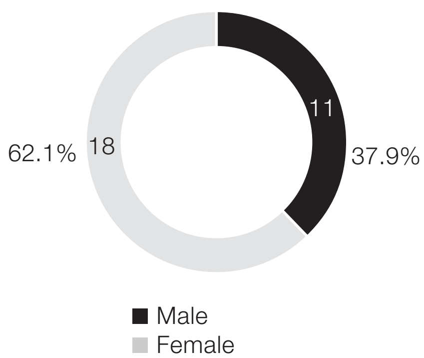
**By age groups**




**By region**

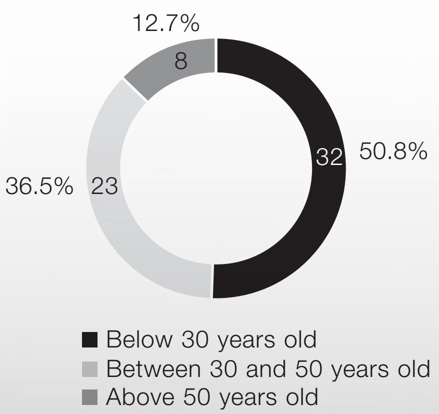



**By gender**

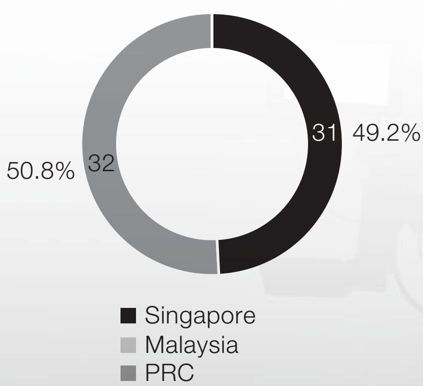



**Employee Turnover**

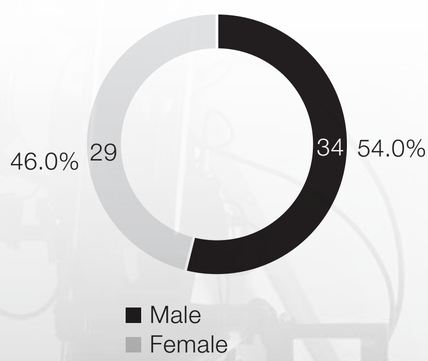
**By age groups**




**By region**




**By gender**




[1] The new hire rate and employee turnover have been computed based on the average employee headcount during the year.

# SUSTAINABILITY **REPORT**

The Group believes that equitable gender choice for maternity and paternity leave, and other leave entitlements, can lead to the greater recruitment and retention of qualified employees. It can also boost employee morale and productivity. We ensure that full-time employees are entitled to competitive compensation packages and benefits in line with industry standards, including paid annual leave of up to 21 days, 16 weeks of maternity leave, two weeks of paternity leave, parental leave, paid sick leave of up to 14 days and paid hospitalisation leave of up to 60 days.

In accordance with the relevant jurisdiction guidelines, eligible employees are allowed to utilise parental leave, maternity leave, paternity leave and childcare leave. Across FY2022, we have 58 female employees and 52 male employees who were eligible for parental leave. A total of 4 female and 4 male employees took parental leave in FY2022. All employees who took parental leave returned to work and remained employed 12 months after their return to work. As of FY2022, we achieved 100% return to work and retention of employees that took parental leave.

**Training and Development**

The Group recognises the importance of providing our employees with the required skills and knowledge to navigate the regulations and guidelines of the industry. We believe in nurturing our employees and providing them with learning and development opportunities. For example, our visual effects ("**VFX**") trainees undergo on-the-job training through hands-on production work. This includes observing, practising and communicating VFX workings within a multidisciplinary team to deliver an actual product. Employees also attend AutoCAD training to develop their proficiencies in computer-aided design software skills.

We are confident that these trainings enable our employees to be equipped with the skills and knowledge to stay relevant and adapt to the changing expectations of the media and entertainment industry. The Group believes that the personal growth of each and every employee is important to the overall organisational performance, enabling us to achieve sustainable business growth.

To promote staff development and growth, the Group conducts an annual performance appraisal and career development review for all employees. This is part of our staff engagement and serves as a platform for employees to reflect on past work and plan for the future. We endeavour to create more opportunities to train and develop our employees based on their individual performance. In FY2022, 100% of our employees received their annual performance appraisal and career development reviews.

**Diversity, Non-Discrimination and Equal Opportunity**

The Group pledges to foster diversity and equal opportunities regardless of gender, age, race or religion. We adopt a strong stance against discrimination and are committed to providing equal opportunities for all our employees. Our employment policies are based on meritocracy, regardless of age, gender, or nationality.

We value diversity as it broadens the viewpoints presented in meetings which helps the Group to better capture social trends, generate breakthrough content, as well as bring about greater growth opportunities.

Our emphasis on diversity is not just limited to our employees. It is also demonstrated in the composition of our Board of Directors. The Board comprises diverse and capable individuals who provide a range of perspectives at the top and enables the Board to make finer strategic decisions.

# SUSTAINABILITY **REPORT**

**Board Diversity Metrics**

| Board age diversity | Percentage (%) |
|---|---|
| Board (30-50 years old) | 37.5 |
| Board (>50 years old) | 62.5 |
| **Board gender diversity – Females** | **Percentage (%)** |
| Board | 27.3 |

The Group believes that hiring locals can bring about intangible benefits to our business operations as we contribute economically to the respective jurisdictions. We actively seek to hire senior management locally for our significant operations in Singapore, Malaysia and the PRC. This includes individuals either born or who have the legal right to reside indefinitely (i.e. naturalized citizens or permanent visa holders) in the same geographic market as the country of operations. The Group has identified individuals who are responsible for the Group's core management function to be assigned as part of the senior management, which includes the CEO, Executive Directors and CFO. As of FY2022, all senior management staff were based in the country they were born in except for the CEO who spends his time equally between Singapore and the PRC.

**Workplace Diversity Metrics**

| Total employees[3] | Total number (Headcount) |
|---|---|
| Female | 78 |
| Male | 58 |
| **Employees by country** | **Total number (Headcount)** |
| PRC | 95 |
| Singapore | 38 |
| Malaysia | 3 |
| **Employee age diversity** | **Percentage (%)** |
| Senior Management (<30 years old) | 0.7 |
| Senior Management (30-50 years old) | 5.9 |
| Senior Management (>50 years old) | 3.7 |
| Other employees (<30 years old) | 21.3 |
| Other employees (30-50 years old) | 61.0 |
| Other employees (>50 years old) | 7.4 |
| **Employee gender diversity – Females** | **Percentage (%)** |
| Senior Management | 42.9 |
| Other employees | 59.0 |

3 All employees are full-time and permanent.

# SUSTAINABILITY **REPORT**

GHY is committed to providing a workplace free from discrimination, bullying or any forms of harassment. The Group adopts a "zero tolerance" stance towards discriminatory behaviour and we will take immediate action through our Whistleblowing Policy. This entails investigation, dismissal and reporting to the relevant authorities if such incidents of harassment or discrimination occur. There were no incidents of harassment or discrimination reported in FY2022.

**Human Capital Targets**

| Segment | FY2022 Targets | Status | FY2022 Performance Update |
|---|---|---|---|
| **Group-wide** | Continue providing regular training for each employee | ✓ Met | Provided regular training for each employee. |
| | Maintain providing regular performance reviews to all eligible employees | ✓ Met | Provided regular performance reviews to all eligible employees. |
| | No material breach of employment laws | ✓ Met | Achieved no material breach of employment laws. |
| **Segment** | **FY2023 Targets** | | |
| **Group-wide** | • Continue providing regular training for each employee<br>• Maintain providing regular performance reviews to all eligible employees<br>• No material breach of employment laws by the Group and non-employees | | |

## FOCUS 5: HEALTH & SAFETY

Health and safety is a key concern for our employees and the Group recognises that this has a direct impact on employees' mental and physical health. We have taken a proactive approach to minimise the occurrence of health and safety incidents. This includes conducting consultations with employees and on-site crew on safety risks and hazards and active monitoring and inspections of all drama and concert production sites.

**Occupational Health & Safety**

The Group aims to provide a safe environment for all workers, employees and event attendees involved in of our operations under our occupational health and safety ("**OHS**") management system. To minimise the occurrence of incidents, the Group follows all safety-related protocols during concert, film and drama productions. The Group will apply for all necessary licences and permits required in the country or city where we film or stage our concerts, including but not limited to work health safety, vehicle safety, emergency evacuation plan, and traffic control plan.

Safety inspections are conducted at our concert venues to detect and allow for the timely removal of any safety hazards. This ensures production sites are well maintained and free of any safety hazards, protecting the safety of employees, crew and event attendees.

Across our operated sites and assets, GHY is responsible and accountable for providing a safe work environment for all personnel, employees and contractors alike. This is achieved by providing information to all workers, so they are informed of the OHS management system and related procedural and process arrangements, through briefings and on-the-job supervision and training. Before any filming commences, all employees and crew members on-site are briefed on the safety requirements and incident reporting processes. Our Whistleblowing Policy also provides a transparent and confidential process for workers to report any work situations that they believe endanger the health and safety of an individual, as well as to raise any concerns about the OHS processes.

# SUSTAINABILITY **REPORT**

All crew members and talents are expected to comply with prevailing COVID-19 safety measures and health protocols on the production site. In addition, all contract production crew and talents engaged per project, are protected under production-specific insurance policies that cover accidents and hospitalisation from the period of pre-production till end of production.

In FY2022, we are proud to have achieved good workplace health and safety performance and will strive to maintain this achievement as a commitment to our employees.

**Health & Safety Metrics**[4]

| Metric | Unit | Total |
|---|---|---|
| Number of fatalities as a result of work-related injury | Number per year | 0 |
| Number of high-consequence work-related injuries (excluding fatalities) | Number per year | 0 |
| Number of recordable work-related injuries | Number per year | 0 |
| Number of fatalities as a result of work-related ill health | Number per year | 0 |
| Number of work-related ill health | Number per year | 0 |

**COVID-19 Safety Measures**

The COVID-19 global pandemic continues to pose challenges to businesses. In FY2022, this has brought about travel and movement restrictions which have affected the ability to hold large-scale concert events, especially in the PRC where the Group has significant business operations.

During these uncertain times, we remain committed to prioritising the safety of our employees and concert attendees. Our employees comply with all relevant safety rules and regulations as well as best practices imposed by the local regulatory authorities. The Group will comply with the safety measures required by the authorities at the time of concert which may include but not limited to vendors and audience providing proof of vaccination status, ensuring that the seating plans comply with safe distancing requirements, and requiring concert attendees to wear masks at all times. We have also increased the frequency of cleaning and disinfection of our premises after events, especially areas with high contact points.

We ensure that all employees receive regular updates on COVID-19 safety measures at the workplace and they are expected to strictly comply with the implemented measures. All employees are encouraged to be vaccinated to minimize the risk of transmission at the workplace and among the community. Employees are also encouraged to exercise social responsibility and seek medical attention immediately should they experience any symptoms of COVID-19.

**Customer Health & Safety**

To meet local regulatory standards, the Group obtains all relevant safety permits for our concert venues and conduct safety inspections for any safety risks. All events and concerts have to undergo safety checks such as routine testing of equipment and premise inspection. This is carried out by an outsourced competent OHS personnel as a safety adherence to our performing artistes and attendees. Aside from technical inspections and regulations, we also ensure that all COVID-19 safety regulations for large-scale events are strictly adhered to.

In FY2022, there were zero instances of non-compliance with regulatory codes or voluntary codes regarding the health and safety impacts of products and services.

[4] Includes GHY's permanent full-time employees and contractors

# SUSTAINABILITY **REPORT**

**Health & Safety Targets**

| Segment | FY2022 Targets | Status | FY2022 Performance Update |
|---|---|---|---|
| **Group-wide** | Maintaining zero workplace fatalities or permanent disabilities and zero significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act | ✓ Met | Achieved zero workplace fatalities or permanent disabilities and zero significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act. |
| | No non-compliance incident with local safe management measures for events organised by the Group | ✓ Met | Achieved zero non-compliance incident with local safe management measures for events organised by the Group. |

| Segment | FY2023 Targets |
|---|---|
| **Group-wide** | • Maintain zero workplace fatalities or permanent disabilities and zero significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act<br>• No non-compliance incident with local safe management measures for events organised by the Group |

## FOCUS 6: CORPORATE SOCIAL RESPONSIBILITY

An integral part of GHY's culture is to create a positive impact on our communities. For long-term sustainability, the Group strives to achieve a harmonious balance between business profitability, stewarding our corporate social responsibility and minimising our environmental footprint. We promote giving back to the society through various partnerships and community engagement projects. We also strive to do our part for the environment by promoting sustainable consumption of materials and energy.

**Environmental Management**
Waste generated from our dramas, films and concerts production comprise non-hazardous waste and are disposed by licensed waste management companies. We work closely with our vendors to ensure that waste generated through our events and operations are disposed responsibly.

GHY makes a constant effort to remind all staff to conserve energy and turn off electrical devices when they are not in use. We also aim to reduce our consumption of paper and maximise usage of both sides whenever possible. These measures collectively help to reduce the environmental impact of our business operations.

Our extended value chain, including those associated with the production of our films and concerts generate substantial emissions (Scope 3). The Group is working to evaluate the need to quantify and monitor Scope 3 emissions in subsequent sustainability reports.

# SUSTAINABILITY REPORT

**Local Communities**

GHY believes that youth holds the key to a better future and that children from all backgrounds should be given equal opportunities to realise their dreams. The Group proactively supports governments and non-profit organisations with community projects that empower children and youth. The Group's goal is to create a positive impact to the society through:

- Enriching local media scene and entertainment industry
- Supporting inclusive and equitable education
- Providing social relief of distress

For more information on the Group's corporate social responsibility initiatives in FY2022, please refer to the Corporate Social Responsibility section of this Annual Report.

**Corporate Social Responsibility Targets**

| Segment | FY2022 Targets | Status | FY2022 Performance Update |
|---|---|---|---|
| Group-wide | Zero incidents of environmental non-compliance | ✓ Met | Achieved zero incidents of environmental non-compliance. |
| | Perform environmental assessment for 100% of our key suppliers[5] | ✓ Met | The Group performed environmental assessment for key suppliers, wherever applicable. |
| **Segment** | **FY2023 Targets** | | |
| Group-wide | • Zero incidents of environmental non-compliance<br>• Perform environmental assessment for 100% of our key suppliers | | |

**SGX 6 Primary Components Index**

| S/N | Primary Component | Addressed in this Report |
|---|---|---|
| 1 | Material ESG Factors | Materiality Assessment |
| 2 | Climate-related disclosures consistent with the TCFD recommendations | Focus 2: Climate Resilience |
| 3 | Policies, Practices and Performance | • Message from the Executive Chairman and Group CEO<br>• Sustainability at G.H.Y<br>• Focus 1 to 6 |
| 4 | Board Statement | Sustainability Governance and Statement of the Board |
| 5 | Targets | • Governance & Ethics Targets<br>• Contribution to the Media & Entertainment Industry Targets<br>• Human Capital Targets<br>• Health & Safety Targets<br>• Corporate Social Responsibility Targets |
| 6 | Framework | Reporting Practice |

[5] Key suppliers are defined as major and strategic suppliers that the Group directly engages with for the supply of goods and/or services that are essential to GHY's business activities.

# SUSTAINABILITY **REPORT**

## GRI Content Index

| | |
|---|---|
| **Statement of use** | G.H.Y Culture and Media Holding Co., Limited has reported in accordance with the GRI Standards for FY2022 |
| **GRI 1 used** | GRI 1: Foundation 2021 |
| **Applicable GRI Sector Standard(s)** | None |

| GRI STANDARD | DISCLOSURE | LOCATION/REASON FOR OMISSION |
|---|---|---|
| **GRI 2: General Disclosures 2021** | 2-1 Organizational details | Our Value Chain |
| | 2-2 Entities included in the organization's sustainability reporting | Reporting Practice |
| | 2-3 Reporting period, frequency and contact point | Reporting Practice |
| | 2-4 Restatements of information | Reporting Practice |
| | 2-5 External assurance | Reporting Practice |
| | 2-6 Activities, value chain and other business relationships | Our Value Chain |
| | 2-7 Employees | Focus 4: Human Capital |
| | 2-8 Workers who are not employees | NA – G.H.Y does not track this metric. |
| | 2-9 Governance structure and composition | Focus 1: Governance & Ethics<br><br>Refer to Corporate Governance section of this Annual Report |
| | 2-10 Nomination and selection of the highest governance body | Refer to Corporate Governance section of this Annual Report |
| | 2-11 Chair of the highest governance body | Refer to Corporate Governance section of this Annual Report |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Focus 1: Governance & Ethics, Focus 2: Climate Resilience |
| | 2-13 Delegation of responsibility for managing impacts | Focus 1: Governance & Ethics, Focus 2: Climate Resilience |
| | 2-14 Role of the highest governance body in sustainability reporting | Focus 1: Governance & Ethics |
| | 2-15 Conflicts of interest | Refer to Corporate Governance section of this Annual Report |
| | 2-16 Communication of critical concerns | Focus 1: Governance & Ethics |
| | 2-17 Collective knowledge of the highest governance body | Focus 1: Governance & Ethics |
| | 2-18 Evaluation of the performance of the highest governance body | Refer to Corporate Governance section of this Annual Report |

# SUSTAINABILITY **REPORT**

| GRI STANDARD | DISCLOSURE | LOCATION/REASON FOR OMISSION |
|---|---|---|
| | 2-19 Remuneration policies | Refer to Corporate Governance section of this Annual Report |
| | 2-20 Process to determine remuneration | Refer to Corporate Governance section of this Annual Report |
| | 2-21 Annual total compensation ratio | Confidentiality Constraints – Not disclosed as the Group believes that in view of the competitive nature of the media and entertainment industry and to support the Group's efforts in attracting and retaining executive talents, the Group should maintain confidentiality on annual total compensation ratio. |
| | 2-22 Statement on sustainable development strategy | Message from the Executive Chairman & Group CEO |
| | 2-23 Policy commitments | Focus 1 to 6 |
| | 2-24 Embedding policy commitments | Focus 1 to 6 |
| | 2-25 Processes to remediate negative impacts | Focus 1 to 6 |
| | 2-26 Mechanisms for seeking advice and raising concerns | Focus 1: Governance & Ethics |
| | 2-27 Compliance with laws and regulations | Focus 1: Governance & Ethics |
| | 2-28 Membership associations | NA – Not applicable to G.H.Y |
| | 2-29 Approach to stakeholder engagement | Stakeholder Engagement |
| | 2-30 Collective bargaining agreements | NA – Employees are not covered under collective bargaining agreement. |
| **Material Topics** | | |
| **GRI 3: Material Topics 2021** | 3-1 Process to determine material topics | Materiality Assessment |
| | 3-2 List of material topics | Materiality Assessment |
| **Economic Performance** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 2: Climate Resilience |
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | Refer to Financial Statements section of this Annual Report |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Focus 2: Climate Resilience |
| | 201-4 Financial assistance received from government | Refer to Financial Statements section of this Annual Report |

# SUSTAINABILITY **REPORT**

| GRI STANDARD | DISCLOSURE | LOCATION/REASON FOR OMISSION |
|---|---|---|
| **Market Presence** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 4: Human Capital |
| **GRI 202: Market Presence 2016** | 202-2 Proportion of senior management hired from the local community | Focus 4: Human Capital |
| **Indirect Economic Impacts** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 3: Contribution to the Media & Entertainment Industry |
| **GRI 203: Indirect Economic Impacts 2016** | 203-1 Infrastructure investments and services supported | Focus 3: Contribution to the Media & Entertainment Industry |
| | 203-2 Significant indirect economic impacts | Focus 3: Contribution to the Media & Entertainment Industry |
| **Anti-corruption** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 1: Governance & Ethics |
| **GRI 205: Anti-corruption 2016** | 205-1 Operations assessed for risks related to corruption | Focus 1: Governance & Ethics |
| | 205-3 Confirmed incidents of corruption and actions taken | Focus 1: Governance & Ethics |
| **Tax** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 1: Governance & Ethics |
| **GRI 207: Tax 2019** | 207-1 Approach to tax | Focus 1: Governance & Ethics |
| | 207-2 Tax governance, control, and risk management | Focus 1: Governance & Ethics |
| | 207-3 Stakeholder engagement and management of concerns related to tax | Focus 1: Governance & Ethics |
| **Employment** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 4: Human Capital |
| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | Focus 4: Human Capital |
| | 401-3 Parental leave | Focus 4: Human Capital |

# SUSTAINABILITY **REPORT**

| GRI STANDARD | DISCLOSURE | LOCATION/REASON FOR OMISSION |
|---|---|---|
| **Occupational Health and Safety** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 5: Health & Safety |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | Focus 5: Health & Safety |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Focus 5: Health & Safety |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Focus 5: Health & Safety |
| | 403-5 Worker training on occupational health and safety | Focus 5: Health & Safety |
| | 403-6 Promotion of worker health | Focus 5: Health & Safety |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Focus 5: Health & Safety |
| | 403-8 Workers covered by an occupational health and safety management system | Focus 5: Health & Safety |
| | 403-9 Work-related injuries | Focus 5: Health & Safety<br>Note: G.H.Y does not track total number of hours worked |
| | 403-10 Work-related ill health | Focus 5: Health & Safety |
| **Training and Education** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 4: Human Capital |
| **GRI 404: Training and Education 2016** | 404-2 Programs for upgrading employee skills and transition assistance programs | Focus 4: Human Capital |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Focus 4: Human Capital |
| **Diversity and Equal Opportunity** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 4: Human Capital |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | Focus 4: Human Capital |

# SUSTAINABILITY **REPORT**

| GRI STANDARD | DISCLOSURE | LOCATION/REASON FOR OMISSION |
|---|---|---|
| **Non-discrimination** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 4: Human Capital |
| **GRI 406: Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | Focus 4: Human Capital |
| **Local Communities** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 6: Corporate Social Responsibility |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programs | Focus 6: Corporate Social Responsibility |
| **Customer Health and Safety** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 5: Health & Safety |
| **GRI 416: Customer Health and Safety 2016** | 416-1 Assessment of the health and safety impacts of product and service categories | Focus 5: Health & Safety |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Focus 5: Health & Safety |
| **Marketing and Labelling** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 1: Governance & Ethics |
| **GRI 417: Marketing and Labelling 2016** | 417-1 Requirements for product and service information and labelling | Focus 1: Governance & Ethics |
| | 417-2 Incidents of non-compliance concerning product and service information and labelling | Focus 1: Governance & Ethics |
| | 417-3 Incidents of non-compliance concerning marketing communications | Focus 1: Governance & Ethics |
| **Customer Privacy** | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | Focus 1: Governance & Ethics |
| **GRI 418: Customer Privacy 2016** | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Focus 1: Governance & Ethics |

# SUSTAINABILITY **REPORT**

**TCFD Index**

| TCFD Disclosure | Section reference |
|---|---|
| **Governance** | |
| (a) Board's oversight of climate related risks | Focus 2: Climate Resilience |
| (b) Management's role in assessing and managing climate-related risks | |
| **Strategy** | |
| (a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term | Focus 2: Climate Resilience |
| (b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning | |
| (c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario | The Group is taking a phased approach to TCFD adoption. The Group will incorporate scenario analysis and planning into our subsequent sustainability reports when more information and tools are available for greater accuracy and relevant analysis. |
| **Risk Management** | |
| (a) Describe the organisation's processes for identifying and assessing climate-related risks. | Focus 2: Climate Resilience |
| (b) Describe the organisation's processes for managing climate-related risks. | |
| (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management | |
| **Metrics and Targets** | |
| (a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | Focus 2: Climate Resilience |
| (b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks. | The Group is evaluating other metrics that may potentially warrant inclusion as targets. In line with SGX's phased approach for TCFD adoption, the Group shall evaluate the need to quantify and monitor greenhouse gas emissions in subsequent sustainability reports. |
| (c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | |

# STATISTICS OF **SHAREHOLDINGS**

AS AT 13 MARCH 2023

## SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 13 March 2023, approximately 19.4% of the issued ordinary shares of the Company ("**Shares**") (excluding Treasury Shares) was held by the public (which also excluded Shares under moratorium) and therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Manual is compiled with.

**Substantial Shareholders**

(As recorded in the Company's Register of Substantial Shareholders)

| Name of Substantial Shareholders (including Directors that are also Substantial Shareholders) | Direct Interest | | Deemed Interest(2) | | Total Interest | |
|---|---|---|---|---|---|---|
| | No. of Shares | %(1) | No. of Shares | %(1) | No. of Shares | %(1) |
| Mr. Guo Jingyu(3) | 4,626,400 | 0.4% | 640,000,000 | 59.9% | 644,626,400 | 60.3% |
| Mr. Yang Jun Rong(4) | – | – | 76,230,000 | 7.1% | 76,230,000 | 7.1% |
| Mr. John Ho(5) | 110,602,000 | 10.3% | – | – | 110,602,000 | 10.3% |
| Kang Ru Investments Limited(3) | 640,000,000 | 59.9% | – | – | 640,000,000 | 59.9% |
| Da Yuan Developments Limited(3) | – | – | 640,000,000 | 59.9% | 640,000,000 | 59.9% |
| G.Y Media & Entertainment Limited(3) | – | – | 640,000,000 | 59.9% | 640,000,000 | 59.9% |
| Guo Yue Family Trust(3) | – | – | 640,000,000 | 59.9% | 640,000,000 | 59.9% |
| Taiho Holding Ltd(4) | 76,230,000 | 7.1% | – | – | 76,230,000 | 7.1% |
| Mdm. Yeh Hui Mei(6) | – | – | 76,230,000 | 7.1% | 76,230,000 | 7.1% |
| Vistra Trust (Singapore) Pte. Limited(3)(7) | – | – | 640,000,000 | 59.9% | 640,000,000 | 59.9% |

**Notes:**

(1) Based on the total number of issued Shares (excluding Treasury Shares) as at 13 March 2023.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Kang Ru Investments Limited ("**Kang Ru**") holds 640,000,000 Shares. Da Yuan Developments Limited ("**Da Yuan**") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, each of Mr. Guo Jingyu and G.Y Media & Entertainment Limited is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the SFA.

(4) Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(5) Mr. John Ho holds 110,602,000 Shares directly of which 50,000,000 Shares are held in his nominee account with DBS Nominees (Private) Limited.

(6) Mdm. Yeh Hui Mei holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mdm. Yeh Hui Mei is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(7) Vistra Trust (Singapore) Pte. Limited provides trustee services in Singapore, and (i) is wholly-owned by Vistra Group (Asia) Limited; (ii) which is in turn wholly-owned by Vistra Group Holdings (Cayman) Limited; (iii) which is in turn wholly-owned by Vistra Group Holdings (BVI) Limited; (iv) which is in turn wholly-owned by Vistra Group Holdings (BVI) I Limited; (v) which is in turn wholly-owned by Vistra Group Holdings (BVI) II Limited; and (vi) which is in turn wholly-owned by Vistra Group Holdings (BVI) III Limited. Vistra Group Holdings (BVI) III Limited is substantially held by Kowloon Co-Investment L.P., The Baring Asia Private Equity Fund VI, L.P.1, The Baring Asia Private Equity Fund VI, L.P.2., The Baring Asia Private Equity Fund VI Co-Investment L.P., The Baring Asia Private Equity Fund V, L.P. and The Baring Asia Private Equity Fund V Co-Investment L.P., which is managed by the general partners, being Barings Asia Private Equity GP VI, L.P. and Barings Asia Private Equity GP V, L.P.. Accordingly, each of the foregoing entities is deemed to be interested in the Shares that Vistra Trust (Singapore) Pte. Limited is interested in by virtue of Section 4 of the SFA.

# STATISTICS OF **SHAREHOLDINGS**

AS AT 13 MARCH 2023

## ISSUED AND FULLY PAID CAPITAL

| | | |
|---|---|---|
| Number of issued shares | : | 1,073,792,000 |
| Number of treasury shares | : | 4,627,000 |
| Number of issued shares, excluding treasury shares | : | 1,069,165,000 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | One vote per share |
| Number of subsidiary holdings | : | Nil |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 – 99 | 0 | 0.00 | 0 | 0.00 |
| 100 – 1,000 | 148 | 16.84 | 136,300 | 0.01 |
| 1,001 – 10,000 | 467 | 53.13 | 2,334,800 | 0.22 |
| 10,001 – 1,000,000 | 254 | 28.89 | 15,066,600 | 1.41 |
| 1,000,001 AND ABOVE | 10 | 1.14 | 1,051,627,300 | 98.36 |
| **TOTAL** | **879** | **100.00** | **1,069,165,000** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | DBS NOMINEES (PRIVATE) LIMITED | 481,881,200 | 45.07 |
| 2 | UOB KAY HIAN PRIVATE LIMITED | 330,713,600 | 30.93 |
| 3 | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 76,230,000 | 7.13 |
| 4 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 64,208,000 | 6.01 |
| 5 | HO AH HUAT | 60,602,000 | 5.67 |
| 6 | DB NOMINEES (SINGAPORE) PTE LTD | 19,855,200 | 1.86 |
| 7 | RAFFLES NOMINEES (PTE.) LIMITED | 10,585,400 | 0.99 |
| 8 | MAYBANK SECURITIES PTE. LTD. | 4,003,700 | 0.37 |
| 9 | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 2,519,000 | 0.24 |
| 10 | IFAST FINANCIAL PTE. LTD. | 1,029,200 | 0.10 |
| 11 | ONG HUNG HENG | 702,000 | 0.07 |
| 12 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 528,500 | 0.05 |
| 13 | SU GUANING | 509,600 | 0.05 |
| 14 | SINMAH POULTRY PROCESSING (S) PTE LTD | 500,000 | 0.05 |
| 15 | PHILLIP SECURITIES PTE LTD | 409,300 | 0.04 |
| 16 | TIGER BROKERS (SINGAPORE) PTE. LTD. | 405,000 | 0.04 |
| 17 | GOH GUAN SIONG (WU YUANXIANG) | 396,900 | 0.04 |
| 18 | LIM SEEH ENG | 393,800 | 0.04 |
| 19 | LIAN POH HENG | 372,500 | 0.03 |
| 20 | CITIBANK NOMINEES SINGAPORE PTE LTD | 361,600 | 0.03 |
| | **TOTAL** | **1,056,206,500** | **98.81** |

# APPENDIX TO **ANNUAL REPORT**

**APPENDIX DATED 12 APRIL 2023**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other professional adviser immediately.**

If you have sold or transferred all your shares in the issued share capital of G.H.Y Culture & Media Holding Co., Limited, you should immediately forward this Appendix together with the Notice of Annual General Meeting ("**AGM**") and the accompanying Proxy Forms to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

长信传媒
G.H.Y Culture & Media

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

**APPENDIX TO ANNUAL REPORT**

**IN RELATION TO**

**(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND**

**(2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS.**

# APPENDIX TO **ANNUAL REPORT**

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# APPENDIX TO **ANNUAL REPORT**

## DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated.

| | | |
|---|---|---|
| "**2022 AGM**" | : | The annual general meeting of the Company held on 28 April 2022 to seek Shareholders' approval for, *inter alia*, the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate |
| "**AGM**" | : | The annual general meeting of the Company to be held on 27 April 2023 at 4 p.m. by way of electronic means, notice of which is attached to the Annual Report |
| "**Annual Report**" | : | The annual report of the Company for FY2022 dated 12 April 2023 |
| "**Appendix**" | : | This appendix to the Annual Report issued by the Company to the Shareholders |
| "**Articles of Association**" | : | The Articles of Association of the Company, as amended, varied or supplemented from time to time |
| "**Audit and Risk Management Committee**" | : | The audit and risk management committee of the Company, currently comprising of Mr. Ang Chun Giap (as chairman of the committee), Mr. Chen Mingyu and Dr. Jiang Minghua |
| "**Cayman Islands Companies Act**" | : | Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time |
| "**CDP**" | : | The Central Depository (Pte) Limited |
| "**Company**" | : | G.H.Y Culture & Media Holding Co., Limited |
| "**Concert Management**" | : | The business of managing the concert production by (a) appointing sub-agents and/or collaborating with third party concert hosting companies or organisers who will undertake the execution of the other aspects of the concert production; and (b) conducting ancillary services such as marketing, publicity and logistics services in connection with the concert |
| "**Concert Organisation**" | : | The business of managing and executing the concert production, including obtaining the relevant licences and/or permits for the holding of concerts, booking of concert venues, coordinating ticket sales, production and engineering of stage design, lighting, sound and technical effects, concert merchandise, logistics, security arrangements and music recording |
| "**Directors**" | : | The directors of the Company for the time being (collectively, the "**Board of Directors**") |
| "**EAR Group**" | : | The Company, its subsidiaries and associated companies that are considered to be "**entities at risk**" within the meaning of Chapter 9 of the Listing Manual. For the avoidance of doubt, the PRC Affiliated Entities are considered as Entities at Risk and the EAR Group includes the PRC Affiliated Entities for the purposes of the IPT General Mandate. |

# APPENDIX TO **ANNUAL REPORT**

| | | |
|---|---|---|
| "**FY2021 Appendix**" | : | The appendix to the annual report of the Company for the financial year ended 31 December 2021 dated 13 April 2022 issued by the Company to the Shareholders in relation to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate |
| "**FY2022**" | : | Financial year ended 31 December 2022 |
| "**GHY Employee Share Option Scheme**" | : | The employee share option scheme of the Company approved by Shareholders on 25 November 2020 |
| "**GHY Performance Share Plan**" | : | The performance share plan of the Company approved by Shareholders on 25 November 2020 |
| "**Group**" | : | The Company, its subsidiaries and associated companies |
| "**Independent Directors**" | : | The Independent Directors of the Company as at the date of this Appendix, unless otherwise stated |
| "**IPT General Mandate**" | : | The general mandate from the Shareholders pursuant to Chapter 9 of the Listing Manual to enable any or all members of the Group, in the ordinary course of their business, to enter into Mandated Transactions with the Mandated Interested Persons which are necessary for the day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders |
| "**Latest Practicable Date**" | : | 29 March 2023, being the latest practicable date prior to the printing of this Appendix |
| "**Listing Manual**" | : | Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date |
| "**Mandated Interested Persons**" | : | Ms. Yue Lina, Mr. Yang Zhigang, Sure Legend and their associates (each a "**Mandated Interested Person**") |
| "**Mandated Transactions**" | : | Transactions proposed to be entered into by the EAR Group and Mandated Interested Persons |
| "**Market Day**" | : | A day on which the SGX-ST is open for securities trading |
| "**Master Sure Legend Concert Agreement**" | : | The master agreement entered into by the Group and Sure Legend on 30 November 2018 for the grant of rights by Sure Legend to our Group to undertake the production of concerts and thereby, the appointment of the Group as the organiser of the worldwide concert tour of Jay Chou under the theme of "Jay Chou's 20-Years Concert" in Singapore, Malaysia, Australia, Japan and Thailand on a non-exclusive basis |
| "**Memorandum**" | : | The Memorandum of Association of the Company, as amended, varied or supplemented from time to time |
| "**NTA**" | : | Net tangible assets |

# APPENDIX TO **ANNUAL REPORT**

| | | |
|---|---|---|
| "**PRC Affiliated Entities**" | : | Beijing Changxin Film & Media Co., Ltd. (北京长信影视传媒有限公司), Beijing Yizhongdao Film & Media Co., Ltd. (北京易中道影视传媒有限公司), Tianjin Changxin Film & Media Co., Ltd. (天津长信影视传媒有限公司), Tianjin Ruyang Film & Media Co., Ltd. (天津如阳影视传媒有限公司), Xiamen Jinzhao Film Culture & Media Co., Ltd. (厦门金朝映画文化传媒有限公司), Guangzhou Fengye Culture & Media Co., Ltd. (广州风也文化传媒有限公司), Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd. (北京嗨泛互娱管理咨询有限公司), Beijing N'Cubic LIVE Management Consulting Co., Ltd. (北京立次方管理咨询有限公司), Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd. (上海嗨泛互娱文化传媒有限公司), Shijiazhuang Changxin Film & Media Co., Ltd. (石家庄长信影视传媒有限公司) and N'Cubic LIVE (Shanghai) Culture & Media Co., Ltd. (立次方(上海)文化传媒有限公司), each an indirect associated company of the Company |
| "**Register of Members**" | : | Register of Members of the Company |
| "**ROE**" | : | Return on equity |
| "**Securities Accounts**" | : | Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent |
| "**SFA**" | : | Securities and Futures Act 2001 of Singapore, as amended or modified from time to time |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Share Purchase**" | : | The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Purchase Mandate |
| "**Share Purchase Mandate**" | : | The general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, issued Shares in accordance with the terms set out in this Appendix as well as the Cayman Islands Companies Act and the Listing Manual |
| **"Shareholders"** | : | Registered holders of Shares |
| "**Shares**" | : | Ordinary shares in the capital of the Company |
| "**SIC**" | : | Securities Industry Council of Singapore |
| "**Substantial Shareholder**" | : | A person (including a corporation) who has an interest, directly or indirectly, in 5.0% or more of the total number of voting Shares of the Company |
| "**Sure Legend**" | : | Sure Legend International Limited, which is an Associate of Mr. Yang Jun Rong, the Company's Non-Independent and Non-Executive Director |
| "**Take-Over Code**" | : | Singapore Code on Take-overs and Mergers |

# APPENDIX TO **ANNUAL REPORT**

| | | |
|---|---|---|
| "**Treasury Shares**" | : | Issued Shares which were purchased by the Company and have been held by the Company continuously since purchase and have not been cancelled |
| "**$**" and "**cents**" | : | Singapore dollars and cents, respectively |
| "**%**" or "**per cent**" | : | Per centum or percentage |

All references to "**Yang Jun Rong**" in this Appendix shall be a reference to "**Yang Chun-Jung**".

The terms "**subsidiary**" and "**associated company**" shall have the meaning ascribed to them in the Companies Act 1967 of Singapore and the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as the case may be.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Cayman Islands Companies Act, the SFA, the Listing Manual, the Take-Over Code or any relevant laws of Singapore or any modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Cayman Islands Companies Act, the SFA, the Listing Manual, the Take-Over Code or any relevant laws of Singapore or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a date and/or time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate. Conyers Dill & Pearman Pte. Ltd. has been appointed as the legal adviser to the Company as to Cayman Islands law in relation to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate.

# APPENDIX TO **ANNUAL REPORT**

## LETTER TO SHAREHOLDERS

## G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

(Company Registration No: 337751)
(Incorporated in the Cayman Islands)

**Directors**
Mr. Guo Jingyu (郭靖宇) (Executive Chairman and Group CEO)
Ms. Yue Lina (岳丽娜) (Executive Director)
Ms. Wang Qing (王清) (Executive Director)
Mr. Yang Jun Rong (杨峻荣) (Non-Independent and Non-Executive Director)
Mr. Yeo Guat Kwang (Lead Independent Director)
Mr. Ang Chun Giap (Independent and Non-Executive Director)
Mr. Chen Mingyu (陈明宇) (Independent and Non-Executive Director)
Dr. Jiang Minghua (江明华) (Independent and Non-Executive Director)
Mr. Shamsul Kamar Bin Mohamed Razali (Independent and Non-Executive Director)
Mr. Li Qi (李其) (Independent and Non-Executive Director)
Ms. Zeng Yingxue (曾映雪) (Non-Independent and Non-Executive Director)

**Registered Office**
The offices of Conyers Trust
Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

12 April 2023

To: The Shareholders of G.H.Y Culture & Media Holding Co., Limited

Dear Sir/Madam

**1. INTRODUCTION**

1.1 **AGM**. The Company has on 12 April 2023 issued the Notice of AGM convening the AGM to be held on 27 April 2023 at 4 p.m. by way of electronic means to seek Shareholders' approval for, *inter alia*:

(a) the proposed renewal of the Share Purchase Mandate; and

(b) the proposed renewal of the IPT General Mandate,

(together, the "**Proposed Resolutions**").

1.2 **Appendix**. The purpose of this Appendix is to provide Shareholders with information relating to the Proposed Resolutions.

1.3 Under the Cayman Islands Companies Act, only a person who agrees to become a shareholder of a Cayman Islands company and whose name is entered in the register of members of the Cayman Islands company is considered a member with rights to attend and vote at general meetings of such company. Accordingly, under the laws of the Cayman Islands, a Depositor holding Shares through CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the AGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Articles of Association.

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Pursuant to Article 77 of the Company's Articles of Association, unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of CDP as at a time not earlier than 72 hours prior to the time of the relevant general meeting supplied by CDP to the Company as CDP's proxies to vote on behalf of CDP at a general meeting of the Company.

Administrative arrangements have been made with CDP to allow Depositors to take part in the AGM. Depositors who wish to participate in the AGM and exercise their votes, and whose names are shown in the records of CDP as at a time not earlier than 72 hours prior to the time of the AGM supplied by CDP to the Company, may participate in the AGM as CDP's proxies. Please refer to paragraph 9 of this Appendix in respect of the action to be taken if you wish to attend and/or vote at the AGM.

## 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Introduction**. As a Cayman Islands-incorporated company listed on the Mainboard of the SGX-ST, any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Cayman Islands Companies Act, the Memorandum, the Articles of Association, the Listing Manual, the Take-Over Code and such other laws and regulations as may, for the time being, be applicable. Article 3(2) of the Articles of Association provides, *inter alia*, that subject to the Cayman Islands Companies Act, the Memorandum and Articles of Association and, where applicable, the rules or regulations of the SGX-ST, the Company shall have the power to purchase or otherwise acquire its issued Shares and such power shall be exercisable by the Board of Directors in such manner, upon such terms and subject to such conditions as it thinks fit. The Company is also required to obtain prior approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from Shareholders at the AGM for the renewal of the Share Purchase Mandate to enable the Company to purchase or acquire its issued Shares.

At the 2022 AGM, the Shareholders had approved, *inter alia*, the renewal of the Share Purchase Mandate. The authority and limitations of the Share Purchase Mandate were set out in the FY2021 Appendix and the ordinary resolution in the notice of the 2022 AGM dated 13 April 2022, respectively. The authority contained in the Share Purchase Mandate renewed at the 2022 AGM was expressed to be in force until the conclusion of the next annual general meeting of the Company and as such, would be expiring on 27 April 2023, being the date of the forthcoming AGM of the Company. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM of the Company.

If approved by Shareholders at the AGM, the authority conferred by the Share Purchase Mandate will continue in force until the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority, or the date by which such annual general meeting is required to be held or it is revoked or varied by ordinary resolution of the Company in general meeting, or the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earliest, and may thereafter be renewed by Shareholders in a general meeting of the Company.

2.2 **Rationale**. The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) the Share Purchase Mandate will provide the Company with the flexibility to undertake share purchases and acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force;

# APPENDIX TO **ANNUAL REPORT**

(b) in managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;

(c) the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner; and

(d) repurchased Shares which are held by the Company as treasury shares may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share schemes implemented by the Company, including the GHY Performance Share Plan and the GHY Employee Share Option Scheme. Where Treasury Shares are used for this purpose, such share schemes will not have any dilutive effect to the extent that no new Shares are issued. The use of Treasury Shares in lieu of issuing new shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

2.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on Share Purchases pursuant to the Share Purchase Mandate, if approved at the AGM, are summarised below:

2.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10.0% of the issued Shares at the date of the AGM at which the Share Purchase Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Cayman Islands Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as Treasury Shares or subsidiary holdings will be disregarded for the purposes of calculating the 10.0% limit.

Purely for illustrative purposes, on the basis of 1,069,165,000 Shares in issue as at the Latest Practicable Date (excluding 4,627,000 Treasury Shares) and assuming that (a) no further Shares are issued on or prior to the AGM; and (b) no further Shares are purchased by the Company and held as Treasury Shares, the purchase or acquisition by the Company of 8.0% of its issued Shares (with a view to maintaining a buffer to its public float as at the Latest Practicable Date) will result in the purchase or acquisition of 85,533,200 Shares.

However, as stated in paragraph 2.2 above and paragraph 2.7 below, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would affect the listing status of the Company on the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 2.9 below.

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2.3.2 ***Duration of Authority***

Purchases or acquisition of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the renewal of the Share Purchase Mandate is approved, until:

(a) the conclusion of the next annual general meeting of the Company following the passing of the resolution granting the said authority, or the date by which such annual general meeting is required to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by ordinary resolution of the Company in general meeting; or

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions, excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses.

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose of the Share Purchase; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, in accordance with an equal access scheme.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Cayman Islands Companies Act, the Memorandum, the Articles of Association and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An equal access scheme must, however, satisfy all the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

# APPENDIX TO **ANNUAL REPORT**

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (ii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company will issue a prospectus containing at least the following information:

(1) the terms and conditions of the offer;

(2) the period and procedures for acceptances; and

(3) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 ***Purchase Price***

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110.0% of the Average Closing Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

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2.4 **Status of Purchased Shares**. A Share purchased or acquired by the Company may either be held by the Company as a Treasury Share in accordance with the Cayman Islands Companies Act or treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation). Accordingly, the Company's issued share capital (but not its authorised share capital) shall be diminished by the nominal value of the Shares purchased or otherwise acquired by the Company and which are not held as Treasury Shares.

2.5 **Treasury Shares**. Under the Cayman Islands Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares, provided that:

(a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares;

(b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and

(c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares.

Some of the provisions on treasury shares under the Cayman Islands Companies Act and the Listing Manual are summarised below:

2.5.1 ***Maximum Holdings***

Shares purchased by the Company will be treated as cancelled on purchase unless, subject to the Memorandum and the Articles of Association, the Directors resolve, prior to the purchase, to hold such Shares in the name of the Company as Treasury Shares.

Under laws of the Cayman Islands, where Shares are held as Treasury Shares, the Company shall be entered in the Register of Members as holding those Shares.

2.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and any purported exercise of such a right shall be void. A Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company, and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of the Articles of Association of the Company or the Cayman Islands Companies Act.

In addition, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed and shares allotted as fully paid bonus shares in respect of a Treasury Share shall be treated as Treasury Shares.

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2.5.3 ***Disposal and Cancellation***

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Take-Over Code):

(a) cancel the Treasury Shares in accordance with the Articles of Association of the Company and if so cancelled, the amount of the Company's issued share capital (but not the Company's authorised share capital) shall be diminished by the nominal or par value of those Treasury Shares accordingly;

(b) transfer the Treasury Shares for the purposes of or pursuant to share schemes implemented by the Company, including the GHY Performance Share Plan and the GHY Employee Share Option Scheme; or

(c) transfer the Treasury Shares to any person, whether or not for valuable consideration (including at a discount to the nominal or par value of such Treasury Shares).

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such usage, and the value of the treasury shares comprised in such usage.

2.6. **Source of Funds**. In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with the Articles of Association, the Cayman Islands Companies Act and any other applicable laws in Singapore and the Cayman Islands. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST in accordance with the Articles of Association or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Cayman Islands Companies Act, such purchases may be effected out of profits of the Company or out of the share premium account or out of the proceeds of a fresh issue of Shares made for that purpose. In order to effect a purchase of Shares out of profits or the share premium account, the Company will have to ensure that it has sufficient profits and amounts in the share premium account. Further, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, a purchase of Shares by the Company may also be effected by a payment out of capital. A payment out of capital by the Company for the purchase of Shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected. The purchase of its own Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

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2.7 **Financial Effects**. Under the Cayman Islands Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits or share premium account or the proceeds of a fresh issue of Shares made for that purpose or, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, by a payment out of capital. Where the purchased or acquired Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

(a) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(b) the profits of the Company where the Shares were purchased out of the profits of the Company;

(c) the share premium account where the Shares were purchased out of the share premium account of the Company; or

(d) the share capital, share premium and profits of the Company proportionately where the Shares were purchased out of the capital, share premium and profits of the Company.

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as Treasury Shares or cancelled.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2022 are based on the assumptions set out below.

2.7.1 ***Purchase or Acquisition out of Capital, Share Premium and/or Profits***

Under the Cayman Islands Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits or share premium account or the proceeds of a fresh issue of Shares made for that purpose or, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, by a payment out of capital.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of share premium and/or profits, such consideration (including any expenses incurred directly in the purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

2.7.2 ***Number of Shares Acquired or Purchased***

As at the Latest Practicable Date, the Company has 1,069,165,000 Shares in issue (excluding 4,627,000 Treasury Shares), with approximately 19.4% of the issued Shares held by public Shareholders. The Company does not have any subsidiary holdings.

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Purely for illustrative purposes, on the basis of 1,069,165,000 issued Shares as at the Latest Practicable Date (excluding 4,627,000 Treasury Shares) and assuming that (a) no further Shares are issued on or prior to the AGM; and (b) no further Shares are purchased by the Company and held as Treasury Shares, the purchase or acquisition by the Company of 8.0% of its issued Shares (with a view to maintaining a buffer to its public float as at the Latest Practicable Date) will result in the purchase or acquisition of 85,533,200 Shares.

2.7.3 ***Maximum Price Paid for Shares Acquired or Purchased***

(a) In the case of Market Purchases by the Company, assuming that the Company purchases or acquires the 85,533,200 Shares at the Maximum Price of $0.430 for one Share (being the price equivalent to 105.0% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 85,533,200 Shares is approximately $36,779,000.

(b) In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires the 85,533,200 Shares at the Maximum Price of $0.450 for one Share (being the price equivalent to 110.0% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 85,533,200 Shares is approximately $38,490,000.

2.7.4 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.1 to 2.7.3 above, as well as the following:

(a) such purchase or acquisition of Shares is financed by the internal resources of the Company available as at 31 December 2022;

(b) there were no issuances of Shares by the Company and no Shares were purchased by the Company after the Latest Practicable Date; and

(c) the transaction costs incurred for such purchase or acquisition of Shares pursuant to the Share Purchase Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects,

the financial effects of the purchase or acquisition of 85,533,200 Shares, representing 8.0% of the total Shares in issue, pursuant to the Share Purchase Mandate:

(a) by way of purchases made entirely out of capital and held as Treasury Shares;

(b) by way of purchases made partially out of profits, with the balance out of capital, and held as Treasury Shares;

(c) by way of purchases made entirely out of capital and cancelled; and

(d) by way of purchases made partially out of profits, with the balance out of capital, and cancelled,

on the audited financial statements of the Group and the Company for FY2022 are set out below:

# APPENDIX TO **ANNUAL REPORT**

(a) *Purchases of 85,533,200 Shares representing 8.0% of such issued Shares made entirely out of capital and held as Treasury Shares*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | | After Share Buyback | | | After Share Buyback | |
| | Before Share Buyback | Market Purchase | Off-Market Purchase | Before Share Buyback | Market Purchase | Off-Market Purchase |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **As at 31 December 2022** | | | | | | |
| Share capital | 14 | 14 | 14 | 14 | 14 | 14 |
| Share premium | 113,048 | 113,048 | 113,048 | 113,048 | 113,048 | 113,048 |
| Capital reserve | 629 | 629 | 629 | – | – | – |
| Statutory reserve | 297 | 297 | 297 | – | – | – |
| Retained earnings | 25,531 | 25,531 | 25,531 | (170) | (170) | (170) |
| Treasury shares | (2,230) | (39,009) | (40,720) | (2,230) | (39,009) | (40,720) |
| Translation reserves | (199) | (199) | (199) | – | – | – |
| Non-controlling interest | (1,345) | (1,345) | (1,345) | – | – | – |
| **Total Shareholders' Equity** | 135,745 | 98,966 | 97,255 | 110,662 | 73,883 | 72,172 |
| NTA[1] | 123,481 | 86,702 | 84,991 | 102,144 | 65,365 | 63,654 |
| Current Assets | 166,571 | 129,811 | 129,811 | 104,294 | 103,464 | 103,464 |
| Current Liabilities | 46,520 | 46,539 | 48,250 | 2,150 | 38,099 | 39,810 |
| Total Borrowings | 13,602 | 13,621 | 15,332 | – | 35,949 | 37,660 |
| Cash and Cash Equivalents | 36,760 | – | – | 830 | – | – |
| Loss attributable to Owners of the Group | (9,382) | (9,382) | (9,382) | (109) | (109) | (109) |
| Number of Shares ('000) (Excluding Treasury Shares) at LPD[6] | 1,069,165 | 983,632 | 983,632 | 1,069,165 | 983,632 | 983,632 |
| Weighted Average Number of Shares ('000) at LPD[6] | 1,069,862 | 1,027,095 | 1,027,095 | 1,069,862 | 1,027,095 | 1,027,095 |
| **Financial Ratios** | | | | | | |
| NTA per Share[2] (cents) | 11.55 | 8.81 | 8.64 | 9.55 | 6.65 | 6.47 |
| Basic LPS[3][4] (cents) | (0.88) | (0.91) | (0.91) | (0.01) | (0.01) | (0.01) |
| Current Ratio (times) | 3.58 | 2.79 | 2.69 | 48.51 | 2.72 | 2.60 |
| Gearing Ratio[5] (times) | 0.12 | 0.17 | 0.19 | – | 0.49 | 0.52 |

**Notes:**

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Loss Per Share ("LPS") equals to net loss attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 29 March 2023, the LPD.

(4) Based on the total number of 1,069,165,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the LPD and 983,631,800 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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(b) *Purchases of 85,533,200 Shares representing 8.0% of such issued Shares made partially out of profits, with the balance out of capital, and held as Treasury Shares*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | | After Share Buyback | | | After Share Buyback | |
| | Before Share Buyback | Market Purchase | Off-Market Purchase | Before Share Buyback | Market Purchase | Off-Market Purchase |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **As at 31 December 2022** | | | | | | |
| Share capital | 14 | 14 | 14 | 14 | 14 | 14 |
| Share premium | 113,048 | 113,048 | 113,048 | 113,048 | 113,048 | 113,048 |
| Capital reserve | 629 | 629 | 629 | – | – | – |
| Statutory reserve | 297 | 297 | 297 | – | – | – |
| Retained earnings | 25,531 | 25,531 | 25,531 | (170) | (170) | (170) |
| Treasury shares | (2,230) | (39,009) | (40,720) | (2,230) | (39,009) | (40,720) |
| Translation reserves | (199) | (199) | (199) | – | – | – |
| Non-controlling interest | (1,345) | (1,345) | (1,345) | – | – | – |
| **Total Shareholders' Equity** | 135,745 | 98,966 | 97,255 | 110,662 | 73,883 | 72,172 |
| NTA[1] | 123,481 | 86,702 | 84,991 | 102,144 | 65,365 | 63,654 |
| Current Assets | 166,571 | 129,811 | 129,811 | 104,294 | 103,464 | 103,464 |
| Current Liabilities | 46,520 | 46,539 | 48,250 | 2,150 | 38,099 | 39,810 |
| Total Borrowings | 13,602 | 13,621 | 15,332 | – | 35,949 | 37,660 |
| Cash and Cash Equivalents | 36,760 | – | – | 830 | – | – |
| Loss attributable to Owners of the Group | (9,382) | (9,382) | (9,382) | (109) | (109) | (109) |
| Number of Shares ('000) (Excluding Treasury Shares) at LPD[6] | 1,069,165 | 983,632 | 983,632 | 1,069,165 | 983,632 | 983,632 |
| Weighted Average Number of Shares ('000) at LPD[6] | 1,069,862 | 1,027,095 | 1,027,095 | 1,069,862 | 1,027,095 | 1,027,095 |
| **Financial Ratios** | | | | | | |
| NTA per Share[2] (cents) | 11.55 | 8.81 | 8.64 | 9.55 | 6.65 | 6.47 |
| Basic LPS[3][4] (cents) | (0.88) | (0.91) | (0.91) | (0.01) | (0.01) | (0.01) |
| Current Ratio (times) | 3.58 | 2.79 | 2.69 | 48.51 | 2.72 | 2.60 |
| Gearing Ratio[5] (times) | 0.12 | 0.17 | 0.19 | – | 0.49 | 0.52 |

**Notes:**

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Loss Per Share equals to net loss attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 29 March 2023, the LPD.

(4) Based on the total number of 1,069,165,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the LPD and 983,631,800 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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(c) *Purchases of 85,533,200 Shares representing 8.0% of such issued Shares made entirely out of capital and cancelled*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | | After Share Buyback | | | After Share Buyback | |
| | **Before Share Buyback** | **Market Purchase** | **Off-Market Purchase** | **Before Share Buyback** | **Market Purchase** | **Off-Market Purchase** |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **As at 31 December 2022** | | | | | | |
| Share capital | 14 | 9 | 9 | 14 | 9 | 9 |
| Share premium | 113,048 | 76,274 | 74,563 | 113,048 | 76,274 | 74,563 |
| Capital reserve | 629 | 629 | 629 | – | – | – |
| Statutory reserve | 297 | 297 | 297 | – | – | – |
| Retained earnings | 25,531 | 25,531 | 25,531 | (170) | (170) | (170) |
| Treasury shares | (2,230) | (2,230) | (2,230) | (2,230) | (2,230) | (2,230) |
| Translation reserves | (199) | (199) | (199) | – | – | – |
| Non-controlling interest | (1,345) | (1,345) | (1,345) | – | – | – |
| **Total Shareholders' Equity** | 135,745 | 98,966 | 97,255 | 110,662 | 73,883 | 72,172 |
| | | | | | | |
| NTA[1] | 123,481 | 86,702 | 84,991 | 102,144 | 65,365 | 63,654 |
| Current Assets | 166,571 | 129,811 | 129,811 | 104,294 | 103,464 | 103,464 |
| Current Liabilities | 46,520 | 46,539 | 48,250 | 2,150 | 38,099 | 39,810 |
| Total Borrowings | 13,602 | 13,621 | 15,332 | – | 35,949 | 37,660 |
| Cash and Cash Equivalents | 36,760 | – | – | 830 | – | – |
| Loss attributable to Owners of the Group | (9,382) | (9,382) | (9,382) | (109) | (109) | (109) |
| | | | | | | |
| Number of Shares ('000) (Excluding Treasury Shares) at LPD[6] | 1,069,165 | 983,632 | 983,632 | 1,069,165 | 983,632 | 983,632 |
| Weighted Average Number of Shares ('000) at LPD[6] | 1,069,862 | 1,027,095 | 1,027,095 | 1,069,862 | 1,027,095 | 1,027,095 |
| | | | | | | |
| **Financial Ratios** | | | | | | |
| NTA per Share[2] (cents) | 11.55 | 8.81 | 8.64 | 9.55 | 6.65 | 6.47 |
| Basic LPS[3][4] (cents) | (0.88) | (0.91) | (0.91) | (0.01) | (0.01) | (0.01) |
| Current Ratio (times) | 3.58 | 2.79 | 2.69 | 48.51 | 2.72 | 2.60 |
| Gearing Ratio[5] (times) | 0.12 | 0.17 | 0.19 | – | 0.49 | 0.52 |

**Notes:**

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Earnings Per Share ("LPS") equals to net loss attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 29 March 2023, the LPD.

(4) Based on the total number of 1,069,165,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the Latest Practicable Date and 983,631,800 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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(d) *Purchases of 85,533,200 Shares representing 8.0% of such issued Shares made partially out of profits, with the balance out of capital, and cancelled*

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | | After Share Buyback | | | After Share Buyback | |
| | **Before Share Buyback** | **Market Purchase** | **Off-Market Purchase** | **Before Share Buyback** | **Market Purchase** | **Off-Market Purchase** |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **As at 31 December 2022** | | | | | | |
| Share capital | 14 | 9 | 9 | 14 | 9 | 9 |
| Share premium | 113,048 | 76,274 | 74,563 | 113,048 | 76,274 | 74,563 |
| Capital reserve | 629 | 629 | 629 | – | – | – |
| Statutory reserve | 297 | 297 | 297 | – | – | – |
| Retained earnings | 25,531 | 25,531 | 25,531 | (170) | (170) | (170) |
| Treasury shares | (2,230) | (2,230) | (2,230) | (2,230) | (2,230) | (2,230) |
| Translation reserves | (199) | (199) | (199) | – | – | – |
| Non-controlling interest | (1,345) | (1,345) | (1,345) | – | – | – |
| **Total Shareholders' Equity** | 135,745 | 98,966 | 97,255 | 110,662 | 73,883 | 72,172 |
| NTA[1] | 123,481 | 86,702 | 84,991 | 102,144 | 65,365 | 63,654 |
| Current Assets | 166,571 | 129,811 | 129,811 | 104,294 | 103,464 | 103,464 |
| Current Liabilities | 46,520 | 46,539 | 48,250 | 2,150 | 38,099 | 39,810 |
| Total Borrowings | 13,602 | 13,621 | 15,332 | – | 35,949 | 37,660 |
| Cash and Cash Equivalents | 36,760 | – | – | 830 | – | – |
| Loss attributable to Owners of the Group | (9,382) | (9,382) | (9,382) | (109) | (109) | (109) |
| Number of Shares ('000) (Excluding Treasury Shares) at LPD[6] | 1,069,165 | 983,632 | 983,632 | 1,069,165 | 983,632 | 983,632 |
| Weighted Average Number of Shares ('000) at LPD[6] | 1,069,862 | 1,027,095 | 1,027,095 | 1,069,862 | 1,027,095 | 1,027,095 |
| **Financial Ratios** | | | | | | |
| NTA per Share[2] (cents) | 11.55 | 8.81 | 8.64 | 9.55 | 6.65 | 6.47 |
| Basic LPS[3][4] (cents) | (0.88) | (0.91) | (0.91) | (0.01) | (0.01) | (0.01) |
| Current Ratio (times) | 3.58 | 2.79 | 2.69 | 48.51 | 2.72 | 2.60 |
| Gearing Ratio[5] (times) | 0.12 | 0.17 | 0.19 | – | 0.49 | 0.52 |

**Notes:**

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Loss Per Share ("EPS") equals to net loss attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 29 March 2023, the LPD.

(4) Based on the total number of 1,069,165,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the LPD and 983,631,800 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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The actual financial effects of the Share Purchase Mandate will depend on the number and purchase price of the Shares purchased or acquired by the Company. As stated, the Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

**Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical numbers for FY2022, and is not necessarily representative of future financial performance.**

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares as mandated. In addition, the Company may cancel or hold as treasury shares all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

2.8 **Tax Implications**. Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 **Listing Status of the Shares**. The Listing Manual requires a listed company to ensure that at least 10.0% of the total number of issued Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is held by public shareholders at all times. As at the Latest Practicable Date, on the basis of 1,069,165,000 issued Shares, approximately 19.4% of the issued Shares are held by public Shareholders. Accordingly, the Company notes that there is an insufficient number of the Shares in issue held by public Shareholders which would permit the Company to potentially undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10.0% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

The Company, when purchasing its Shares, will ensure (a) that there is a sufficient float for an orderly market in its securities; and (b) that the listing status of the Shares on the SGX-ST is not affected by such purchase.

**The Board of Directors, when purchasing Shares, will ensure that there is a sufficient float for an orderly market in the Company's securities and that the listing status of the Shares on the SGX-ST is not affected by such purchase.**

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2.10 **Share Purchases in the Previous 12 Months**. The following are details of purchases of acquisitions of Shares made by the Company from 30 March 2022, being the date falling 12 months prior to the Latest Practicable Date:

| Date of Purchase | Number of Shares Purchased | Average Price paid per Share | Total Consideration Paid |
|---|---|---|---|
| | | $ | $ |
| 30 March 2022 | 59,000 | 0.52314 | 30,865 |
| 01 April 2022 | 50,000 | 0.52000 | 26,000 |
| 06 April 2022 | 73,000 | 0.51897 | 37,885 |
| 07 April 2022 | 43,900 | 0.51593 | 22,649 |
| 11 April 2022 | 33,000 | 0.53000 | 17,490 |
| 13 April 2022 | 12,600 | 0.52000 | 6,552 |
| 20 April 2022 | 22,400 | 0.58000 | 12,992 |
| 21 April 2022 | 35,000 | 0.58500 | 20,475 |
| 22 April 2022 | 20,000 | 0.57218 | 11,444 |
| 27 April 2022 | 23,000 | 0.57000 | 13,110 |
| 05 May 2022 | 50,000 | 0.57500 | 28,750 |
| 13 May 2022 | 40,000 | 0.56000 | 22,400 |
| 23 May 2022 | 33,000 | 0.55273 | 18,240 |
| 24 May 2022 | 39,000 | 0.54500 | 21,255 |
| 25 May 2022 | 27,000 | 0.54500 | 14,715 |
| 27 May 2022 | 46,600 | 0.53795 | 25,068 |
| 30 May 2022 | 30,000 | 0.54500 | 16,350 |
| 31 May 2022 | 13,000 | 0.54000 | 7,020 |
| 01 June 2022 | 33,500 | 0.54000 | 18,090 |
| 03 June 2022 | 22,000 | 0.54000 | 11,880 |
| 06 June 2022 | 30,200 | 0.53599 | 16,187 |
| 07 June 2022 | 42,000 | 0.54000 | 22,680 |
| 09 June 2022 | 10,000 | 0.54000 | 5,400 |
| 10 June 2022 | 12,700 | 0.53197 | 6,756 |
| 13 June 2022 | 26,300 | 0.52975 | 13,932 |
| 14 June 2022 | 69,700 | 0.51956 | 36,213 |
| 15 June 2022 | 55,000 | 0.52782 | 29,030 |
| 16 June 2022 | 20,000 | 0.52500 | 10,500 |
| 17 June 2022 | 28,000 | 0.52000 | 14,560 |
| 20 June 2022 | 45,000 | 0.51209 | 23,044 |
| 22 June 2022 | 31,000 | 0.51500 | 15,965 |
| 23 June 2022 | 26,000 | 0.50865 | 13,225 |
| 24 June 2022 | 26,000 | 0.51500 | 13,390 |
| 27 June 2022 | 12,000 | 0.51000 | 6,120 |
| 28 June 2022 | 26,300 | 0.49323 | 12,972 |
| 30 June 2022 | 44,000 | 0.49239 | 21,665 |
| 01 July 2022 | 15,000 | 0.49500 | 7,425 |
| 04 July 2022 | 39,000 | 0.48474 | 18,905 |
| 05 July 2022 | 55,700 | 0.46367 | 25,826 |
| 06 July 2022 | 8,400 | 0.47976 | 4,030 |
| 07 July 2022 | 8,800 | 0.49159 | 4,326 |
| 08 July 2022 | 7,500 | 0.50000 | 3,750 |
| 15 August 2022 | 15,000 | 0.47000 | 7,050 |
| 16 August 2022 | 15,100 | 0.46666 | 7,047 |
| 17 August 2022 | 11,700 | 0.46500 | 5,441 |

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| Date of Purchase | Number of Shares Purchased | Average Price paid per Share | Total Consideration Paid |
|---|---|---|---|
| | | $ | $ |
| 25 August 2022 | 19,000 | 0.46500 | 8,835 |
| 26 August 2022 | 5,000 | 0.46500 | 2,325 |
| 30 August 2022 | 65,800 | 0.45809 | 30,142 |
| 31 August 2022 | 13,000 | 0.45769 | 5,950 |
| 01 September 2022 | 19,700 | 0.45297 | 8,924 |
| 02 September 2022 | 18,000 | 0.46444 | 8,360 |
| 05 September 2022 | 20,000 | 0.46000 | 9,200 |
| 19 September 2022 | 22,700 | 0.47630 | 10,812 |
| 20 September 2022 | 13,000 | 0.48000 | 6,240 |
| 26 September 2022 | 8,000 | 0.46500 | 3,720 |
| 28 September 2022 | 15,600 | 0.44468 | 6,937 |
| 29 September 2022 | 12,300 | 0.44264 | 5,444 |
| 06 October 2022 | 27,500 | 0.43591 | 11,988 |
| 07 October 2022 | 10,000 | 0.44500 | 4,450 |
| 10 October 2022 | 9,100 | 0.43500 | 3,959 |
| 12 October 2022 | 8,300 | 0.43000 | 3,569 |
| 14 October 2022 | 10,700 | 0.42575 | 4,556 |
| 18 October 2022 | 28,000 | 0.42107 | 11,790 |
| 19 October 2022 | 14,100 | 0.42855 | 6,043 |
| 28 October 2022 | 10,500 | 0.43143 | 4,530 |
| 31 October 2022 | 20,000 | 0.43500 | 8,700 |
| 01 November 2022 | 13,000 | 0.43346 | 5,635 |
| 08 November 2022 | 30,700 | 0.41941 | 12,876 |
| 10 November 2022 | 28,000 | 0.41946 | 11,745 |
| 11 November 2022 | 66,000 | 0.41977 | 27,705 |
| 15 November 2022 | 20,000 | 0.41900 | 8,380 |
| 17 November 2022 | 5,700 | 0.42088 | 2,399 |
| 18 November 2022 | 10,800 | 0.41861 | 4,521 |
| 21 November 2022 | 28,000 | 0.41696 | 11,675 |
| 22 November 2022 | 12,000 | 0.41792 | 5,015 |
| 23 November 2022 | 7,000 | 0.42429 | 2,970 |
| 24 November 2022 | 11,800 | 0.42839 | 5,055 |
| 25 November 2022 | 4,100 | 0.42622 | 1,748 |
| 28 November 2022 | 6,000 | 0.43083 | 2,585 |
| 29 November 2022 | 12,000 | 0.42750 | 5,130 |
| 01 December 2022 | 26,000 | 0.42269 | 10,990 |
| 02 December 2022 | 2,500 | 0.42700 | 1,068 |
| 05 December 2022 | 14,000 | 0.42179 | 5,905 |
| 06 December 2022 | 32,000 | 0.42500 | 13,600 |
| 07 December 2022 | 1,500 | 0.42833 | 643 |
| 09 December 2022 | 3,200 | 0.43000 | 1,376 |
| 15 December 2022 | 20,000 | 0.42250 | 8,450 |
| 21 December 2022 | 5,800 | 0.42672 | 2,475 |
| 06 January 2023 | 17,200 | 0.41645 | 7,163 |
| 10 January 2023 | 23,000 | 0.42000 | 9,660 |
| 19 January 2023 | 23,000 | 0.41500 | 9,545 |
| 25 January 2023 | 10,000 | 0.41600 | 4,160 |
| 26 January 2023 | 5,000 | 0.42000 | 2,100 |
| **Total** | **2,195,000** | **0.49190** | **1,079,714** |

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2.11 **Listing Rules**. The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5.0% above the "average closing price", being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made. The Maximum Price for the Shares in relation to Market Purchases referred to in paragraph 2.3.4 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of Off-Market Purchases, the Company has set a cap of 10.0% above the average closing price of the Shares as the Maximum Price for the Shares to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time when there are material developments or any unannounced material information which may have an impact on the Company's share price or trading volume, until such insider information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST and as the Company is not required to announce quarterly financial statements under Rule 705(2) of the Listing Manual, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate during the period of one month immediately preceding the announcement of the Company's half-year and full-year financial statements.

2.12 **Reporting Requirements**. The Listing Manual specifies that a listed company shall report all purchase or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares after the purchase.

2.13 **Take-over Implications**. Appendix 2 of the Take-Over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.13.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-Over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-Over Code.

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Rule 14.1 of the Take-Over Code requires, *inter alia*, that, except with the consent of the SIC, where:

(a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1.0% of the voting rights, such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

The offer required to be made under the provisions of Rule 14.1 of the Take-Over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

For the above purposes, "**Required Price**" means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-Over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-Over Code which is the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six months; (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six months of the offer and during the offer period; or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-Over Code.

2.13.2 ***Persons Acting in Concert***

Under the Take-Over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-Over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

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(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relative, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i);

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-Over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2.

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2.13.3 ***Effect of Rule 14 and Appendix 2 of the Take-Over Code***

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, (a) the voting rights of such Directors and their concert parties would increase to 30.0% or more; or (b) if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Purchase Mandate.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-Over Code as a result of the acquisition or purchase by the Company of 10.0% of its issued Shares as at the Latest Practicable Date. Further details of the Directors and substantial Shareholders in the Shares as at the Latest Practicable Date are set out in paragraph 4 of this Appendix.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory take-over offer in the event that the Company purchases or acquires its Shares up to the full 10.0% limit pursuant to the Share Purchase Mandate.

**Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authority at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchase by the Company.**

2.14 **Interested Persons**. The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is a Director, the chief executive officer or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

**3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

3.1 **Background**. At the 2022 AGM, Shareholders had approved the renewal of the IPT General Mandate. The terms of the IPT General Mandate were set out in the FY2021 Appendix and the ordinary resolution in the notice of the 2022 AGM dated 13 April 2022, respectively. The authority contained in the IPT General Mandate was expressed to take effect until the conclusion of the next annual general meeting of the Company and, as such, would be expiring on 27 April 2023, being the date of the forthcoming AGM of the Company. Accordingly, the Directors propose that the IPT General Mandate be renewed at the forthcoming AGM of the Company.

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The IPT General Mandate enables the EAR Group, in the ordinary course of business, to enter into the Mandated Transactions with the Mandated Interested Persons which are necessary for the day-to-day operations, provided that all such transactions are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2 **Particulars of the IPT General Mandate to be Renewed**. The nature of the Mandated Transactions and the classes of Mandated Interested Persons in respect of which the IPT General Mandate is sought to be renewed remain unchanged. Particulars of the IPT General Mandate, including the rationale for the IPT General Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the Mandated Interested Persons, are set out in paragraph 3.5 of this Appendix.

3.3 **Audit and Risk Management Committee's Confirmation**. Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Management Committee confirms that:

(a) the methods or procedures for determining the transaction prices under the IPT General Mandate have not changed since the IPT General Mandate was last approved by Shareholders; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

3.4 **Chapter 9 of the Listing Manual**. Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the group's latest audited NTA are reached or exceeded). In particular:

(a) where the value of such transaction is equal to or exceeds 3.0% of the group's latest audited NTA, an immediate announcement is required;

(b) where the value of such transaction is equal to or exceeds 5.0% of the group's latest audited NTA, an immediate announcement and shareholders' approval is required;

(c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited NTA, an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year is required; and

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(d) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5.0% or more of the group's latest audited NTA, an immediate announcement and shareholders' approval is required in respect of the latest and all future transactions entered into with that interested person during that financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Based on the latest audited consolidated financial statements of the Group for FY2022, the latest audited NTA of the Group was $135,745,000. Accordingly, in relation to the Group, and for the purposes of complying with Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 December 2023 are published, 5.0% of the Group's latest audited NTA would be approximately $6,787,000.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

Under the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;

(b) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30.0% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30.0% or more;

(c) an "**associated company**" means a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group;

(d) an "**entity at risk**" means:

   (i) the listed company;

   (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

   (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

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(e) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(f) the SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk; and (ii) an agreement or arrangement with an interested person in connection with that transaction;

(g) (in the case of a company) a "**primary interested person**" means a director, chief executive officer or controlling shareholder of the listed company;

(h) an "**interested person transaction**" means a transaction between an entity at risk and an interested person;

(i) a "**transaction**" includes (i) the provision or receipt of financial assistance; (ii) the acquisition, disposal or leasing of assets; (iii) the provision or receipt of goods or services; (iv) the issuance or subscription of securities; (v) the granting of or being granted options; and (vi) the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly (for example, through one or more interposed entities);

(j) in interpreting the term "**same interested person**" for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905, 906 and 907 of Chapter 9 of the Listing Manual, the following applies:

   (i) transactions between (A) an entity at risk and a primary interested person; and (B) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person.

   Transactions between (1) an entity at risk and a primary interested person; and (2) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person.

   (ii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

   If an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and have audit committees whose members are completely different; and

(k) while transactions below $100,000 are not normally aggregated under Rules 905(2) and 906(2) of Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902.

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3.5 **Renewal of the IPT General Mandate**

3.5.1 ***Introduction***

The Company anticipates that the EAR Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain a renewal of the IPT General Mandate from its Shareholders to enter into the Mandated Transactions with the Mandated Interested Persons in the EAR Group's ordinary course of business, which are necessary for the day-to-day operations of the EAR Group, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next annual general meeting (or extraordinary general meeting following such annual general meeting) and each subsequent annual general meeting (or extraordinary general meeting following such annual general meeting) of the Company, subject to satisfactory review by the Audit and Risk Management Committee of the Company of its continued application to the Mandated Transactions.

3.5.2 ***Names of the Mandated Interested Persons***

The IPT General Mandate will apply to the transactions that are carried out between any Entity at Risk and the following persons:

(a) each of Ms. Yue Lina and Mr. Yang Zhigang, in respect of the provision of talent management services by the EAR Group to each of Ms. Yue Lina and Mr. Yang Zhigang;

(b) each of Ms. Yue Lina and Mr. Yang Zhigang, in respect of the provision of acting services by each of Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group; and

(c) Sure Legend, in respect of the grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management),

(the "**Mandated Interested Persons**", and each a "**Mandated Interested Person**", all being "**interested persons**" as defined in the Listing Manual).

Transactions between the Mandated Interested Persons and the Group which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of the Group's latest audited NTA, these transactions of such a nature will be subject to Shareholders' approval before they can be entered into.

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3.5.3 ***Categories of Mandated Interested Person Transactions***

The Company envisages that in the ordinary course of its business, the following transactions between the Group and the relevant Mandated Interested Persons are likely to occur from time to time:

(a) provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang;

(b) provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group; and

(c) grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management),

(collectively, the "**Mandated Transactions**").

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT General Mandate.

Transactions with other interested persons will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the IPT General Mandate are not subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

3.5.4 ***Rationale for and Benefits of the IPT General Mandate***

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives of the EAR Group and adversely affecting the business opportunities available to the EAR Group.

The IPT General Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The EAR Group will benefit from having long-term relationships with artistes whose drama and film projects and concerts are likely to be commercially successful:

(a) in respect of (i) the provision of talent management services by the EAR Group to each of Ms. Yue Lina and Mr. Yang Zhigang; and (ii) the provision of acting services by each of Ms. Yue Lina and Mr. Yang Zhigang to our Group, the EAR Group will benefit from long-term working relationships with Ms. Yue Lina and Mr. Yang Zhigang, who are both established artistes with years of experience in the drama and film industry in the PRC, having won awards and acted in several dramas and films; and

# APPENDIX TO **ANNUAL REPORT**

(b) in respect of the grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management), the EAR Group will benefit from having a long-term working relationship with artistes managed by Sure Legend such as Jay Chou, a popular and well-known Taiwanese singer-songwriter, by undertaking the production of concerts for such artistes managed by Sure Legend in several countries.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will (a) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the financial year, including the name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate for the financial periods that the Company is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

3.5.5 ***Guidelines and Review Procedures for Mandated Transactions with Mandated Interested Persons***

To ensure that Mandated Transactions with Mandated Interested Persons are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders, the Group will adopt the following procedures for the review and approval of Mandated Transactions under the IPT General Mandate:

(a) The following review procedures will be adopted in relation to:

(i) <u>Provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang</u>

(A) before submitting to the Audit and Risk Management Committee for review and approval, the fee-sharing arrangement and commercial terms offered to the Mandated Interested Person will be determined by using at least two recent contracts entered into by the Group with other unrelated artistes as a basis of comparison. In general, the Group will only enter into a talent management services contract with the Mandated Interested Persons if the Group is satisfied that the fee-sharing arrangement is in line with prevailing market rates and the commercial terms are no more favourable to the Mandated Interested Persons as compared to terms extended to unrelated third parties after taking into account factors including but not limited to, the popularity and experience of the artiste, the projects and events subjected to the talent management services contract (such as films, dramas, variety shows, stage shows, music recordings and concerts, media advertisements and sponsorships), the terms of the fee-sharing arrangement under the talent management services contract, the costs and expenses to be borne by the Group as the talent management agency, the number of projects and engagements expected to be undertaken by the artiste on an annual basis, the geographical coverage of the services, as well as any termination or early exit clauses; and

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(B) where it is impracticable or not possible for such contracts to be used as a basis of comparison (for instance, if there are no unrelated third parties of similar popularity and experience, amongst others), the price and commercial terms offered to the Mandated Interested Persons will be determined in accordance with the Group's usual business practices or industry norms and be consistent with the margins obtained by the Group in its talent management services business, and the Chief Financial Officer or a senior executive designated by the Audit and Risk Management Committee (who must have no interest, direct or indirect, in the transaction other than through the Group) will determine whether the terms of the contract for the provision of talent management services to the Mandated Interested Person are fair and reasonable, before submitting to the Audit and Risk Management Committee for review and approval;

(ii) <u>Provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group</u>

(A) before submitting to (i) the Chief Financial Officer or an officer of equivalent rank; or (ii) the Audit and Risk Management Committee, depending on the approval thresholds (as disclosed below), for review and approval, the commercial terms offered to the Mandated Interested Persons will be determined by using at least two recent contracts entered into by the Group with other unrelated artistes or between other production studios with unrelated artistes managed by us as a basis of comparison. In general, we will only enter into an acting services contract with the Mandated Interested Persons if we are satisfied that the fees are in line with prevailing market rates and the commercial terms are no more favourable to the Mandated Interested Persons as compared to terms extended to unrelated third parties after taking into account factors including but not limited to, the popularity and experience of the artiste, the role in question for the artiste for the drama or film project (such as whether it is a leading or supporting role), the genre of the drama or film project and the expected production schedule, the production budget of the drama or film project and the costs and expenses to be borne by the Group during the production (such as expenses for travel, accommodation and meals); and

(B) where it is impracticable or not possible for such contracts to be used as a basis of comparison (for instance, if there are no unrelated third parties of similar popularity and experience, amongst others), the price and commercial terms offered to the Mandated Interested Persons will be determined in accordance with the Group's usual business practices or industry norms, and the Chief Financial Officer or a senior executive designated by the Audit and Risk Management Committee (who must have no interest, direct or indirect in the transaction other than through the Group) will take such necessary steps which includes but is not limited to (i) relying on corroborative inputs from the Group's production team and, if applicable, the Group's working partners for the drama or film project in order to determine that the terms provided to the Mandated Interested Persons are fair and reasonable; and (ii) evaluate and weigh benefits of and rationale for transacting with the Mandated Interested Persons to ensure that the terms of the transactions are in accordance with industry norms and/or are not prejudicial to the interests of the Group and its minority Shareholders, before submitting to (1) the Chief Financial Officer or an officer of equivalent rank; or (2) the Audit and Risk Management Committee, depending on the approval thresholds (as disclosed below), for review and approval; and

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(iii) Grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management)

Most of the revenue from the concert production business of the Group is from the grant of rights by Sure Legend to the Group to undertake the production of concerts for Jay Chou. The concert productions the Group had undertaken or will undertake for artistes managed by unrelated third parties (such as Li Ronghao) were of a much smaller scale. Taking into account the genre and language of the songs, there are few artistes who have similar popularity and/or experience as compared to Jay Chou. As a result, comparison prices are usually not available. Before submitting to the Audit and Risk Management Committee for review and approval, the price and commercial terms offered by the Mandated Interested Person will be assessed by the Chief Executive Officer or an Executive Director (who must have no interest, direct or indirect in the transaction other than through the Group), who shall rely on corroborative inputs from the concert production team to determine that:

(A) the concert artiste fee, fees for stage design and choreography, publicity fees and other administrative expenses are comparable to past concert productions undertaken by the Group for the artiste, taking into account factors including but not limited to the number of concert(s) to be held, the country(ies) where the concert(s) is/are to be held and frequency of past concerts held by the artiste in such country(ies), the capacity of the concert venue, the complexity of the concert stage design, technical effects, lighting and sound effects and choreography, the complexity of the costumes and make-up services, the number and type of concert equipment required, the promotional advertising activities to be undertaken, and any sponsorship and/or endorsements for the concerts; and

(B) the estimated profit margin from projected ticket sales to be earned by the Group is comparable to (i) the realised profit margin of past concerts organised by the Group for the same artistes managed by Sure Legend; and (ii) the realised profit margin of past concert productions undertaken by the Group for artistes managed by unrelated third parties, taking into account factors including but not limited to the popularity and experience of the artiste, the number of concert(s) to be held, the country(ies) where the concert(s) is/are to be held and frequency of past concerts held by the artiste in such country(ies), the capacity of the concert venue, the complexity of the concert stage design, technical effects, lighting and sound effects and choreography, the complexity of the costumes and make-up services, the number and type of concert equipment required, the promotional advertising activities to be undertaken, and any sponsorship and/or endorsements for the concerts and the Group's usual business practices or industry norms.

For the avoidance of doubt, should the prices and commercial terms for the grant of rights by Sure Legend to the Group to undertake the production of concerts pursuant to the Master Sure Legend Concert Agreement cease to be on an arm's length basis or on normal commercial terms, the Group will: (1) negotiate and enter into new separate agreements with Sure Legend on separate pricing and commercial terms; or (2) cease to undertake the production of such new concerts that are determined by the Group not to be on an arm's length basis or on normal commercial terms.

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(b) The following approval thresholds shall apply to the Mandated Transactions:

| Category of Mandated Transaction | | Designated Approval Authority |
|---|---|---|
| (i) | Provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang | All transactions will be subject to the review and prior approval by the Audit and Risk Management Committee. The Audit and Risk Management Committee may at its discretion obtain independent advice. In the event that a member of the Audit and Risk Management Committee has an interest in a transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision-making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction. |
| (ii) | Grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management) | All transactions will be subject to the review and prior approval by the Audit and Risk Management Committee. The Audit and Risk Management Committee may at its discretion obtain independent advice. In the event that a member of the Audit and Risk Management Committee has an interest in a transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision-making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction. |

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| **Category of Mandated Transaction** | **Designated Approval Authority** |
|---|---|
| (iii) Provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group | (A) Transactions below 3.0% of the value of the Group's latest audited NTA will be subject to the review and prior approval by the Chief Financial Officer or an officer of equivalent rank, who does not have an interest in the transaction, and tabled for review by the Audit and Risk Management Committee on a quarterly basis; and<br><br>(B) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% of the value of the Group's latest audited NTA will be subject to the review and prior approval by the Audit and Risk Management Committee. The Audit and Risk Management Committee may at its discretion obtain independent advice. In the event that a member of the Audit and Risk Management Committee has an interest in a transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction. |

Any transaction to be entered into under the IPT General Mandate shall only be approved by the above approving authority if the transactions are carried out at arm's length and on normal commercial terms, in accordance with the guidelines and review procedures outlined in paragraphs (a) and (b) of this section, and the basis on which the transactions are entered into are properly documented in the IPT Register (as defined below), accompanied with supporting documents.

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For the purposes of sub-paragraphs (b)(i), (b)(ii) and (b)(iii) above:

(a) in respect of the provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang, as the fees payable to the Group will be calculated based on the fee-sharing arrangement under the talent management services contract on a project basis, for such Mandated Interested Person's participation and engagement in the projects and events procured by the Group as the talent management agency, the value of such transaction cannot be determined at the point of entering into the talent management services contract;

(b) in respect of the provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group, the value of a transaction shall be the full contract value at the time of entry into the transaction, being the fees payable by the Group to the Mandated Interested Persons in respect of the acting services provided to the Group; and

(c) in respect of the grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management), as the fees payable to the Mandated Interested Person in respect of the concert production to be undertaken by the Group will be calculated based on the performance fee and any other fees (such as fees from the sale of concert merchandise) payable by the Group to the Mandated Interested Person, the value of such transaction cannot be determined at the point of entering into the grant of rights to undertake the production of the concert.

The review procedures for the Mandated Transactions with Mandated Interested Persons remain the same as those disclosed in the FY2021 Appendix.

3.5.6 ***Additional Guidelines and Review Procedures***

In addition to the guidelines and review procedures set out above, the Group will implement the following additional guidelines and review procedures to ensure that the Mandated Transactions carried out under the IPT General Mandate are undertaken at arm's length basis and on normal commercial terms:

(a) a register will be maintained to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the Chief Financial Officer and subject to such verifications or declarations as required by the Audit and Risk Management Committee for such period as determined by them. This list of interested persons shall be disseminated to any staff of the Group that the Group's finance team considers relevant for the purposes of entering into transactions that fall under the IPT General Mandate;

(b) a register will be maintained to record all interested person transactions (including the Mandated Transactions) carried out with interested persons (including the Mandated Interested Persons) (including the bases on which the interested person transactions are entered into, amount and nature) (the "**IPT Register**") by the Group's finance team, which shall be reviewed by the Chief Financial Officer on a monthly basis;

# APPENDIX TO **ANNUAL REPORT**

(c) the Audit and Risk Management Committee shall review all Mandated Transactions (except where Mandated Transactions are required under the review procedures to be approved by the Audit and Risk Management Committee prior to the entry thereof) at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents, or such other data deemed necessary by the Audit and Risk Management Committee. The Audit and Risk Management Committee shall, when it deems fit, request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers, or require the appointment of internal auditors to provide additional review of the internal control procedures and review procedures and their implementation pertaining to interested person transactions (including the Mandated Transactions) under review;

(d) the internal auditors shall, on an annual basis, review the IPT Register to ascertain that the guidelines and procedures established for the Mandated Transactions have been adhered to. Any discrepancies or significant variances from the Group's usual business practices and pricing policies will be highlighted to the Audit and Risk Management Committee;

(e) the Audit and Risk Management Committee will also review from time to time such guidelines and procedures for the Mandated Transactions to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and the interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the Audit and Risk Management Committee, the Audit and Risk Management Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will, in consultation with the Board of Directors, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. In the interim, the Audit and Risk Management Committee will review every Mandated Transaction pending the grant of the fresh mandate, which will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual (as from time to time amended); and

(f) the Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9 thereof) and relevant accounting standards, are complied with. The Company will also endeavour to comply with the recommendations set out in the Singapore Code of Corporate Governance.

The additional guidelines and review procedures for the Mandated Transactions remain the same as those disclosed in the FY2021 Appendix.

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## 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests**. As at the Latest Practicable Date, the interests of the Directors in the Shares before and after the Share Purchase pursuant to the Share Purchase Mandate, assuming (a) the Company purchases 85,533,200 Shares; and (b) there is no change in the number of Shares (whether deemed or direct) held by the Directors, are set out below:

| | Before the Share Purchase | | | | | | After the Share Purchase |
|---|---|---|---|---|---|---|---|
| | Direct Interest | | Deemed Interest[2] | | Total Interest | | Total Interest |
| **Directors** | **No. of Shares** | **%[1]** | **No. of Shares** | **%[1]** | **No. of Shares** | **%[1]** | **%[5]** |
| Mr. Guo Jingyu[3] | 4,626,400 | 0.4 | 640,000,000 | 59.9 | 644,626,400 | 60.3 | 65.5 |
| Ms. Yue Lina | – | – | – | – | – | – | – |
| Ms. Wang Qing | – | – | – | – | – | – | – |
| Mr. Yang Jun Rong[4] | – | – | 76,230,000 | 7.1 | 76,230,000 | 7.1 | 7.7 |
| Mr. Shamsul Kamar Bin Mohamed Razali | – | – | – | – | – | – | – |
| Mr. Li Qi | – | – | – | – | – | – | – |
| Ms. Zeng Yingxue | – | – | – | – | – | – | – |
| Mr. Yeo Guat Kwang | – | – | – | – | – | – | – |
| Mr. Ang Chun Giap | – | – | – | – | – | – | – |
| Mr. Chen Mingyu | – | – | – | – | – | – | – |
| Dr. Jiang Minghua | – | – | – | – | – | – | – |

**Notes:**

(1) Based on the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Kang Ru Investments Limited ("**Kang Ru**") holds 640,000,000 Shares. Da Yuan Developments Limited ("**Da Yuan**") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr, Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, Mr. Guo Jingyu is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the SFA.

(4) Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(5) Assuming the Company purchases or acquires 85,533,200 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 983,631,800 issued Shares (excluding Treasury Shares).

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4.2 **Substantial Shareholders' Interests**. As at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares, before and after the Share Purchase pursuant to the Share Purchase Mandate, assuming (a) the Company purchases 85,533,200 Shares; and (b) there is no change in the number of Shares (whether deemed or direct) held by the Substantial Shareholders, are set out below:

| | Before the Share Purchase | | | | | | After the Share Purchase |
|---|---|---|---|---|---|---|---|
| **Substantial Shareholders (other than Directors)** | **Direct Interest** | | **Deemed Interest[2]** | | **Total Interest** | | **Total Interest** |
| | **No. of Shares** | **%[1]** | **No. of Shares** | **%[1]** | **No. of Shares** | **%[1]** | **%[7]** |
| Mr. John Ho | 110,602,000 | 10.3 | – | – | 110,602,000 | 10.3 | 11.2 |
| Kang Ru Investments Limited[3] | 640,000,000 | 59.9 | – | – | 640,000,000 | 59.9 | 65.1 |
| Da Yuan Developments Limited[3] | – | – | 640,000,000 | 59.9 | 640,000,000 | 59.9 | 65.1 |
| G.Y Media & Entertainment Limited[3] | – | – | 640,000,000 | 59.9 | 640,000,000 | 59.9 | 65.1 |
| Guo Yue Family Trust[3] | – | – | 640,000,000 | 59.9 | 640,000,000 | 59.9 | 65.1 |
| Taiho Holding Ltd[4] | 76,230,000 | 7.1 | – | – | 76,230,000 | 7.1 | 7.7 |
| Mdm. Yeh Hui Mei[5] | – | – | 76,230,000 | 7.1 | 76,230,000 | 7.1 | 7.7 |
| Vistra Trust (Singapore) Pte. Limited[3][6] | – | – | 640,000,000 | 59.9 | 640,000,000 | 59.9 | 65.1 |

**Notes:**

(1) Based on the total number of issued Shares (excluding Treasury Shares) as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Kang Ru Investments Limited ("**Kang Ru**") holds 640,000,000 Shares. Da Yuan Developments Limited ("**Da Yuan**") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, each of Mr. Guo Jingyu and G.Y Media & Entertainment Limited is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the SFA.

(4) Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(5) Mdm. Yeh Hui Mei holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mdm. Yeh Hui Mei is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(6) Vistra Trust (Singapore) Pte. Limited provides trustee services in Singapore, and (i) is wholly-owned by Vistra Group (Asia) Limited; (ii) which is in turn wholly-owned by Vistra Group Holdings (Cayman) Limited; (iii) which is in turn wholly-owned by Vistra Group Holdings (BVI) Limited; (iv) which is in turn wholly-owned by Vistra Group Holdings (BVI) I Limited; (v) which is in turn wholly-owned by Vistra Group Holdings (BVI) II Limited; and (vi) which is in turn wholly-owned by Vistra Group Holdings (BVI) III Limited. Vistra Group Holdings (BVI) III Limited is substantially held by Kowloon Co-Investment L.P., The Baring Asia Private Equity Fund VI, L.P.1, The Baring Asia Private Equity Fund VI, L.P.2., The Baring Asia Private Equity Fund VI Co-Investment L.P., The Baring Asia Private Equity Fund V, L.P. and The Baring Asia Private Equity Fund V Co-Investment L.P., which is managed by the general partners, being Barings Asia Private Equity GP VI, L.P. and Barings Asia Private Equity GP V, L.P. Accordingly, each of the foregoing entities is deemed to be interested in the Shares that Vistra Trust (Singapore) Pte. Limited is interested in by virtue of Section 4 of the SFA.

(7) Assuming the Company purchases or acquires 85,533,200 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 983,631,800 issued Shares (excluding Treasury Shares).

# APPENDIX TO **ANNUAL REPORT**

**5. DIRECTORS' RECOMMENDATIONS**

5.1 **The Proposed Renewal of the Share Purchase Mandate**. The Directors, having considered, *inter alia*, the rationale for the proposed renewal of the Share Purchase Mandate, are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company.

Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution 8 relating to the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

5.2 **The Proposed Renewal of the IPT General Mandate**. Save for Ms. Yue Lina and Mr. Yang Jun Rong, the Directors who are considered independent for the purposes of the proposed renewal of the IPT General Mandate, having considered, *inter alia*, the scope, procedures, rationale and benefits of the IPT General Mandate, are of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company.

Accordingly, the Directors (save for Ms. Yue Lina and Mr. Yang Jun Rong) recommend that the Shareholders vote in favour of Ordinary Resolution 9 in relation to the proposed renewal of the IPT General Mandate.

**6. ANNUAL GENERAL MEETING**

The AGM will be held by way of electronic means on 27 April 2023 at 4 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolutions set out in the notice of AGM which is attached to the Annual Report.

**7. ABSTENTION FROM VOTING**

7.1 **The Proposed Renewal of the IPT General Mandate**. Ms. Yue Lina and Mr. Yang Jun Rong, who are each a Mandated Interested Person, will abstain from, and have undertaken to ensure that their respective associates (if any) will abstain from voting on Ordinary Resolution 9 in relation to the proposed renewal of the IPT General Mandate.

7.2 **Appointment of Chairman of the AGM as Proxy**. The Chairman of the AGM will accept appointment as proxy for any Shareholder to vote in respect of any ordinary resolution relating to the proposed renewal of the Share Purchase Mandate and/or the proposed renewal of the IPT General Mandate to be proposed at the AGM, where such Shareholder has given specific voting instructions in a validly completed and submitted Proxy Form as to voting, or abstention from voting, in respect of such ordinary resolution, failing which the appointment of a proxy for that resolution will be treated as invalid.

**8. NO DESPATCH OF PRINTED COPIES OF APPENDIX, NOTICE OF AGM AND PROXY FORMS**

8.1 No printed copies of this Appendix, the Notice of AGM and the Proxy Forms in respect of the AGM will be despatched to Shareholders. Copies of this Appendix, the Notice of AGM and the Proxy Forms have been uploaded on the Company's website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/ and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. A Shareholder will need an Internet browser and PDF reader to view these documents on the Company's website and on SGXNet.

8.2 Shareholders are advised to read this Appendix carefully in order to decide whether they should vote in favour of or against the Proposed Resolutions.

# APPENDIX TO **ANNUAL REPORT**

## 9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 **No Physical Attendance at AGM**. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold its general meeting via electronic means, even where the Company is permitted under safe distancing regulations to hold a physical meeting. As per the SGX RegCo Regulator's Column dated 23 May 2022, general meetings which are conducted via electronic means on or after 1 October 2022 and annual general meetings for financial years ending 30 June 2022 onwards, will need to utilise both (i) real-time electronic voting; and (ii) real-time electronic communication at the general meetings.

9.2 **Alternative Arrangements**. Alternative arrangements are instead put in place to allow Shareholders to participate in the AGM by:

(a) observing or listening to the AGM proceedings via a "live" audio-and-video webcast or listen to the "live" audio feed of the AGM proceedings;

(b) submitting questions relating to the Proposed Resolutions in advance of, or "live" at, the AGM, addressing of relevant and substantial questions in advance of, or "live", at the AGM; and/or

(c) voting at the AGM, either (i) "live" via the electronic means by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) or corporate representatives (where applicable); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM.

Shareholders should refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM, which has been uploaded on the Company's website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/ and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements.

9.3 **Depositors not regarded as Shareholders**. Under the laws of the Cayman Islands, a Depositor holding Shares through CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the AGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Articles of Association of the Company.

Administrative arrangements have been made with CDP to allow Depositors to take part in the AGM. A Depositor holding Shares through CDP will only be able to attend and vote at the AGM as CDP's proxy if his/her/its name appears on the Depository Register as at a time not earlier than 72 hours prior to the time of the AGM supplied by CDP to the Company. Please refer to the Notice of AGM in respect of the action to be taken if you wish to attend and vote at the AGM.

# APPENDIX TO **ANNUAL REPORT**

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Resolutions, and the Company, its subsidiaries and associated companies which are relevant to the Proposed Resolutions, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

**11. INSPECTION OF DOCUMENTS**

Subject to the prevailing regulations, orders, advisories, and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at 988 Toa Payoh North #07-08, Singapore 319002 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Annual Report; and

(b) the Memorandum and Articles of Association of the Company.

The Annual Report may also be accessed on SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and is also available on the Company's website at the following URL: https://ghyculturemedia.com/investor-relations/sgx-announcements/.

Yours faithfully

By Order of the Board of Directors of
**G.H.Y Culture & Media Holding Co., Limited**

Guo Jingyu
Executive Chairman and Group CEO
12 April 2023

# NOTICE OF **ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**") of **G.H.Y Culture & Media Holding Co., Limited** (the "**Company**") will be held by way of electronic means on 27 April 2023 at 4.00 p.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon.

**(Resolution 1)**

2. To declare a final tax exempt (one-tier) dividend of 0.10 Singapore cents per ordinary share for the financial year ended 31 December 2022.

**(Resolution 2)**

3. To approve the payment of Directors' fees of $410,000 for the financial year ending 31 December 2023, to be paid half-yearly in arrears.

**(Resolution 3)**

4. To re-appoint Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

**(Resolution 4)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company**

That authority be and is hereby given to the Directors to allot and issue:

(a) (i) shares in the Company whether by way of rights, bonus or otherwise;

(ii) convertible securities;

(iii) additional convertible securities arising from adjustments made to the exercise price or conversion price and, where appropriate, the number of convertible securities previously issued in the event of a rights issue, bonus issue or subdivision or consolidation of shares pursuant to Rule 829 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(iv) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

# NOTICE OF **ANNUAL GENERAL MEETING**

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any convertible securities made or granted by the Directors while this Ordinary Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of convertible securities, made or granted pursuant to this Ordinary Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Ordinary Resolution) does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising shares options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

provided that any adjustments made under sub-paragraphs (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting as at the date this Ordinary Resolution is passed;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum and Articles of Association of the Company for the time being of the Company; and

(4) unless earlier revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, whichever is earlier.

**[See Explanatory Note (i)]** **(Resolution 5)**

# NOTICE OF **ANNUAL GENERAL MEETING**

7. **Authority to grant awards and issue shares pursuant to the GHY Performance Share Plan**

That authority be and is hereby given to the Directors to:

(a) offer and grant awards ("**Awards**") from time to time in accordance with the rules of the GHY Performance Share Plan (the "**PSP**"); and

(b) allot and issue from time to time such number of new ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed fifteen percent (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, whichever is earlier.

**[See Explanatory Note (ii)]** **(Resolution 6)**

8. **Authority to grant options and issue shares pursuant to the GHY Employee Share Option Scheme**

That authority be and is hereby given to the Directors to:

(a) offer and grant options ("**Options**") from time to time in accordance with the rules of the GHY Employee Share Option Scheme (the "**ESOS**"); and

(b) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of Options granted under the ESOS,

provided always that the aggregate number of Shares to be issued pursuant to the ESOS, when aggregated to the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), on the day immediately preceding the date on which an offer to grant an Option is made. The grant of Options can be made at any time from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, whichever is earlier.

**[See Explanatory Note (ii)]** **(Resolution 7)**

# NOTICE OF **ANNUAL GENERAL MEETING**

9. **Proposed Renewal of the Share Purchase Mandate**

That:

(a) for the purposes of the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time (the "**Cayman Islands Companies Act**") and otherwise in accordance with the rules and regulations of SGX-ST, the exercise by the Directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued fully paid Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual of the SGX-ST,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Cayman Islands Companies Act, the Memorandum and Articles of Association of the Company and the listing rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the date by which the next annual general meeting of the Company is required to be held; and

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

# NOTICE OF **ANNUAL GENERAL MEETING**

(c) in this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the closing market prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or

(ii) in the case of an Off-Market Purchase, the average of the closing market prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Percentage**" means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110.0% of the Average Closing Price of the Shares;

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as a treasury share and dealt with in accordance with the Cayman Islands Companies Act; and

(e) the Directors of the Company and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he or she may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution and/or the Share Purchase Mandate.

**[See Explanatory Note (iii)]** **(Resolution 8)**

# NOTICE OF **ANNUAL GENERAL MEETING**

10. **Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the appendix to the Company's annual report for the financial year ended 31 December 2022 (the "**Appendix**") with any Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he or she may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

**[See Explanatory Note (iv)]** **(Resolution 9)**

By Order of the Board of Directors

Ong Beng Hong
Lee Yuan
Company Secretaries
12 April 2023

**Explanatory Note to Resolutions to be passed:**

(i) The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company up to an aggregate amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which the total number of Shares issued other than on a pro rata basis to existing shareholders, shall not exceed twenty percent (20%) of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings).

(ii) The Ordinary Resolutions 6 and 7 proposed in items 7 and 8 above, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the vesting of Awards and exercise of Options under the PSP and ESOS respectively, provided that the aggregate number of Shares to be issued pursuant to the PSP and ESOS, when aggregated to the number of Shares issued and issuable or transferred and to be transferred under any other share option schemes or share schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(iii) The Ordinary Resolution 8 proposed in item 9 above, if passed, will empower the Directors of the Company to continue to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Appendix.

(iv) The Ordinary Resolution 9 proposed in item 10 above, if passed, will empower the Directors of the Company to continue to enter into interested person transactions, on the Group's normal commercial terms and in accordance with the guidelines and procedures of the Company for interested person transactions as described in the Appendix. This authority will continue in force until the next AGM of the Company.

# NOTICE OF **ANNUAL GENERAL MEETING**

**Notes**

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold its general meeting via electronic means, even where the Company is permitted under safe distancing regulations to hold a physical meeting. As per the SGX RegCo Regulator's Column dated 23 May 2022, general meetings which are conducted via electronic means on or after 1 October 2022 and annual general meetings for financial years ending 30 June 2022 onwards, will need to utilise both (i) real-time electronic voting; and (ii) real-time electronic communication at the general meetings.

2. In view thereof, members will not be able to physically attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio feed), submission of questions relating to the proposed resolutions in advance of, or "live" at, the AGM, addressing of relevant and substantial questions in advance of, or "live" at, at the AGM and/or voting at the AGM (i) "live" via the electronic means by the shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) or corporate representatives (where applicable); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.

3. Members will be able to observe and/or listen to the AGM proceedings through a "live" audio-and-video webcast or "live" audio feed via their mobile phones, tablets or computers. In order to do so, members must preregister at the Company's pre-registration website at the URL https://go.lumiengage.com/GHYAGM2023 by **24 April 2023, 4.00 p.m.** (the "**Registration Deadline**"), to enable the verification of members' status.

   Corporate shareholders must also submit the Corporate Representative Certificate to the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, or by email at ghy@boardroomlimited.com in addition to the registration procedures as set out in the paragraph above, by 24 April 2023, 4.00 p.m., for verification purposes.

   After verification, authenticated members will receive an email, which will contain the login instructions, password as well as the link to access the live audio-and-video webcast of the AGM proceedings, by 26 April 2023, 4.00 p.m.. Members who do not receive an email with the login instructions, password and the aforesaid link by 26 April 2023, 4.00 p.m., but have registered by the Registration Deadline should contact the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. via email at ghy@boardroomlimited.com, or call the general telephone number at +65 6536 5355 during office hours for assistance.

   Members must not forward the abovementioned link to other persons who are not shareholders of the Company and who are not entitled to attend the AGM to avoid any technical disruptions or overload the live audio-and-video webcast.

   Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. In order to do so, their questions must be submitted via the Company's pre-registration website at the URL https://go.lumiengage.com/GHYAGM2023 or by depositing a physical copy of the questions at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 no later than **19 April 2023, 4.00 p.m.**, or "live" at the AGM.

   The Company will endeavour to address all relevant and substantial questions submitted by shareholders by **21 April 2023, 4.00 p.m.**. If the Company is unable to do so, the Company will address those relevant and substantial questions which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, during the AGM through the "live" audio-and-video webcast or "live" audio feed of the AGM proceedings. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of the AGM.

4. Shareholders who wish to exercise their voting rights at the AGM may:

   (a) (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on their behalf; or

   (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

   In appointing a proxy, a member or Depositor must give specific instructions as to voting, or abstentions from voting, in respect of each resolution in the form of proxy, failing which the appointment of a proxy for that resolution will be treated as invalid.

5. The Depositor Proxy Form must be submitted in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at ghy@boardroomlimited.com,

   in either case, by the Registration Deadline, 24 April 2023, 4.00 p.m., being not less than 72 hours before the time fixed for holding the AGM.

   A Depositor who wishes to submit a Depositor Proxy Form must complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

   Depositors are encouraged to submit completed Depositor Proxy Forms electronically via email.

# NOTICE OF **ANNUAL GENERAL MEETING**

6. A proxy need not be a member of the Company.

7. Investors who hold Shares through Relevant Intermediaries* who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the "live" audio-and-video webcast or "live" audio feed (does not apply to Supplementary Retirement Scheme ("**SRS**") investors who must pre-register by the Registration Deadline at the URL https://go.lumiengage.com/GHYAGM2023 to observe and listen to the AGM proceedings via the Live Webcast); (b) submitting questions relating to the proposed resolutions in advance of, or "live" at, the AGM; and/or (c) voting at the AGM (i) "live" via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the Relevant Intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.

8. SRS investors who wish to appoint the Chairman of the AGM as their proxy in respect of the Company's shares should approach their SRS Operators to submit their votes at least seven working days before the AGM, by 4.00 p.m. on 17 April 2023.

9. In the case of Depositors whose shares are entered against their names in the Depository Register, the Company may reject any Depositor Proxy Form lodged if the Depositor is not shown to have Shares entered against their name in the Depository Register as at 72 hours before the time fixed for holding of the AGM as provided by The Central Depository (Pte) Limited to the Company.

10. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members are advised to check the Company's announcements on SGXNet for the latest updates on the status of the AGM.

    *A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    (b) a capital markets services license holder who provides custodial services under the Securities and Futures Act 2001 of Singapore and holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

**PERSONAL DATA PRIVACY**

By submitting a Depositor Proxy Form, a Depositor (i) consents to the collection, use and disclosure of the Depositor's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxy appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where a Depositor discloses the personal data of the Depositor's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Depositor's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a Depositor of the Company (such as his name) may be recorded by the Company for such purpose.

# G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

(the "Company")

**IMPORTANT NOTICE TO MEMBERS IN RELATION TO THE CONDUCT AND PROCEEDINGS OF THE COMPANY'S ANNUAL GENERAL MEETING ("AGM")**

**GENERAL**

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold its general meeting via electronic means, even where the Company is permitted under safe distancing regulations to hold a physical meeting. As per the SGX RegCo Regulator's Column dated 23 May 2022, general meetings which are conducted via electronic means on or after 1 October 2022 and annual general meetings for financial years ending 30 June 2022 onwards, will need to utilise both (i) real-time electronic voting; and (ii) real-time electronic communication at the general meetings. In view thereof, members will not be able to physically attend the AGM in person. Printed copies of the Notice of AGM, the Depositor Proxy Form, the Company's annual report for the financial year ended 31 December 2022 (the "**Annual Report**"), the appendix to the Annual Report in relation to the Company's proposed renewal of the share purchase mandate and the proposed renewal of the shareholders' general mandate for interested parties transactions (the "**Appendix**"), and the Request Form for members to request for a physical copy of the Annual Report, will not be sent to members by post. Instead, they will be made available to members by electronic means via publication on the Company's corporate website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/ and on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements would be put in place to allow members to participate in the AGM by:–

   (a) observing or listening to the AGM proceedings via a Live Webcast (as defined below). Members who wish to participate will have to pre-register in the manner as outlined in Notes 3 to 6 below;

   (b) submitting questions relating to the proposed resolutions in advance of, or "live" at, the AGM and addressing of relevant and substantial questions in advance of, or "live", at the AGM. Please refer to Notes 7 to 11 below for further details; and/or

   (c) voting at the AGM (i) "live" via electronic means by the members themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) or corporate representatives (where applicable); or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to Notes 12 to 22 below for further details.

**PARTICIPATION IN THE AGM VIA LIVE WEBCAST OR LIVE AUDIO FEED**

3. A member of the Company (whether individual or corporate) will be able to watch or listen to the proceedings of the AGM through a "live" audio-and-video webcast or listen to the "live" audio feed of the AGM proceedings (the "**Live Webcast**"). To join the Live Webcast, members must pre-register by **4.00 p.m. on 24 April 2023** (the "**Registration Deadline**") at the URL https://go.lumiengage.com/GHYAGM2023 so as to enable the Company to verify the member's status.

4. After verification, the authenticated members of the Company will receive a confirmation email by **4.00 p.m. on 26 April 2023** with the access link and the password details to access the audio-and-video or audio-only stream. Members must not forward the access link to other persons who are not members of the Company and who are not entitled to attend the AGM.

5. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (the "**Relevant Intermediary Participants**"), and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the Live Webcast (does not apply to Supplementary Retirement Scheme ("**SRS**") investors who must pre-register by the Registration Deadline at the URL https://go.lumiengage.com/GHYAGM2023 to observe and listen to the AGM proceedings via the Live Webcast); (b) submitting questions relating to the proposed resolutions in advance of, or "live" at, the AGM; and/or (c) voting at the AGM (i) "live"; or (ii) by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.

6. Members (whether individual or corporate) who have registered by the Registration Deadline in accordance with Note 3 above but do not receive an email by **4.00 p.m. on 26 April 2023** may contact the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. for assistance at the following email address: ghy@boardroomlimited.com, with the following details included: (a) the member's/Depositor's full name, and (b) his/her/its identification/passport/registration number. Alternatively, the concerned member may call the general telephone number at +65 6536 5355 during office hours for assistance.

**SUBMISSION OF QUESTIONS**

7. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or on the Company's businesses and operations in advance of the AGM no later than **4.00 p.m. on 19 April 2023**, or "live" at the AGM. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion), and will endeavour to publish its responses to those questions received in advance of the AGM on the SGXNet and the Company's website by **4.00 p.m. on 21 April 2023**. If the Company is unable to do so, the Company will address those relevant and substantial questions which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, during the AGM through the "live" audio-and-video webcast and "live" audio-only stream of the AGM proceedings. The Company will publish the minutes of the AGM on the SGXNet and the Company's corporate website within one month after the date of the AGM.

8. All questions submitted in advance of the AGM must be submitted no later than **4.00 p.m. on 19 April 2023**, through any one of the following means:–

   (a) via the pre-registration website at the following URL https://go.lumiengage.com/GHYAGM2023; or

   (b) by depositing a physical copy of the questions at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

9. If the questions are deposited in physical copy at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., but are not accompanied by a completed and duly executed Depositor Proxy Form, the following details must be included with the submitted questions: (i) the member's/Depositor's full name; and (ii) his/her/its identification/passport/registration number for verification purposes, failing which the submission will be treated as invalid.

10. Members (including SRS investors) and, where applicable, appointed proxy(ies), who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at the URL https://go.lumiengage.com/GHYAGM2023.

11. Members and proxyholders who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by typing in and submitting their questions at the AGM through the live chat function via the audio-and-video webcast platform.

**VOTING**

12. Members who wish to exercise their voting rights at the AGM may:

    (a) (where such members are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the Meeting) or corporate representatives (where applicable) to vote "live" via electronic means at the AGM on their behalf; or

    (b) (where such members are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

13. The Depositor Proxy Form can be accessed via the Company's corporate website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/, and it will also be made available on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements.

14. Members (including SRS investors) and, where applicable, appointed proxy(ies), who wish to vote "live" at the AGM must first pre-register at the pre-registration website via the URL https://go.lumiengage.com/GHYAGM2023 by the Registration Deadline.

15. Members (whether individual or corporate) appointing the Chairman of the AGM or any other person(s) as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.

16. A Depositor which is a corporation holding Shares through The Central Depository (Pte) Limited ("**CDP**") and wishes to vote on any or all of the resolutions at the AGM, or a Depositor who is an individual holding Shares through CDP and wishes to appoint a proxy to vote on any or all of the resolutions at the AGM, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form in the manner as set out in Note 19 below.

17. If a person or corporation who has Shares entered against his/her/its name in the Depository Register wishes to vote and to be represented at the AGM, he/she/it should use the Depositor Proxy Form for the Shares entered against his/her/its name in the Depository Register.

18. Investors who hold Shares through Relevant Intermediaries (including SRS investors) should approach their respective relevant intermediary as soon as possible to submit their questions and specify their voting instructions. SRS investors who wish to vote should approach their SRS Operator at least seven working days before the AGM (i.e. by 4.00 p.m. on 17 April 2023), to ensure that their votes are submitted.

19. The instrument appointing a proxy must be submitted to the Company in the following manner:

    (a) if submitted by post, be lodged at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

    (b) if submitted electronically, be submitted via email to ghy@boardroomlimited.com,

    **in either case, not later than 4.00 p.m. on 24 April 2023, being not less than 72 hours before the time appointed for holding the AGM.**

    A Depositor who wishes to submit an instrument of proxy must first download and/or complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Depositors are encouraged to submit their completed Depositor Proxy Forms electronically via email.**

20. The instrument appointing a proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation or by any other person duly authorised. **Where the instrument appointing a proxy is executed by an attorney on behalf of the appointor, the power of attorney (or other authority) or a certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy.**

21. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited not earlier than 72 hours before the time fixed for holding of the AGM in order for the Depositor to be entitled to vote at the AGM.

22. An electronic copy of the Annual Report, Notice of AGM, Depositor Proxy Form, Appendix, the Request Form for members to request for a physical copy of the Annual Report and an accompanying announcement setting out the alternative arrangements for the AGM are available on:

    (a) the Company's corporate website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/; and

    (b) the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements.

# G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

(Incorporated in the Cayman Islands)
(Company No.: 337751)

## ANNUAL GENERAL MEETING – DEPOSITOR PROXY FORM

**To minimise physical interactions and COVID-19 transmission risk, the AGM (as defined below) will be held by electronic means, and a Depositor (as defined below) will NOT be able to physically attend the AGM in person.**

We, The Central Depository (Pte) Limited ("**CDP**"), being a member of **G.H.Y Culture & Media Holding Co., Limited** (the "**Company**"), pursuant to a proxy form lodged or to be lodged by us with the Company (the "**CDP Proxy Form**"), have appointed, or will be appointing the person(s) whose name(s) and particulars are set out in Part I below ("**Depositor(s)**"), in respect of such number of shares ("**Depositor(s) Shares**") set out against his/her/its name in the Depository Register maintained by CDP as at **Monday, 24 April 2023** (the "**Cut Off Date**"), as our proxy(ies) to attend and to vote on our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held via electronic means **at 4.00 p.m. on Thursday, 27 April 2023 (Singapore time)**, and at any adjournment thereof:

I.

| |
|---|
| **Name:**<br>**NRIC/Passport/Company Registration Number:**<br>**Address:**<br>**Number of Shares:** |

OR, **in the event the Company receives this Depositor Proxy Form which is:**

(i) duly completed and signed/executed by the said Depositor(s); and

(ii) submitted by the requisite time and date, and to the requisite office as indicated below,

we hereby appoint the person or persons (the "**Appointee(s)**") whose details are given in Part II below:

II.

| |
|---|
| **Name:**<br>**NRIC/Passport Number:**<br>**Address:**<br>**Proportion of shareholdings (%):** |

and/or

| |
|---|
| **Name:**<br>**NRIC/Passport Number:**<br>**Address:**<br>**Proportion of shareholdings (%):** |

or, failing whom, the Chairman of the AGM, as our proxy to vote for us on our behalf at the AGM, provided that such details have been verified in Part V by the affixing of the common seal or signature of or on behalf of the Depositor(s) named in Part I, and on the basis that such person or persons is/are authorised to vote in respect of the proportion of the shareholdings referred to in Part II or if no proportion is so reflected, in respect of all of the Depositor(s) Shares. The Appointee(s) is/are hereby directed to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. We further hereby authorise and direct the Company to accept this Depositor Proxy Form in respect of the Depositor(s) Shares.

In appointing a proxy, a Depositor (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the proxy for that resolution will be treated as invalid.

III.

| No. | Ordinary Resolutions relating to: | For | Against | Abstain |
|---|---|---|---|---|
| 1. | To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Auditors' Report thereon | | | |
| 2. | Declaration of proposed final tax exempt (one-tier) dividend of 0.10 Singapore cents per ordinary share for the financial year ended 31 December 2022 | | | |
| 3. | To approve the payment of Directors' fees of $410,000 for the financial year ending 31 December 2023, to be paid half-yearly in arrears | | | |
| 4. | To re-appoint Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration | | | |
| 5. | To approve the authority to allot and issue shares in the capital of the Company | | | |
| 6. | To approve the authority to grant awards and issue shares pursuant to the GHY Performance Share Plan | | | |
| 7. | To approve the authority to grant options and issue shares pursuant to the GHY Employee Share Option Scheme | | | |
| 8. | To approve the proposed renewal of the Share Purchase Mandate | | | |
| 9. | To approve the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions | | | |

Dated this ________ day of ______________ 2023

IV. The Central Depository (Pte) Limited

____________________________
Signature of Director

V.

<table>
<tr><th colspan="4">TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO NOMINATE A PROXY UNDER PART II</th></tr>
<tr><td>For Individuals:<br><br>____________________<br>Signature of Direct Account Holder</td><td>For Corporations:<br><br>____________________<br>Signature of Director</td><td><br><br>____________________<br>Signature of Director/ Secretary</td><td><br><br>____________________<br>Common Seal</td></tr>
</table>

**IMPORTANT: PLEASE READ THE NOTES CAREFULLY BEFORE COMPLETING THIS DEPOSITOR PROXY FORM**

## IMPORTANT: PLEASE READ NOTES BELOW

**Notes:**

Part I A Depositor will be able to vote at the AGM (i) "live" via electronic means by himself or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) or corporate representatives (where applicable); or (ii) by appointing the Chairman of the AGM as proxy to vote on his/her/its behalf at the AGM.

A proxy need not be a member of the Company.

Part II A Depositor/Depositors who is not a relevant intermediary may appoint not more than two Appointees, who shall be natural persons, to attend and vote in his/her/its/their place at the AGM in respect of the Depositor(s) Shares by completing Part II.

Where a Depositor is a corporation and wishes to be represented at the AGM, it must nominate an Appointee/Appointees to attend and vote as proxy(ies) for CDP at the AGM in respect of the Depositor Shares.

A Depositor/Depositors who wish(es) to appoint more than one Appointee must specify the proportion of the number of the Depositor Shares (expressed as a percentage of the whole) to be represented by each Appointee. If no proportion of the number of the Depositor Shares is specified, the Appointee whose name appears first shall be deemed to carry 100% of the number of the Depositor Shares and the Appointee whose name appears second shall be deemed to be appointed in the alternative.

Part III Please indicate with an "X" in the appropriate box against each resolution how you wish the proxy to vote. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number of votes "Abstain" in the boxes provided for the resolutions. In appointing a proxy, a Depositor (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the proxy for that resolution will be treated as invalid.

Part V The instrument appointing a proxy, duly executed, must be:

(a) deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) emailed to the Company's Singapore Share Transfer Agent at ghy@boardroomlimited.com,

in either case, not less than 72 hours before the time appointed for the holding of the AGM, i.e. by **4.00 p.m. on Monday, 24 April 2023**.

A Depositor who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In the case of joint Depositors, all joint Depositors must sign the Depositor Proxy Form.

**Depositors are encouraged to submit completed proxy forms electronically via email.**

The instrument appointing a proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where such instrument is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney or other person duly authorised.

Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

**GENERAL**

The Company shall be entitled to reject any Depositor Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the Depositor(s) are not ascertainable from the instructions of the Depositor(s) specified on any Depositor Proxy Form. It is the Depositor's/Depositors' responsibility to ensure that this Depositor Proxy Form is properly completed. Any decision to reject this Depositor Proxy Form on the grounds that it is incomplete, improperly completed or illegible will be final and binding and neither the Company, CDP nor Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility for the consequences of such a decision.

Terms not specifically defined herein shall have the same meanings ascribed to them in the Notice of AGM dated 12 April 2023.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy, the Depositor(s) accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2023.

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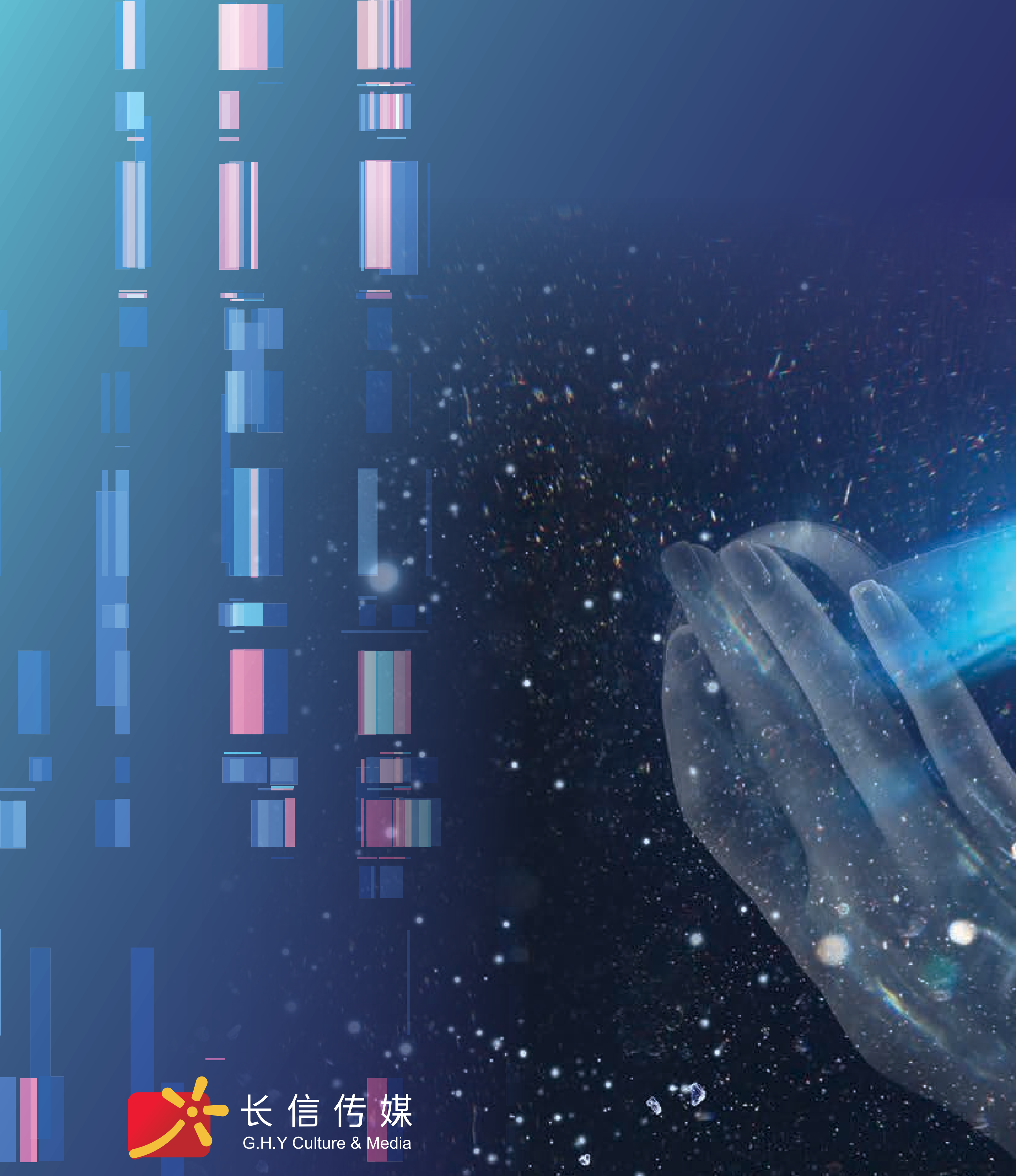

长信传媒
G.H.Y Culture & Media

**G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED**
*(Company Registration No: 337751)*
*(Incorporated in the Cayman Islands on 29 May 2018)*
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#07-08 Singapore 319002
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www.ghyculturemedia.com