

## Media Release

# GHY records S\$3.5 million net profit for FY2021 amid COVID-19 pandemic

- TV Program and Film Production business to see stronger pipeline of drama and film projects in 2H2022
  - Lighter than normal content slate in FY2021 due to COVID-induced production delays
  - Contract assets representing the Group's right to consideration for dramas and films production in progress but unbilled, grew by approximately 11.5% to S\$59.3 million as at 31 December 2021
  - Increase in films and drama productions in progress by approximately 154.3% to S\$22.7 million as at 31 December 2021
- Staying operationally prepared to catalyse the Group's second growth engine, the Concert Production business to capitalise on the phased reopening of regional economies in FY2022 and FY2023
- Strategic capital investments into special effects and content development to strengthen end-to-end production capabilities and bringing immersive experience to a diverse audience
- Progress in expanding into new growth adjacencies, including but not limited to short-form online videos and musicals
- Resilient financial position with net working capital of approximately S\$135.6 million and healthy balance sheet to support planned growth initiatives
- Rewards long-term shareholders with sustainable dividends of 0.10 Singapore cents per share, representing approximately 30% payout ratio

**Singapore, 1 March 2022 – G.H.Y Culture & Media Holding Co., Limited** ("GHY", and together with its subsidiaries and its PRC Affiliated Entities, the "**Group**"), a leading player in the media and entertainment industry, reports its unaudited results for the financial year ended 31 December 2021 ("**FY2021**").

## Financial Highlights

	FY2021 (S\$ m)	FY2020 (S\$ m)	Change (%)
Revenue	83.3	127.1	(34.4)
Gross profit	21.8	55.7	(60.9)
Gross profit margin (%)	26.1	43.8	(17.7) ppt <sup>1</sup>
Profit before tax	6.6	46.1	(85.6)
Earnings per Share (Singapore cents)	0.36	4.15	(91.3)

DBS Bank Ltd. and UOB Kay Hian Private Limited are the joint issue managers and global coordinators (the "**Joint Issue Managers and Global Coordinators**") for the initial public offering of shares in, and listing of, G.H.Y Culture & Media Holding Co., Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Joint Issue Managers and Global Coordinators assume no responsibility for the contents of this media release.

<sup>1</sup> "ppt" means percentage points.

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Amidst the challenging operating environment impacted by the COVID-19 pandemic, GHY's revenue decreased by approximately 34.4% to S\$83.3 million in FY2021, as compared to the financial year ended 31 December 2020 ("FY2020"). The decrease was mainly due to a decrease in revenue contribution (net of inter-segment elimination) from the TV Program and Film Production business segment as well as the absence of revenue contribution from the Concert Production business segment.

In FY2021, the Group recognised revenue for the completion of three dramas, one short-form video series and three films, with several productions in progress. Impacted by the production challenges posed by the COVID-19 regulations and restrictions, the revenue contribution from the TV Program and Film Production business decreased by approximately 30.2% to S\$75.7 million in FY2021. The further postponement of concerts due to the COVID-19 restrictions resulted in an absence in revenue contribution from the Concert Production business, as compared to the revenue contribution of S\$14.8 million from two concerts held in FY2020.

The Group's diversified business model enables it to partially mitigate the pandemic impact. With an increase in number of projects taken, revenue contribution from the Group's Talent Management Services and Costumes, Props and Make-up Services business segments, rose by approximately 100.9% to S\$7.6 million in FY2021.

Despite a softer financial performance, the Group maintains a robust balance sheet with a net working capital of approximately S\$135.6 million as at 31 December 2021, and is well-placed to capture organic and inorganic growth opportunities in the financial year ended 31 December 2022 ("FY2022").

As part of the Group's disciplined capital management strategy, priorities are focused on investing for future growth as well as maximising long-term shareholders' value sustainably. The Board of the Directors has proposed a final dividend of 0.10 Singapore cents per share representing approximately 30% payout ratio, to reward its long-term shareholders.

### **Investing in core businesses while forging new frontiers**

In FY2021, the Group ramped up the planning, preparation work and production for various drama and film projects. This resulted an increase in films and drama productions in progress by approximately of S\$13.8 million as well as an increase in trade and other receivables of S\$25.6 million, mainly due to prepayments made for drama productions and billings.

Contract assets, which represent the Group's right to consideration for drama and film productions in progress but not yet billed, also grew by 11.5% to approximately S\$59.3 million during FY2021.

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The Group also made strategic capital investments to strengthen its core businesses and high value end-to-end production capabilities in FY2021. This includes new initiatives for content acquisition and investments in special effects and 5G content technology.

**Mr. Guo Jingyu (郭靖宇), Executive Chairman and Group CEO**, said, “The operating environment was challenging in FY2021 with continued COVID-19 restrictions in place, resulting in production delays and the suspension of concerts. Our regional footprint has however allowed us to be versatile as we promptly reallocated resources across borders to minimise disruptions to operations. Our priorities were centred on maintaining disciplined cost management across our operations and to invest strategically to strengthen our capabilities. This will effectively position us for growth in FY2022.

Our capital allocation priorities remain focused on creating shareholders value by leveraging our end-to-end production capabilities to create original and well-received drama and film productions, maximising synergies within our unique eco-system, and using technologies to provide the best experience for the consumer.

Our deployment in capital has been strategic, to strengthen our core capabilities while diversifying our portfolio of proprietary entertainment content through partnerships, collaborations and acquisitions. In FY2021, we have successfully diversified our product offerings into fast-growing adjacencies such as short-form online videos and musicals that demonstrate the potential for commercial success.

Looking at FY2022, the Group is expecting to see the positive effects of a stronger pipeline in FY2022, with a greater number of productions as compared to FY2021 as well as spillover of revenue recognition for certain productions from FY2021. As the COVID-19 pandemic gradually becomes endemic, we are also cautiously optimistic on the resumption of Concert Production, which will bring significant contribution to our revenue.

We remain uniquely positioned to capture the growth opportunities in the region in this new and evolving operating environment. Supported by a robust balance sheet, we look forward to resuming our planned growth trajectory in FY2022.”

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This press release should be read in conjunction with the financial statements announcement for FY2021 and the presentation slides uploaded on SGXNet.



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**About G.H.Y Culture & Media Holding Co. Ltd.**

G.H.Y Culture & Media Holding Co., Limited (“**GHY**” or the “**Group**”) is an entertainment business that focuses on the production and promotion of dramas, films and concerts in the Asia-Pacific region. GHY has produced several dramas and films in the People's Republic of China (“**PRC**”), Singapore and Malaysia that have been broadcasted and/or distributed on major TV networks and leading video streaming platforms in the PRC. The Group has also undertaken the production of concerts for well-known international artistes in Singapore, with upcoming concerts to be held in Malaysia and Australia.

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

Currently headquartered in Singapore and the PRC with over 170 employees, the Group also engages in concert production, talent management services, and costumes, props and make-up services.

GHY is listed on the Mainboard of the Singapore Exchange (SGX: XJB; Bloomberg: GHY:SP).

For more information, please visit <https://ghyculturemedia.com/>