



长信传媒

G.H.Y Culture & Media

G.H.Y Culture & Media Holding Co., Limited

(Company Number: 337751)

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FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2022

Singapore, 11 August 2022 – The directors (“Directors”) of G.H.Y Culture & Media Holding Co., Limited (the “Company”, and together with its subsidiaries and its PRC Affiliated Entities¹, the “Group”) announce the following unaudited results of the Group for the half year ended 30 June 2022.

The announcement is also available at the Company’s website: <https://ghyculturemedia.com>.

If you require any clarification on this announcement, please contact Ms. Low Hui Min, Chief Financial Officer, at email address: huimin.low@ghyculturemedia.com.

Important Notes on Forward-Looking Statements (“Statements”):

All statements other than statements of historical facts included in this announcement are or may be forward-looking statements. Forward-looking statements involve numerous assumptions, risks or uncertainties regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

There may be additional risks not described or not presently known to the Group or that the Group currently believe to be immaterial that turn out to be material.

Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements should these assumptions, risks and uncertainties occur or turn out to be material. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Group concerning future events.

New assumptions, risks and uncertainties arise from time to time, and it is impossible for the Group to predict these events or how these events may affect the Group. Save as required by all applicable laws of applicable jurisdiction, the Company undertakes no obligation to update publicly or revise any forward-looking statements to reflect events or circumstances that occur, or that the Company becomes aware of, after the date of these Statements.

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 announcement.

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.

G.H.Y Culture & Media Holding Co., Limited
(Company Number: 337751)
(Incorporated in Cayman Islands)

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group			
	For the half year ended			
	30 June 2022 (Unaudited) \$'000	30 June 2021 (Unaudited) \$'000	Change Increase / (Decrease) \$'000	Change Increase / (Decrease) %
Revenue	20,625	43,785	(23,160)	(53)
Cost of sales	(15,605)	(31,452)	(15,847)	(50)
Gross profit	5,020	12,333	(7,313)	(59)
Other income	5,801	2,397	3,404	142
Share of result from associate	8	-	8	100
Share of result from joint venture	(154)	(67)	87	130
Administrative expenses	(5,997)	(5,082)	915	18
Selling and distribution expenses	(2,824)	(2,339)	485	21
Other expenses	(3,167)	(303)	2,864	945
Finance costs	(638)	(475)	163	34
(Loss) Profit before income tax	(1,951)	6,464	(8,415)	(130)
Income tax credit (expense)	166	(3,038)	(3,204)	(105)
(Loss) Profit for the period	(1,785)	3,426	(5,211)	(152)
Other comprehensive (loss) income, net of income tax:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange (loss) gain difference arising on translation of foreign operations	(1,175)	581	(1,756)	(302)
Total comprehensive (loss) income for the period	(2,960)	4,007	(6,967)	(174)
(Loss) Profit for the period attributable to:				
Owners of the Group	(1,411)	3,480	(4,891)	(141)
Non-controlling interests	(374)	(54)	320	593
	(1,785)	3,426	(5,211)	(152)
Total comprehensive (loss) income for the period attributable to:				
Owners of the Group	(2,586)	4,061	(6,647)	(164)
Non-controlling interests	(374)	(54)	320	593
	(2,960)	4,007	(6,967)	(174)
(Loss) Earnings per share				
Basic and diluted (cents)	(0.13)	0.32	(0.45)	(141)

1(a)(ii) (Loss) Profit for the period has been arrived at after (crediting) / charging the following:

	Group			
	For the half year ended			
	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)	Change Increase / (Decrease)	Change Increase / (Decrease)
\$'000	\$'000	\$'000	%	
Gain on structured deposits	(3)	-	3	100
Government grants	(5,140)	(2,220)	2,920	132
Interest income	(153)	(130)	23	18
Net foreign currency exchange loss (gain)	2,692	(21)	(2,713)	(12,919)
(Net reversal of) Allowance for expected credit losses	(300)	85	(385)	(453)
Bad debts written off	15	-	15	100
Amortisation of films and drama products included in the cost of television, drama and film production recognised as cost of sales	299	5,021	(4,722)	(94)
Amortisation of intangible assets	326	121	205	169
Cost of defined contribution plans included in employee benefits expense	895	474	421	89
Cost of television, drama and film production recognised as cost of sales	11,748	28,007	(16,259)	(58)
Depreciation of plant and equipment included in the cost of concert organisation recognised in cost of sales	208	202	6	3
Depreciation of plant and equipment recognised in administrative, selling and distribution and other expenses	383	178	205	115
Depreciation of right-of-use assets	1,035	964	71	7
Employee benefits expense	5,697	4,127	1,570	38
Expenses relating to leases of low value assets	1	-	1	100
Expenses relating to short-term leases	16	126	(110)	(87)
Interest expense	638	475	163	34

B. Condensed Interim Statements of Financial Position

1(b) A statement of financial position (for the Company and the Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 June 2022 (Unaudited) \$'000	31 December 2021 (Audited) \$'000	30 June 2022 (Unaudited) \$'000	31 December 2021 (Unaudited) \$'000
ASSETS				
Current assets				
Cash at banks and restricted cash deposits	33,183	38,738	7,301	11,148
Trade receivables	49,005	48,059	-	-
Other receivables	17,379	15,335	4,586	3,163
Advances to subsidiaries	-	-	96,077	97,091
Amount due from related parties	2,136	1,347	-	-
Amount due from joint venture	27	77	-	-
Contract assets	59,684	59,313	-	-
Contract costs	1,165	663	-	-
Financial assets at fair value through profit or loss	3,345	3,029	-	-
Inventories	196	191	-	-
Films and drama productions in progress	24,628	22,687	-	-
Films and drama products	502	507	-	-
	<u>191,250</u>	<u>189,946</u>	<u>107,964</u>	<u>111,402</u>
Non-current assets				
Plant and equipment	4,662	5,348	-	-
Right-of-use assets	4,070	5,175	-	-
Goodwill	1,111	1,111	-	-
Intangible assets	3,230	2,131	-	-
Other receivables	104	108	-	-
Deferred tax assets	4,193	3,789	-	-
Investment in subsidiaries	-	-	8,518	8,518
Investment in associate	1,040	1,063	-	-
Investment in joint venture	511	665	-	-
Investment in joint operation	69	-	-	-
	<u>18,990</u>	<u>19,390</u>	<u>8,518</u>	<u>8,518</u>
Total assets	<u>210,240</u>	<u>209,336</u>	<u>116,482</u>	<u>119,920</u>
LIABILITIES				
Current liabilities				
Trade and other payables	16,626	22,980	5,406	6,134
Contract liabilities	26,947	5,130	-	-
Amount due to related parties	1,026	1,202	158	130
Lease liabilities	1,474	2,013	-	-
Borrowings	13,929	14,352	-	-
Income tax payable	1,120	8,621	-	-
	<u>61,122</u>	<u>54,298</u>	<u>5,564</u>	<u>6,264</u>
Non-current liabilities				
Lease liabilities	2,399	2,911	-	-
Deferred tax liabilities	27	28	-	-
	<u>2,426</u>	<u>2,939</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>63,548</u>	<u>57,237</u>	<u>5,564</u>	<u>6,264</u>
NET ASSETS	<u>146,692</u>	<u>152,099</u>	<u>110,918</u>	<u>113,656</u>

1(b) A statement of financial position (for the Company and the Group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd).

	Group		Company	
	30 June 2022 (Unaudited) \$'000	31 December 2021 (Audited) \$'000	30 June 2022 (Unaudited) \$'000	31 December 2021 (Audited) \$'000
Capital and reserves				
Share capital	14	14	14	14
Share premium	113,048	114,118	113,048	114,118
Treasury shares	(1,804)	(367)	(1,804)	(367)
Capital reserve	629	629	-	-
Statutory reserve	297	297	-	-
Retained earnings (Accumulated losses)	33,502	34,913	(340)	(109)
Translation reserves	1,764	2,939	-	-
Equity attributable to owners of the Company	147,450	152,543	110,918	113,656
Non-controlling interest	(758)	(444)	-	-
Total equity	146,692	152,099	110,918	113,656

1(c) Aggregate amounts of Group's borrowings and debt securities.

	Group	
	As at 30 June 2022 (Unaudited) \$'000	As at 31 December 2021 (Audited) \$'000
Total borrowings		
- Amount repayable in one year or less or on demand (secured)	13,929	14,352
Lease liabilities		
- Amount repayable in one year or less or on demand (unsecured)	1,474	2,013
- Amount repayable after one year (unsecured)	2,399	2,911
	3,873	4,924

Apart from the above, the Group does not have any unsecured borrowings and debt securities as at 30 June 2022 and 31 December 2021.

Details of any collaterals:

As at 30 June 2022, short-term bank loans amounting to \$13,516,000 (31 December 2021: \$14,352,000) are jointly guaranteed by Mr. Guo Jingyu, the ultimate controlling shareholder and Executive Chairman and Group CEO, third parties as well as restricted bank deposits of not less than RMB30 million and assignment of sales contract and sales proceeds.

C. Condensed Interim Consolidated Statements of Cash Flows

1(d) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group	
	For the half year ended	
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Operating activities		
(Loss) Profit before income tax	(1,951)	6,464
Adjustments for:		
Amortisation of films and drama products	299	5,021
Amortisation of intangible assets	326	121
Depreciation of plant and equipment	591	380
Depreciation of right-of-use assets	1,035	964
(Net reversal of) Allowance for expected credit losses	(300)	85
Bad debts written off	15	-
Interest income	(153)	(130)
Interest expense	638	475
Gain on structured deposits	(3)	-
Share of result from associate	(8)	-
Share of result from joint venture	154	67
Net foreign exchange difference	(441)	245
Operating cash flows before movements in working capital	202	13,692
Films and drama productions in progress (Note A)	(6,245)	(1,231)
Films and drama products	3,363	-
Trade and other receivables	15,459	(2,111)
Amount due from related parties	(813)	-
Contract assets	(381)	(19,516)
Contract costs	(502)	-
Trade and other payables	(6,600)	4,113
Amount due to related parties	(176)	(328)
Amount due from joint venture	50	-
Contract liabilities	3,262	(1,698)
Cash generated from (used in) operating activities	7,619	(7,079)
Interest received	153	130
Interest paid	(392)	(428)
Income tax paid	(7,714)	(3,071)
Net cash used in operating activities	(334)	(10,448)
Investing activities		
Purchase of plant and equipment (Note B)	(36)	(513)
Investment in structured deposits (Note D)	3	-
Purchase of intangible assets	(1,524)	(69)
Investment in joint operation	(69)	-
Investment in joint venture	-	(1,036)
Net cash used in investing activities	(1,626)	(1,618)

1(d) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period (cont'd).

	Group	
	For the half year ended	
	30 June 2022 (Unaudited) \$'000	30 June 2021 (Unaudited) \$'000
Financing activities		
Dividends paid to shareholders	(1,070)	(16,490)
Repayment of lease liabilities	(969)	(1,017)
Repayments of film investment funds from investors at amortised cost	-	(3,078)
IPO listing expenses paid	-	(3,220)
Capital contribution from non-controlling interests	60	-
Shares repurchased	(1,437)	-
Net cash used in financing activities	<u>(3,416)</u>	<u>(23,805)</u>
Net decrease in cash and cash equivalents	(5,376)	(35,871)
Cash and cash equivalents at beginning of period (Note C)	32,312	111,931
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	10	7
Cash and cash equivalents at end of period (Note C)	<u>26,946</u>	<u>76,067</u>

Note A:

	Group	
	For the half year ended	
	30 June 2022 (Unaudited) \$'000	30 June 2021 (Unaudited) \$'000
Additions of films and drama productions in progress	6,966	1,309
Sales of films and drama productions in progress	(709)	(21)
Less: Amortisation of intangible assets capitalised as films and drama productions in progress	(12)	(57)
	<u>6,245</u>	<u>1,231</u>

Note B:

	Group	
	For the half year ended	
	30 June 2022 (Unaudited) \$'000	30 June 2021 (Unaudited) \$'000
Purchase of plant and equipment	36	531
Less: Current period purchase of plant and equipment unpaid as at the end of the current period	-	(18)
	<u>36</u>	<u>513</u>

Note C:

As at 30 June 2022, cash and cash equivalents in the statement of cashflow excludes restricted bank deposits amounting to \$6,237,000 (31 December 2021: \$6,426,000) pledged to a bank to secure short-term borrowings granted to the Group. The Group's restricted bank deposits carry fixed interest at 2.0% (31 December 2021: 2.0%) per annum and will be released upon the repayment of the short-term borrowings.

Note D:

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. During the half year ended 30 June 2022, the gross investment and proceeds arising from such investment upon maturity amounted to \$1,269,000 and \$1,272,000 (half year ended 30 June 2021: \$Nil and \$Nil).

D. Condensed Interim Statements of Changes of Equity

1(e) A statement (for the Company and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders of the Company ("Shareholders"), together with a comparative statement for the corresponding period of the immediately preceding financial period.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE GROUP

	Share capital	Share premium	Treasury shares	Capital reserve	Statutory reserve [^]	Retained earnings	Translation reserves	Equity attributable to owners of the Company	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 1 January 2022	14	114,118	(367)	629	297	34,913	2,939	152,543	(444)	152,099
<i>Total comprehensive loss for the period:</i>										
Loss for the period	-	-	-	-	-	(1,411)	-	(1,411)	(374)	(1,785)
Other comprehensive loss for the period	-	-	-	-	-	-	(1,175)	(1,175)	-	(1,175)
	-	-	-	-	-	(1,411)	(1,175)	(2,586)	(374)	(2,960)
<i>Transactions with owners, recognised directly in equity:</i>										
Non-controlling interest arising from investment in a subsidiary	-	-	-	-	-	-	-	-	60	60
Shares repurchased	-	-	(1,437)	-	-	-	-	(1,437)	-	(1,437)
Dividends	-	(1,070)	-	-	-	-	-	(1,070)	-	(1,070)
	-	(1,070)	(1,437)	-	-	-	-	(2,507)	60	(2,447)
Balances at 30 June 2022	14	113,048	(1,804)	629	297	33,502	1,764	147,450	(758)	146,692
Balances at 1 January 2021	14	117,889	-	629	297	38,731	1,066	158,626	-	158,626
<i>Total comprehensive income for the period:</i>										
Profit (Loss) for the period	-	-	-	-	-	3,480	-	3,480	(54)	3,426
Other comprehensive income for the period	-	-	-	-	-	-	581	581	-	581
	-	-	-	-	-	3,480	581	4,061	(54)	4,007
<i>Transactions with owners, recognised directly in equity:</i>										
Non-controlling interest arising from investment in a subsidiary	-	-	-	-	-	-	-	-	(11)	(11)
Dividends	-	(3,771)	-	-	-	(7,719)	-	(11,490)	-	(11,490)
	-	(3,771)	-	-	-	(7,719)	-	(11,490)	(11)	(11,501)
Balances at 30 June 2021	14	114,118	-	629	297	34,492	1,647	151,197	(65)	151,132

[^] 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.

1(e) A statement (for the Company and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders of the Company ("Shareholders"), together with a comparative statement for the corresponding period of the immediately preceding financial period (cont'd).

STATEMENTS OF CHANGES IN EQUITY FOR THE COMPANY

	Share capital	Share premium	Treasury shares	(Accumulated losses) Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 1 January 2022	14	114,118	(367)	(109)	113,656
Loss for the period, representing total comprehensive loss for the period	-	-	-	(231)	(231)
<i>Transactions with owners, recognised directly in equity:</i>					
Dividends	-	(1,070)	-	-	(1,070)
Shares repurchased	-	-	(1,437)	-	(1,437)
	-	(1,070)	(1,437)	-	(2,507)
Balances at 30 June 2022	14	113,048	(1,804)	(340)	110,918
Balances at 1 January 2021	14	117,889	-	7,719	125,622
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,343)	(1,343)
<i>Transactions with owners, recognised directly in equity:</i>					
Dividends	-	(3,771)	-	(7,719)	(11,490)
Balances at 30 June 2021	14	114,118	-	(1,343)	112,789

E. Other Information required under SGX Listing Manual

- 1(f) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, as the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period.**

	Number of shares	Resultant issued and paid-up share capital
Issued and paid-up share capital as at 31 December 2021	1,073,119,900	US\$10,738
Shares repurchased and held as treasury shares	(2,970,100)	*
Issued and paid-up share capital as at 30 June 2022	<u>1,070,149,800</u>	<u>US\$10,738</u>

* Amount less than \$1,000.

As at 30 June 2022, the Company held 3,642,200 (31 December 2021: 672,100) treasury shares which represented 0.34% (31 December 2021: 0.06%) of the total number of issued shares (excluding treasury shares).

Save for the above, there has been no change in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 December 2021, being the end of the preceding period reported on.

The Company did not have any outstanding convertible securities and subsidiary holdings as at 31 December 2021 and 30 June 2022.

- 1(g)(i) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding period.**

Total number of issued shares excluding treasury shares as at 30 June 2022 was 1,070,149,800 ordinary shares (31 December 2021: 1,073,119,900 ordinary shares).

- 1(g)(ii) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	The Company No. of shares	Amount S\$'000
Balance of treasury shares as at 31 December 2021	672,100	367
Shares repurchased and held as treasury shares	2,970,100	1,437
Balance of treasury shares as at 30 June 2022	<u>3,642,200</u>	<u>1,804</u>

There were no other transfers, disposals, or cancellations of treasury shares during the half year ended 30 June 2022.

- 1(g)(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any sales, transfers, disposals, cancellations and/or use of subsidiary holdings as at the end of the current financial period reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3A. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited nor reviewed by the Company's auditors.

3B. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest financial statements of the Group is not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4a. Whether the same accounting policies and methods of computation as in the Company's most recently audited annual financial statements have been applied.

Saved as disclosed in item 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements for the financial year ended 31 December 2021.

4b. Whether the financial statements are prepared in accordance with the relevant accounting standards for interim financial reports.

The financial statements for the current financial period are prepared in accordance with SFRS (I) 1-34 Interim Financial Reporting ("SFRS (I) 1-34").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") pronouncements that are effective from 1 January 2022 and are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements has not resulted in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial periods.

6. (Loss) Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.

	Group	
	For the half year ended	
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
(Loss) Profit attributable to Shareholders (\$'000)	(1,411)	3,480
Weighted average number of ordinary shares ('000)	1,071,569	1,073,792
Basic and fully diluted (loss) earnings per share (Singapore Cents)	<u>(0.13)</u>	<u>0.32</u>

The diluted (loss) earnings per share for the half year ended 30 June 2021 and 30 June 2022 are the same as the basic (loss) earnings per share as the Group does not have any dilutive instruments.

7. **Net asset value (for the Company and the Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial period.

	Group		Company	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Net asset value* (\$'000)	147,450	152,543	110,918	113,656
No. of ordinary shares ('000)	1,070,150	1,073,120	1,070,150	1,073,120
Net asset value per ordinary share (Singapore Cents)	13.78	14.21	10.36	10.59

* Net asset value per ordinary share = Equity attributable to owners of the Company / Total number of issued shares, excluding treasury shares

- 8(a). **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following: -**

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Review of Financial Performance (Consolidated Statement of Profit or Loss and Other Comprehensive Income)

6M2022 vs 6M2021

Revenue

The Group's revenue decreased by approximately \$23.2 million from \$43.8 million for the half year ended 30 June 2021 ("6M2021") to \$20.6 million for the half year ended 30 June 2022 ("6M2022"). This was mainly due to the following factors:

1. decrease in revenue contribution (net of inter-segment elimination) from the TV Program and Film Production business segment of approximately \$21.9 million from \$39.3 million in 6M2021 to \$17.4 million in 6M2022.

In 6M2022, the Group recognised revenue mainly in respect of (i) the completed production of three dramas named "Horror Stories of Tang Dynasty 唐朝诡事录", "Sisterhood 南洋女儿情" and "A Fish and A Cat 骑着鱼的猫" and (ii) sale of a script "Misty Rain 烟雨".

In 6M2021, the Group recognised revenue mainly in respect of the ongoing production for (i) two dramas named "Horror Stories of Tang Dynasty 唐朝诡事录" and "Sisterhood 南洋女儿情", and (ii) an online short-form video series named "Whimsical World 异想世界". The Group also recognised revenue for two films under the "I Come From Beijing 我来自北京" film series which are licensed to the Group's customers for variable fees.

2. decrease in revenue contribution (net of inter-segment elimination) from the Others business segment mainly comprising Talent Management and Costumes, Props and Make-up Services of approximately \$1.3 million from \$4.5 million in 6M2021 to \$3.2 million in 6M2022, mainly due to a decrease in number of projects for Talent Management and Costumes, Props and Make-up Services.

In 6M2022, the total revenue derived from the PRC Affiliated Entities amounted to approximately \$20.5 million (6M2021: \$43.8 million), which is 99.4% (6M2021: 100.0%) of the total revenue of the Group.

Gross profit

Corresponding to the lower revenue recorded in 6M2022, the Group's gross profit ("GP") decreased by approximately \$7.3 million from \$12.3 million in 6M2021 to \$5.0 million in 6M2022. Gross profit margin ("GPM") slightly reduced from 28.2% in 6M2021 to 24.3% in 6M2022. The decrease in gross profit is mainly contributed by:

- i. lower gross profit contribution from the TV Program and Film Production business segment of approximately \$6.1 million from \$11.3 million (net of inter-segment elimination) in 6M2021 to \$5.1 million in 6M2022. In March 2022, the People's Republic of China ("PRC") began its most extensive COVID-19 lockdown in Shanghai where the drama "Sisterhood 南洋女儿情" was filmed, and this resulted in a significant disruption of filming and production activities. Accordingly, the filming

duration was extended from March 2022 to May 2022. Coupled with the implementation of various COVID-19 related government regulations and safety management measures for the crew and employees, these resulted in higher costs for filming and production. As at date of this announcement, the Group has completed the production of "Sisterhood 南洋女儿情" and does not have any on-site filming activities that are ongoing or planned in the Chinese cities affected by the COVID-19 related lockdown measures; and

- ii. lower gross profit contribution from the Others business segment of approximately \$1.1 million from \$1.2 million (net of inter-segment elimination) in 6M2021 to \$0.1 million in 6M2022, mainly due to a decrease in the number of projects for Talent Management and Costumes, Props and Make-up Services.

Other income

The Group's other income increased by approximately \$3.4 million from \$2.4 million in 6M2021 to \$5.8 million in 6M2022. This was mainly due to the following factors:

- i. an increase of approximately \$2.9 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; and
- ii. net reversal of allowance for expected credit losses of approximately \$0.3 million as the trade receivables for the relevant projects were collected in 6M2022.

Share of result from associate

Share of result from associate relates to the Group's share of the profit or loss and other comprehensive income for 6M2022, arising from the Group's 48.92% interest in 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).

Share of result from joint venture

Share of result from joint venture relates to the Group's share of the profit or loss and other comprehensive income for 6M2022, arising from the Group's 70.0% interest in Uni-Icon Entertainment Pte. Ltd.

Administrative expenses

The Group's administrative expenses increased by approximately \$0.9 million, from \$5.1 million in 6M2021 to \$6.0 million in 6M2022. This is mainly due to the following factors:

- i. an increase of approximately \$1.1 million for employee benefit expenses (which includes salaries and defined contribution plans) arising from additional headcount in the second quarter of 2021 for planned business activities in 2022 onwards; offset by
- ii. a decrease of approximately \$0.2 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 \$2.3 million in 6M2021 to \$2.8 million in 6M2022. This is mainly due to the following factors:

- i. an increase of approximately \$0.3 million for employee benefit expenses (which includes salaries and defined contribution plans) arising from additional headcount in the second quarter of 2021 for planned business activities in 2022 onwards;
- ii. an increase of approximately \$0.1 million for depreciation and amortisation expenses mainly arising from addition of leased offices in Malaysia and the PRC during the second quarter of 2021; and
- iii. an increase of approximately \$0.2 million in advertising and promotional activities for various dramas.

Other expenses

Other expenses increased by approximately \$2.9 million from \$0.3 million in 6M2021 to \$3.2 million in 6M2022. This was mainly due to the following:

- i. an increase of approximately \$2.7 million in net foreign exchange loss, primarily due to the appreciation of Singapore dollar against Chinese Renminbi in 6M2022 as the Group has significant operations in the PRC; and
- ii. half-year impact of amortisation expenses and share of joint operations' expenses of approximately \$0.4 million in 6M2022 arising from the jointly-owned film set in the PRC. The construction of the film set under construction was completed after 6M2021 and held for leasing purpose and own use; offset by
- iii. a decrease of approximately \$0.2 million in other expenses due to cost saving measures put in place.

Finance cost

Finance cost increased by approximately \$0.2 million from \$0.5 million in 6M2021 to \$0.6 million in 6M2022, comprising mainly interest expense on bank borrowings and lease liabilities.

Loss for the period

The Group's loss for 6M2022 was approximately \$1.8 million, primarily due to net foreign exchange loss of \$2.7 million arising from the appreciation of Singapore dollar against Chinese Renminbi in 6M2022, as the Group has significant operations in the PRC.

In 6M2022, the total loss for the period derived from the PRC Affiliated Entities amounted to approximately \$0.4 million (6M2021: profit of \$3.4 million), which comprised 19.9% (6M2021: more than 100.0%) of the Group's total loss (6M2021: total profit) for the period.

Review of Financial Position (Consolidated Statement of Financial Position)

30 June 2022 vs 31 December 2021

Current assets

The Group's current assets increased by approximately \$1.3 million from \$189.9 million as at 31 December 2021 to \$191.3 million as at 30 June 2022. The increase was mainly due to the following factors:

- i. an increase of approximately \$0.9 million in trade receivable due to sales billing for drama and concert productions offset by receipts for drama productions;
- ii. a net increase of approximately \$2.0 million in other receivables mainly to government grant receivable, investment in a movie "盲战" and prepayments 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 offset by receipts of advances paid to production crew and staff, after netting against actual expenditure and upon final settlement with crews and staff and decrease in VAT receivables;
- iii. an increase of approximately \$0.4 million in contract assets, mainly due to ongoing drama productions to represent the Group's right to consideration for dramas and films production in progress but not billed at 30 June 2022;
- iv. an increase of approximately \$0.8 million in amount due from related parties, mainly due to prepayment made to an entity connected to a non-controlling shareholder and non-executive Director for the grant of rights for concert production in Singapore;
- v. an increase of approximately \$0.5 million in contract costs, mainly due to costs incurred in respect of the concert productions to be held in Singapore, Malaysia and Australia;
- vi. an increase of approximately \$0.3 million in financial assets at fair value through profit or loss mainly due to investments in films advanced to external parties for the financing of production and marketing expenditure of these films; and

- vii. an increase of approximately \$1.9 million in films and drama productions in progress representing production costs, costs of services, direct labour costs, facilities and raw materials consumed during the films and drama productions.

The increase was offset by a decrease of approximately \$5.6 million in cash and cash equivalents, mainly used for ongoing films and drama productions and working capital purposes. Please refer to <Review of Cash Flows (Consolidated Statement of Cash Flow)> for details.

Non-current assets

The Group's non-current assets decreased by approximately \$0.4 million from \$19.4 million as at 31 December 2021 to \$19.0 million as at 30 June 2022, mainly due to:

- i. a decrease of approximately \$0.7 million and \$1.1 million in plant and equipment and right-of-use assets respectively, mainly due to routine depreciation and amortisation; and
- ii. a decrease of approximately \$0.2 million for investment in joint venture due to the Group's share of the profit or loss and other comprehensive income for 6M2022, arising from the Group's 70.0% interest in Uni-Icon Entertainment Pte. Ltd.; offset by
- iii. an increase of approximately \$1.1 million in intangible assets due to the addition of a film set located in the PRC. The construction of the film set was completed and ready for use in 2022; and
- iv. an increase of approximately \$0.4 million in deferred tax assets arising from deductible temporary differences and unutilised tax losses in 6M2022.

Current liabilities

The Group's current liabilities increased by approximately \$6.8 million from \$54.3 million as at 31 December 2021 to \$61.1 million as at 30 June 2022. The increase was mainly due to the following factors:

- i. an increase of approximately \$21.8 million in contract liabilities, mainly due to advance receipts from concert tickets. Contract liabilities relate to payment received in advance from customers and these amounts are recognised as revenue when the Group fulfilled its contractual obligations; offset by
- ii. a decrease of approximately \$6.4 million in trade and other payables mainly due to payments for amount due to joint operators, entities connected to a shareholder of the Company and amounts due to vendors in the ordinary course of business for trade purchases and ongoing costs and decrease in VAT payables;
- iii. a decrease of approximately \$0.5 million in lease liabilities due to repayment of lease liabilities;
- iv. a decrease of approximately \$0.4 million in bank borrowings due to appreciation of Singapore dollars against Chinese Renminbi;
- v. a net decrease in the amount due to related parties of approximately \$0.2 million which was mainly due to payment for payables due to a company associated with a non-controlling shareholder and non-executive director for artiste fees offset by directors' salaries accrued as of 30 June 2022 and increase in acting services payable to an Executive Director; and
- vi. a decrease of approximately \$7.5 million in income tax payable mainly due to repayment of income tax.

Non-current liabilities

The Group's non-current liabilities decreased by approximately \$0.5 million from \$2.9 million as at 31 December 2021 to \$2.4 million as at 30 June 2022 mainly due to repayment of lease liabilities.

Shareholders' Equity

Shareholders' equity decreased by approximately of \$5.4 million from \$152.1 million as at 31 December 2021 to \$146.7 million as at 30 June 2022 mainly due to the following:

- i. shares repurchased amounting to approximately \$1.4 million in 6M2022;

- ii. final dividends of \$1.1 million declared in respect of the year ended 31 December 2021 (“FY2021”);
- iii. decrease in translation reserves of approximately \$1.2 million primarily due to appreciation of Singapore dollars against Chinese Renminbi in 6M2022; and
- iv. loss after tax of approximately \$1.8 million recognised for 6M2022.

The Group has a working capital of \$130.1 million as at 30 June 2022 (31 December 2021: \$135.6 million).

Review of Cash Flows (Consolidated Statement of Cash Flow)

Net cash used in operating activities

The Group incurred cash inflows from operating activities before movements in working capital of approximately \$0.2 million, with net changes in working capital of approximately \$7.4 million, income tax and net interest paid of approximately \$7.7 million and \$0.2 million respectively.

The Group’s net working capital outflows was mainly due to the following factors:

- i. ramping up of production volume. Hence, there was a net increase in films and drama productions in progress and films and drama products of approximately \$2.9 million, representing production costs, costs of services, direct labour costs, facilities and raw materials consumed under ongoing drama and film productions offset by the cost of dramas and films sold during the period;
- ii. an increase in contract assets of approximately \$0.4 million mainly due to ongoing drama productions to represent the Group’s right to consideration for dramas and films production in progress but not billed as at 30 June 2022;
- iii. an increase of approximately \$0.5 million in contract costs, mainly due to costs incurred in respect of the concert productions to be held in Singapore, Malaysia and Australia;
- iv. a decrease of approximately \$6.6 million in trade and other payables mainly due to payments for amount due to joint operators, entities connected to a shareholder of the Company and amounts due to vendors in the ordinary course of business for trade purchases and ongoing costs and decrease in VAT payables; and
- v. a net decrease in the amount due to related parties of approximately \$1.0 million which was mainly due to payment for amounts due to a company associated with a non-controlling shareholder and non-executive director for artiste fees offset by directors’ salaries accrued as of 30 June 2022 and amounts due to an Executive Director for acting services performed by the Executive Director.

This is offset by the following:

- i. an increase of approximately \$3.3 million in contract liabilities, mainly due to advance receipts from concert tickets. Contract liabilities relate to payment received in advance from customers and these amounts are recognised as revenue when the Group fulfil its contractual obligation; and
- ii. a net decrease in trade and other receivables of approximately \$15.5 million mainly due to receipts for drama productions, 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 offset by sales billing for drama and concert productions, government grant receivable and investment in a movie “盲战” and prepayments 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.

Net cash used in operating activities was approximately \$0.3 million.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately \$1.6 million mainly due to the addition of a film set located in the PRC. The construction of the film set was completed and ready for use in 2022.

Net cash used in financing activities

Net cash used in financing activities amounted to \$3.4 million which was mainly due to payment of final dividends of approximately \$1.1 million in respect of FY2021, payment of lease liabilities of approximately \$1.0 million and shares repurchased of approximately \$1.4 million in 6M2022.

8(b). Use of proceeds from Initial Public Offering

The Company received net proceeds amounting to approximately \$101.0 million from the initial public offering ("IPO"), after deducting listing expenses of approximately \$6.5 million.

The following table sets out the use of IPO proceeds as at the date of this announcement:

	Amount allocated \$'million	Amount utilised \$'million	Balance as at 11 August 2022 \$'million
Expansion of the TV Program and Film Production business via investment in production ⁽¹⁾ , acquisitions, joint ventures and/or strategic alliances ⁽³⁾	64.5	(64.5)	-
Expansion of the Concert Production business via investment in production ⁽²⁾ , 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 video series, musicals, and stage plays.
- (2) 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.
- (3) 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.
- (4) Approximately \$8.2 million was used for general working capital purposes from listing to date of this announcement 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 the net proceeds from the IPO as and when such proceeds are materially disbursed.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no forecast or prospect statements previously disclosed to Shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group has a diversified business portfolio, with a focus on the drama and film production as well as concert production across the Asia-Pacific region.

Television Program and Film Production

In March 2022, the PRC imposed its most extensive COVID-19 lockdown in Shanghai where "Sisterhood 南洋女儿情" was filmed, and this resulted in a significant disruption of filming and production activities. Accordingly, the filming duration was extended from March 2022 to May 2022. Coupled with the implementation of various COVID-19 related government regulations and safety management measures for the crew and employees, higher costs were incurred for filming and production. As at date of this announcement, the Group has completed the production of Sisterhood and the drama remained profitable. The Group does not have other

on-site filming activities that are ongoing or planned in the Chinese cities that were affected by the COVID-19 related lockdown measures.

The COVID-19 measures in the PRC delayed the contract signings with some customers and hence fewer titles were sold in current period under review. Coupled with macro factors including but not limited to a slowdown in the PRC's economic growth, in the near term, the Group's revenue is not recovering as fast as expected.

Despite lower drama and film sales in 6M2022, the Group expects more positive sentiments in the second half of 2022 ("**2H2022**"), with an expected increase in the number of short-drama productions in 2H2022 as compared to first half of 2021 and 2022.

We started producing our first short-form video series in late 2020. Short-form videos grew in popularity in 2021 and like other new initiatives, we harnessed our in-house end-to-end capabilities to initiate, develop and iterated quickly to improve our content offerings. Although certain costs were incurred as we expanded into the short-form videos market, we believe that the growing popularity of short-form videos will become the mainstream and identified short-form videos as one of the Group's new growth adjacencies.

The Group's latest short drama production of "Goddess Hotel 女神酒店", the first short-form video production produced by the Group with Douyin (抖音) has been a popular hit, topping the search list of Douyin (also known as TikTok), the PRC's most influential short-video platform. It has also received strong viewership on Douyin for the episodes released till date. The Group will recognise the revenue and costs for "Goddess Hotel 女神酒店" in 2H2022.

This is a significant milestone as the Group establishes its own content slate on such video-streaming platforms. A series of short-form dramas of varied themes are also currently under production. The Group plans to collaborate with such platforms to further develop different genres of short-form videos, thereby creating more opportunities for revenue growth. Leveraging on the Group's high-quality entertainment content, the Group aims to expand into new markets and to further grow its market share in the region. While it will take some time to grow the followers base, the Group anticipates that the establishment of its own short-form accounts on leading platforms, including but not limited to Douyin and TikTok, can diversify its revenue streams via the various subscription models and can attract other sources of revenue, including advertisements and e-commerce marketing.

The Group's competitive strength lies within its ability to produce high-quality and well-received dramas and films underpinned by its strong and talented script writing team and end-to-end production capabilities. The Group believes good stories can be made anywhere and be viewed by everyone. Hence, the Group strives to continue to strengthen its capabilities in script development, content creations and short-form drama production by broadening the pool of creators with whom the Group can work, expanding the genres of its dramas and films to better serve and capture the mindshare of local audiences. To achieve this, the Group has been enhancing its capabilities like creative development, personalisation and language presentation and localisation in new markets, including but not limited to Indonesia and Thailand.

The Group will also continue to take strategic and innovative steps to scale the business for sustainable growth by strengthening its core businesses and high value end-to-end production capabilities. This includes but is not limited to increased investment in special effects and 5G content technology to meet the strong demand of high-definition visual experiences from films, dramas, advertising and other digital media applications.

The Group anticipates a strong second half with a good pipeline of content to be added in 2H2022.

Concert Production

The Group's concert production business activities have resumed, and preparations are underway for concert production in Singapore, Malaysia and Australia in December 2022, January 2023 and March 2023, respectively. The Group had recently announced the return of popular and well-known singer-songwriter, Jay Chou, and his Carnival World Tour at the Singapore National Stadium on 17 and 18 December 2022, National Stadium, Bukit Jalil on 7 January 2023, and GIANTS Stadium, Sydney Olympic Park on 4 March 2023. The tickets for the Jay Chou concerts in Singapore and Malaysia are sold out with ticket sales for Australia expected to commence in Q3 2022.

The Group is also the co-producer of the concert productions of Power Station (动力火车) at the Singapore Indoor Stadium on 20 August 2022 and Guns N' Roses 2022 Concert at the Singapore National Stadium on 12 November 2022.

As COVID-19 becomes endemic and live concerts return, the Group is ramping up the Concert Production business while maintaining a lean team. Looking at 2H2022 and 2023, the Group is cautiously optimistic this business segment will boost the second growth engine of the Group.

Overall

The Group believes that providing a good variety of high-quality content and adapting evolving viewership preference are the most effective methodologies to expand the Group's revenue and market share. To emerge stronger in the post-pandemic environment, the Group's strategic priorities for the future include 1) creating

original and well-received drama and film productions; 2) maximising the synergies of the Group's unique eco-system to deepen consumers' connection to drama and film production including but not limited to characters and stories; and 3) utilising new technologies to provide consumers with the best entertainment experience possible.

Supported by its resilient balance sheet, the Group continues to expand and diversify our portfolio of proprietary entertainment content such as large-scale live action role-playing game, explore potential partnerships and collaborations as well as inorganic growth opportunities in the Group's journey to become the leading player in the media and entertainment industry in the Asia-Pacific region.

The Group prioritises its cash to reinvest in the 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.

Barring unforeseen circumstances, there is an upcoming pipeline of drama and concert productions planned for 2H2022. The Group will continue to keep Shareholders informed of any material developments that may impact the Group's operations and performance as and when they arise.

11. Dividend

(a) Any dividend declared for the current financial period reported on?

No dividend has been recommended or declared for 6M2022.

(b) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)?

Not applicable.

(c) Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlement to the dividends are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared in 6M2022. The Company pays a final dividend as recommended by the Board and approved by the shareholders at the Annual General Meeting.

13. If the Group has obtained a mandate from shareholders for Interested Party Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group renewed the IPTs mandate from the shareholders at the Annual General Meeting held on 28 April 2022:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S\$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 S\$100,000) (\$’000)
Sure Legend International Limited ⁽¹⁾	-	544
JVR Music International Ltd ⁽²⁾	785	-
Taiho Holding Limited ⁽³⁾	76	-
Kang Ru Investments Limited ⁽⁴⁾	640	-
Mr. Guo Jingyu ^{(5) (6)}	5	-
Ms. Yue Lina ⁽⁷⁾	-	515
Mr. Yang Zhigang ⁽⁸⁾	-	92

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 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 Limited, 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 announcement, credit line facilities of up to RMB70 million provided by the East West Bank (China) Limited, China Guangfa Bank and HuaXia Bank are secured by personal guarantee provided by Mr. Guo Jingyu, the ultimate controlling shareholder and Executive Chairman and Group CEO, third parties as well as restricted bank deposits of not less than RMB30 million and assignment of sales contract and sales proceeds.
- (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 fees for acting services paid by the Group to Mr. Yang Zhigang. Mr. Yang Zhigang is the brother of Mr. Guo Jingyu, the ultimate controlling shareholder and Executive Chairman and Group CEO.

14. Confirmation that the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the Company's most recently audited financial statements, with comparative information for the immediately preceding period.

Reportable segments

The Group's chief operating decision-maker ("CODM") comprises the Group CEO, the Executive Directors, the 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 is organised into the following main business 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 as their talent management agency on a project basis.
Costumes, Props and Makeup Services	Provision of costumes, props and make up services to artists and third-party production companies.

**Group
For the half year ended 30 June 2022**

	TV Program and Film Production \$'000	Concert Production \$'000	Others \$'000	Total \$'000
<u>Segment revenue and results</u>				
Revenue	17,402	-	5,940	23,342
Inter-segment elimination	-	-	(2,717)	(2,717)
	<u>17,402</u>	<u>-</u>	<u>3,223</u>	<u>20,625</u>
Gross profit	5,027	(208)	2,793	7,612
Inter-segment elimination	112	-	(2,704)	(2,592)
	<u>5,139</u>	<u>(208)</u>	<u>89</u>	<u>5,020</u>
Other income				5,801
Share of result from associate				8
Share of result from joint venture				(154)
Administrative expenses				(5,997)
Selling and distribution expenses				(2,824)
Other expenses				(3,167)
Finance costs				(638)
Loss before income tax				<u>(1,951)</u>
Income tax credit				166
Loss for the period				<u>(1,785)</u>

Group
For the half year ended 30 June 2021

	TV Program and Film Production	Concert Production	Others	Total
	\$'000	\$'000	\$'000	\$'000
<u>Segment revenue and results</u>				
Revenue	40,598	-	7,238	47,836
Inter-segment elimination	(1,287)	-	(2,764)	(4,051)
	<u>39,311</u>	<u>-</u>	<u>4,474</u>	<u>43,785</u>
Gross profit	10,697	(202)	4,013	14,508
Inter-segment elimination	589	-	(2,764)	(2,175)
	<u>11,286</u>	<u>(202)</u>	<u>1,249</u>	<u>12,333</u>
Other income				2,397
Share of result from joint venture				(67)
Administrative expenses				(5,082)
Selling and distribution expenses				(2,339)
Other expenses				(303)
Finance costs				(475)
Profit before tax				<u>6,464</u>
Income tax expense				(3,038)
Profit for the period				<u>3,426</u>

Disaggregation of Revenue

Group
For the half year ended 30 June 2022

	Television Program and Film Production	Concert Production	Others	Total
	\$'000	\$'000	\$'000	\$'000
<i>Timing of revenue recognition:</i>				
At a point in time	6,824	-	3,223	10,047
Over time	10,578	-	-	10,578
	<u>17,402</u>	<u>-</u>	<u>3,223</u>	<u>20,625</u>
<i>Geographical information:</i>				
China	17,322	-	3,175	20,497
Singapore	80	-	48	128
	<u>17,402</u>	<u>-</u>	<u>3,223</u>	<u>20,625</u>

Group
For the half year ended 30 June 2021

	Television Program and Film Production	Concert Production	Others	Total
	\$'000	\$'000	\$'000	\$'000
<i>Timing of revenue recognition:</i>				
At a point in time	7,186	-	4,404	11,590
Over time	32,125	-	70	32,195
	<u>39,311</u>	<u>-</u>	<u>4,474</u>	<u>43,785</u>
<i>Geographical information:</i>				
China	<u>39,311</u>	<u>-</u>	<u>4,474</u>	<u>43,785</u>

Revenue contribution from a single region is disclosed separately when it exceeds 10.0% of the Group's revenue, respectively.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

6M2022 vs 6M2021

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 Singapore accounted for 99.4% (6M2021: 100.0%) of the Group's total revenue.

In 6M2021 and 6M2022, the copyright and ancillary rights to the completed and ongoing film and drama productions under the TV Program and Film Production business segment were sold to customers located outside of Singapore.

17. Additional information required pursuant to Rule 706A of the Listing Manual

Save as disclosed below, there was no acquisition or sale of shares resulting in a company becoming a subsidiary or an associated company of the Group or any change of the Group's shareholding percentage in a subsidiary or an associated company in 6M2022:

Incorporation of structured entities controlled via contractual arrangement

1. Investment in a wholly owned subsidiary, Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd. (北京嗨泛互娱管理咨询有限公司)

On 1 March 2022, Tianjin Changxin Film & Media Co., Ltd. ("**Tianjin Changxin**"), a PRC affiliated entity, incorporated the subsidiary, Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd. with an initial issued share capital of RMB10,000,000.

2. Investment in a wholly owned subsidiary, Beijing Licifang Management Consulting Co., Ltd. (北京立次方管理咨询有限公司)

On 1 March 2022, Tianjin Changxin incorporated the subsidiary, Beijing Licifang Management Consulting Co., Ltd. with an initial issued share capital of RMB10,000,000.

3. Investment in a wholly owned subsidiary, Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd. (上海嗨泛互娱文化传媒有限公司)

On 24 March 2022, Beijing Haifan Interactive Entertainment Management Consulting Co., Ltd., a wholly owned subsidiary Tianjin Changxin, incorporated a wholly-owned subsidiary, Shanghai Haifan Interactive Entertainment Culture & Media Co., Ltd. with an initial issued share capital of RMB3,000,000.

None of the directors or controlling shareholder of the Company has any interest, direct or indirect, in the above incorporation of associated entities.

The above incorporation of associated entities is not expected to have any material effect on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2022.

18. Negative confirmation pursuant to Rule 705(5).

The Board of Directors hereby confirms, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the half year ended 30 June 2022 to be false or misleading in any material aspect, having considered that, including but not limited to, all material information has been assessed to ensure the reliability of the financial results, and the financial statements provide a fair and balanced view of any material factors that have affected the Company's business conditions and financial position, including the impact of the COVID-19 measures in the PRC and the appreciation of Singapore Dollar against Chinese Renminbi.

F. Other Notes to the Condensed Interim Consolidated Financial Statements

19. Corporate Incorporation

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. These condensed interim consolidated financial statements comprise the Company, its subsidiaries and PRC Affiliated Entities (collectively, the Group).

The principal activities of the Group are investment holding, Television Program and Film Production, Concert Production, Talent Management Services, Costumes, Props and Makeup Services, Consultancy services and the renting and leasing of concert equipment.

20. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"), except for the adoption of new and amended standards as set out in Note 20.1.

The financial statements are presented in Singapore dollar and all values are rounded to the nearest thousand (\$'000).

20.1 New and Amended Standards adopted by the Group

The adoption of the various new/revised SFRS(I) effective for the financial year beginning on 1 January 2022 does not have a material financial effect on the Group and the Company.

20.2 Uses of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant areas of estimation, uncertainty and critical judgements in applying accounting policies disclosed in Annual Report 2021 remain relevant.

21. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the half year ended 30 June 2022.

22. Related Parties Transactions

There are no material related party transactions apart those disclosed elsewhere in the financial statements and other information required under listing manual.

23(a). Financial assets and financial liabilities

Below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30 June 2022 (Unaudited) \$'000	31 December 2021 (Audited) \$'000	30 June 2022 (Unaudited) \$'000	31 December 2021 (Audited) \$'000
Financial Assets				
Financial assets at amortised cost	88,067	90,445	107,718	110,949
Financial assets at fair value through profit or loss	3,345	3,029	-	-
	<u>91,412</u>	<u>93,474</u>	<u>107,718</u>	<u>110,949</u>
Financial liabilities				
Financial liabilities at amortised cost	17,953	23,797	5,546	6,264
Lease liabilities	3,873	4,924	-	-
	<u>21,826</u>	<u>28,721</u>	<u>5,546</u>	<u>6,264</u>

23(b). Financial assets at fair value through profit or loss

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (Level 3).

	Group	
	30 June 2022 (Unaudited) \$'000	31 December 2021 (Audited) \$'000
At the beginning of the period/year	3,029	215
Additions	397	2,719
Changes in fair value	-	95
Exchange differences	(81)	-
At the end of the period/year	<u>3,345</u>	<u>3,029</u>

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

At the reporting date, the fair value of the investments is determined based on the estimated box office revenue, estimated fees from licensing rights and estimated ticket sales. There is no change in fair value in 6M2022 and 6M2021. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

23(c). Intangible assets

	Group					
	Film and drama adaptation licenses \$'000	Rights to the film set under construction \$'000	Rights to the film set \$'000	Computer software \$'000	Software royalty \$'000	Total \$'000
<u>Half year ended 30 June 2022 (Unaudited)</u>						
Cost:						
At 1 January 2022	146	-	2,330	119	88	2,683
Additions	-	-	1,524	-	-	1,524
Exchange difference	-	-	(101)	-	(3)	(104)
At 30 June 2022	146	-	3,753	119	85	4,103
Accumulated amortisation:						
At 1 January 2022	122	-	359	51	20	552
Amortisation charge	15	-	288	20	15	338
Exchange difference	-	-	(16)	-	(1)	(17)
At 30 June 2022	137	-	631	71	34	873
Carrying amount:						
At 30 June 2022	9	-	3,122	48	51	3,230
At 1 January 2022	24	-	1,971	68	68	2,131

	Group					
	Film and drama adaptation licenses \$'000	Rights to the film set under construction \$'000	Rights to the film sets \$'000	Computer software \$'000	Software royalty \$'000	Total \$'000
<u>For the year ended 31 December 2021 (Audited)</u>						
Cost:						
At 1 January 2021	146	-	1,958	97	8	2,209
Additions	-	-	387	22	77	486
Exchange difference	-	-	(15)	-	3	(12)
At 31 December 2021	146	-	2,330	119	88	2,683
Accumulated amortisation:						
At 1 January 2021	93	-	45	12	3	153
Amortisation charge	29	-	311	39	16	395
Exchange difference	-	-	3	-	1	4
At 31 December 2021	122	-	359	51	20	552
Carrying amount:						
At 31 December 2021	24	-	1,971	68	68	2,131
At 1 January 2021	53	-	1,913	85	5	2,056

* Amount less than \$1,000.

For the half year ended 30 June 2022, the amortisation expenses of \$12,000 (30 June 2021: \$57,000), have been capitalised in the line item 'films and drama productions in progress'.

23(d). Goodwill and Goodwill impairment

	Group
	\$'000
Cost as at 1 January 2021, 31 December 2021 and 30 June 2022	1,111
Accumulated impairment	-
Carrying amount as at 1 January 2021, 31 December 2021 and 30 June 2022	<u>1,111</u>

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

The recoverable amount of the CGUs is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the estimated 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 1.0% (2021: 1.0%). 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 10.5% (2021: 10.5%).

As at 30 June 2022 and 31 December 2021, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

23(e). Plant and equipment

During 6M2022, the Group acquired plant and equipment amounting to \$36,000 (6M2021: \$531,000) and there was no disposal of plant and equipment during the period (6M2021: \$Nil).

23(f). Right-of-use assets

During 6M2022, the Group acquired and disposed right-of-use assets approximately amounting to \$48,000 (6M2021: \$2,393,000) and \$Nil (6M2021: \$1,400,000) respectively.

24. Taxation

	Group	
	For the half year ended	
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Tax (credit) expense comprises:		
Current tax		
- Current period	226	2,919
- Underprovision of prior year tax	13	-
Deferred tax	(405)	119
	<u>(166)</u>	<u>3,038</u>

25. Other receivables

	Group		Company	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	\$'000	\$'000	\$'000	\$'000
Other receivables (current portion):				
Outside parties*	1,769	2,352	-	-
Subsidiary and related company	-	-	4,340	2,710
Shareholder of an associate	2	-	-	-
Advances to a third-party contractor	687	711	-	-
Advances to staff	63	97	-	-
Director of a subsidiary	333	343	-	-
Refundable security deposits	162	535	-	-
Prepayments**	9,346	8,182	246	453
Interest receivables from bank	95	33	-	-
Value-added tax receivable	1,702	3,082	-	-
Loan receivable***	651	-	-	-
Grant receivables****	2,569	-	-	-
	17,379	15,335	4,586	3,163
Other receivables (non-current portion):				
Refundable security deposits	104	104	-	-
Prepayments	-	4	-	-
Total	17,483	15,443	4,586	3,163

* The amounts were mainly advances paid to third party production crews and staff in respect of the expenditure for various ongoing drama and film projects and concert production including but not limited to expenditure for food, accommodation, artiste fees, costumes and props in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third-party production crews and staff.

** The 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, artiste fees, costumes and props for such drama and film projects. Such amounts are paid in accordance with the planned production schedule.

*** Loan receivable represents the financial instruments in a movie “盲战” provided to third party for the financing of production and marketing expenditures that are associated with the movie that the third party produces. The Group is entitled to a fixed investment return based on the principal investment amount, the agreed rate of return and investment period.

**** The grant receivables were received in July 2022.

26. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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

Guo Jingyu
Executive Chairman and Group CEO
11 August 2022

Wang Qing
Executive Director