

Media Release

COVID-19 Measures in China and Foreign Exchange Loss Impacts GHY's Financial Performance in FY2022; Eyes Turnaround and Growth in FY2023 with China's Reopening

- The Group recognised net foreign exchange loss of approximately S\$8.8 million in the financial year ended 31 December 2022 ("FY2022") due to the appreciation of the Singapore Dollar against Chinese Renminbi
- The Group's TV Program and Film Production business operations are expected to normalise in the financial year ending 31 December 2023 ("FY2023") with a good pipeline of content and upcoming drama and film productions
 - Contract signings with customers were delayed in FY2022 due to COVID-19 measures in China
 - Underscoring the Group's in-house capabilities in producing high-quality dramas and films, its drama and film productions continue to achieve good ratings and viewership in FY2022
 - Contract assets representing the Group's right to consideration for TV drama and film productions in progress but unbilled, stood at approximately S\$41.0 million as at 31 December 2022
- The Group's Concert Production business has rebounded strongly with the relaxation of COVID-19 measures in the region in FY2022
 - Tickets for Jay Chou's concerts in Singapore were sold out and recognised in FY2022, while tickets sales for Jay Chou's concerts in Malaysia and Australia, which are sold out as well, will be recognised in FY2023
 - With the pent-up demand for concerts in the endemic phase of COVID-19, there are plans for the resumption of Jay Chou's concerts in China as well as co-productions of concerts for other popular and well-known international artistes
- Generated net cash of approximately S\$5.9 million from operating activities in FY2022 and as at 31 December 2022, the Group's balance sheet remains healthy and robust with cash and cash equivalents of approximately S\$36.8 million and net assets of approximately S\$135.7 million
- A dividend of 0.10 Singapore cents per ordinary share in respect of FY2022 has been proposed despite a loss position in FY2022
- Resilient financial position with net working capital of approximately S\$120.1 million to support organic and inorganic growth initiatives
- Anchored by its two core businesses of TV Program and Film Production and Concert Production, the Group continues to focus on monetising its portfolio of proprietary entertainment content and diversify its product offerings with interactive content and multi-level entertainment, including but not limited to short-form online videos and musicals

Singapore, 28 February 2023 – 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, has announced its unaudited financial results for FY2022.

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

The Group's business activities are categorised under 3 business segments as follows:

- TV Program and Film Production
- Concert Production
- Others (which mainly comprise talent management services and costumes, props and make-up services)

Financial Highlights

	FY2022 (S\$'M)	FY2021 (S\$'M)	Change (%)
Revenue	45.7	83.3	(45)
Gross profit	14.2	21.8	(35)
Gross profit margin (%)	31.2	26.1	5.1 ppt ¹
Net (loss) / profit for the year	(10.5)	3.5	N.M ²
Excluding the net foreign exchange loss of approximately S\$8.8 million recognised in FY2022, net loss for FY2022 would have been lowered to approximately S\$1.7 million			

Commenting on GHY's FY2022 results, Mr. Guo Jingyu (郭靖宇), Executive Chairman and Group CEO, said, "While we have proactively taken various initiatives to mitigate the overarching effects of the COVID-19 pandemic over the recent years, the foreign exchange loss recognised in FY2022 has been a key determinant in our financial performance.

Despite the challenges over the past year, we have achieved key business milestones that underpin GHY's established track record and strong business fundamentals in producing high-quality entertainment content and products.

With China's reopening and further easing of COVID-19 measures in the region, there is much to be optimistic about for FY2023, where we expect to see more growth opportunities with the pent-up demand for concerts and shifting consumer consumption trends for drama content.

Anchored by our two core businesses of TV Program and Film Production as well as Concert Production, we are also developing new monetisation opportunities in other growth adjacencies in the region.

Our business strategies and financial strength place us in a favourable position and we aim to return back to pre-pandemic profitability in the near term."

COVID-19 measures in China impacted GHY's revenue performance, whilst the Concert Production business segment rebounded strongly in FY2022: With the delay in contracts signings due to the COVID-19 measures in China, revenue contribution from the Group's TV Program and Film Production business segment decreased by 73.6%, or approximately S\$55.7 million, from S\$75.7 million in FY2021 to S\$20.0 million in FY2022.

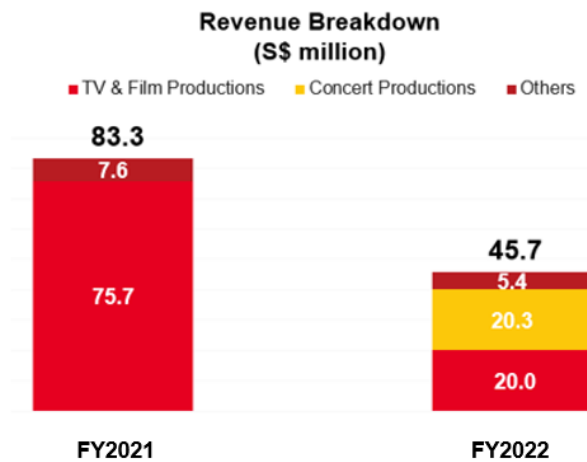
In FY2022, the Group recognised revenue mainly in respect of the completed production of three dramas named "Strange Tales of Tang Dynasty 唐朝诡事录", "Sisterhood 南洋女儿情" and "A Fish and A Cat 骑着鱼的猫". The Group also recognised revenue for online short-form drama series "Goddess Hotel 女神酒店" which is licensed to a customer for variable fees and the sale of a script named "Misty Rain 烟雨".

A bright spot in FY2022 was the Group's Concert Production business segment, which registered revenue contribution of approximately S\$20.3 million that was mainly due to the completion of two concert productions in FY2022 as pandemic measures in the region, outside of China, continued to ease.

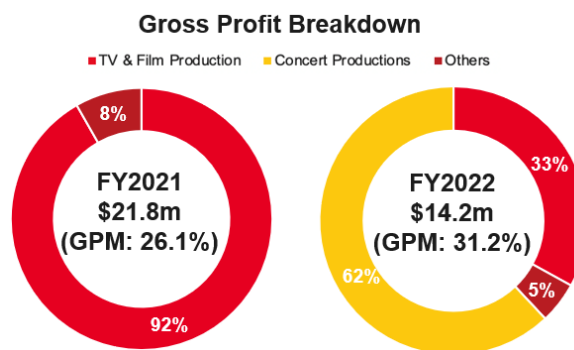
For the Group's Others business segment, revenue in FY2022 dipped by approximately S\$2.1 million, from S\$7.6 million in FY2021 to S\$5.5 million in FY2022, mainly due to a decrease in the number of projects undertaken in FY2022.

¹ "ppt" means percentage points.

² Not meaningful.



Driven by higher contribution from the Group's Concert Production business, the Group's gross profit margin increased to approximately 31.2% despite lower gross profit registered in FY2022: The strong rebound of the Group's Concert Production business contributed approximately S\$8.9 million of gross profit, representing 62.5% of the Group's overall gross profit in FY2022. The Group's TV Program and Film Production business segment and Others business segment contributed approximately S\$4.7 million and S\$0.7 million of gross profit in FY2022, respectively.



Despite a net loss position registered in FY2022, the Group generated net cash of approximately S\$5.9 million from operating activities in FY2022: The appreciation of the Singapore Dollar against Chinese Renminbi has led to the recognition of a net foreign exchange loss of approximately S\$8.8 million in FY2022, mostly from intercompany balances denominated in Singapore Dollar by the entities of the Group in China which financial statements are prepared in Chinese Renminbi, as the Group has significant operations in China.

Excluding this, the Group's net loss for FY2022 would have been lowered to S\$1.7 million.

Notably, the Group generated net cash of approximately S\$5.9 million from operating activities during FY2022 and as at 31 December 2022, the Group's cash and cash equivalents stood at approximately S\$36.8 million.

As at 31 December 2022, the Group has a healthy and robust balance sheet with total assets of approximately S\$184.2 million, comprising current assets of S\$166.6 million and non-current assets of S\$17.6 million, while total liabilities amounted to S\$48.4 million, comprising current liabilities of S\$46.5 million and non-current liabilities of S\$1.9 million.

The Group eyes turnaround and growth in FY2023 from its two core businesses with China's reopening and further easing of COVID-19 measures: Since the COVID-19 pandemic unfolded, the Group has swiftly adapted to the measures imposed by the local authorities in its operating markets to safeguard the health and safety of its workforce, while minimising the disruptions to its operations. At the same time, the Group has

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gradually diversified its business presence in the region to build more resiliency and agility in its business model in the long run.

Anchored by its two core businesses of TV Program and Film Production and Concert Production, the Group expects its business operations to normalise in FY2023 with China's reopening and further easing of COVID-19 measures.

Underscoring the Group's in-house capabilities in producing high-quality dramas and films, its drama productions (both long-form and short-form) continue to achieve good ratings and viewership during FY2022. In July 2022, the Group's short drama production named "Goddess Hotel 女神酒店", the first production produced by the Group with Douyin (抖音, also known as TikTok) was a popular hit, topping the search list of Douyin, China's most influential short-video platform. In October 2022, the Group's latest drama production named "Strange Tales of Tang Dynasty 唐朝诡事录" achieved strong ratings and viewership, and the Group is in discussions with a streaming platform to commence production for a second season of "Strange Tales of Tang Dynasty 唐朝诡事录" in the second quarter of 2023.

For its TV Program and Film Production business, the Group continues to maintain a healthy pipeline of both long-form and short-form dramas and films, with an expected increase in the number of short-form drama productions, in FY2023 as compared to FY2022. By collaborating with various platforms to further develop different genres of dramas and films targeting different groups of audience, we expect that there will be more opportunities for the Group's revenue growth.

To further boost its growth in FY2023, the Group aims to expand its Concert Production business to cater to the pent-up demand for concerts in the endemic phase of COVID-19, focusing on the production of Jay Chou's concerts in China as well as co-productions of concerts for other popular and well-known international artistes within the region.

Multi-pronged growth adjacencies supported by a resilient financial position with net working capital of approximately S\$120.1 million

With rising demand of high-definition visual experiences from films, dramas, advertising and other digital media applications, the Group will also focus on strategic initiatives to further develop its high value end-to-end production capabilities in order to harness these opportunities. The Group is also working towards the monetisation of its portfolio of proprietary entertainment content and diversification of its product offerings with interactive content and multi-level entertainment, including but not limited to short-form online videos and musicals.

In addition, the Group aims to develop other revenue sources, including but not limited to education, advertisements and e-commerce marketing and to further grow its business presence and market share in the region.

Supported by a healthy and robust balance sheet with net working capital of approximately S\$120.1 million, the Group believes it is well-positioned to capture organic and inorganic growth adjacencies and to tap the opportunities associated with China's reopening.

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This press release should be read in conjunction with the announcement uploaded on SGXNet on **28 February 2023**.

For media and analysts' queries, please contact:

8PR ASIA Pte Ltd

Alex Tan

T: +65 9451 5252

E: alex.tan@8prasia.com



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About G.H.Y Culture & Media Holding Co. Ltd. (SGX: XJB; Bloomberg: GHY:SP)

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 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 and Malaysia, with an upcoming concert to be held in 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 130 employees, the Group also engages in concert production, talent management services, and costumes, props and make-up services.

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