

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

(Company Registration No. 337751)

(Incorporated in the Cayman Islands on 29 May 2018)

RESPONSES TO SGX REGCO'S QUERIES ON 6M2023 FINANCIAL STATEMENTS

The Board of Directors (the "**Board**") of G.H.Y Culture & Media Holding Co., Limited (the "**Company**") and together with its subsidiaries and associated companies, the "**Group**") sets out below the Company's responses to the queries from the SGX RegCo received on 23 August 2023, with reference to the Company's announcement dated 7 August 2023 on the Company's Financial Statements for the half year ended 30 June 2023 ("**6M2023 Financial Statements**").

Q1. It is noted that there is an increase in borrowings from \$13,602k as at 31 December 2022 to \$21,890k as at 30 June 2023. Please disclose:

(i) details of the loan drawdown, including the terms of the loan, interest on loans and maturity dates;

Company's Response:

As at 30 June 2023, the current borrowings of \$21,733,000 bore varying interest rates that ranged from 2.8% to 5.6% per annum and are repayable within 12 months from 30 June 2023. The non-current borrowings of \$157,000 as at 30 June 2023 bore an interest rate of 2.8% per annum and is repayable by 31 December 2026.

(ii) a breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank);

Company's Response:

As at 30 June 2023, the borrowings of S\$21,890,000 are granted by East West Bank (China) Limited, Huaxia Bank, China Guangfa Bank, Bank of China, Agricultural Bank of China, Maybank Singapore Limited and Industrial and Commercial Bank of China.

(iii) when were the loans obtained and approved by the Board including the Audit Committee; and

Company's Response:

The borrowings of S\$18,500,000 and S\$3,390,000 were approved by the Board and the Audit and Risk Management Committee in August 2022 and in February 2023 respectively. The borrowings of S\$18,500,000 and S\$3,390,000 were drawn down by the Group from September 2022 to December 2022 and from March 2023 to April 2023 respectively.

(iv) the use of proceeds from the loan.

Company's Response:

As at 30 June 2023, the borrowings of S\$21,890,000 had been or shall be used for drama productions and working capital purposes.

Q2. Please disclose a breakdown of trade and other payables amounting to \$9,943k and \$22,691k as at 30 June 2023 and 31 December 2022 respectively. For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.

Company's Response:

Please refer to the table below for a breakdown of the trade and other payables balances as at 30 June 2023 and 31 December 2022:

	Group	
	30 June 2023	31 December 2022
	\$'000	\$'000
Trade payables:		
Outside parties	880	2,646
Other payables:		
Outside parties	371	1,810
Subsidiaries	-	-
Joint operators ⁽ⁱ⁾	36	1,400
Staff creditor	17	-
With an entity connected to a shareholder of the Company ⁽ⁱⁱ⁾	121	132
Advance receipts from joint operators:		
Outside parties	1,196	969
With entity connected to a shareholder of the Company	-	6,958
Accruals:		
Outside parties	3,747	3,179
With an entity connected to a shareholder of the Company	168	174
Accrued interest	85	19
Provision	128	107
Deferred income	935	969
Listing expense payable	4	10
Value added tax payable and goods and services tax payable	2,255	4,318
	9,943	22,691

Notes:

- (i) As at 30 June 2023, \$36,000 (31 December 2022: \$1,400,000) is payable to joint operators, which pertains to the proportionate share of revenue from concert and drama productions attributable to the joint operators.
- (ii) As at 30 June 2023, \$121,000 (31 December 2022: \$132,000) is payable for operating expenses paid on the Group's behalf by an entity connected to a shareholder of the Company.

Please refer to pages 117 and 118 of the Annual Report for the full year ended 31 December 2022, announced on 12 April 2023, for details on the trade and other payables balance as at 31 December 2022.

Other payables relate to payables to third parties for ongoing costs, including but not limited to payments to service providers for professional fees and employer's contributions. As at 30 June 2023, approximately 98.9% of the other payables are aged less than 30 days.

- Q3. It is disclosed on page 15 of the unaudited financial statements that, there is an increase of approximately \$3.2 million in other receivables mainly due to the (i) deposit paid for the acquisition of shares in a subsidiary..” Please clarify if the deposit paid is refundable and the purpose of the deposit.**

Company’s Response:

The purpose of the deposit of S\$963,000 was for the acquisition of shares in a subsidiary, as disclosed on pages 7 and 24 of the 6M2023 Financial Statements, and further details of which are set out in the SGX announcement (reference: SG230331OTHR04WH) dated 31 March 2023.

The deposit of \$963,000 paid is refundable should the acquisition of shares in the subsidiary not take place.

With regard to the aforementioned acquisition, it is noted in the Company’s announcement dated 31 March 2023 that, completion of the sale and purchase of the Sale Shares under the Share Sale Agreement has not yet taken place and is expected to be completed before 15 April 2023. Please provide an update regarding (i) the purchase of the Sale Shares; and (ii) the Proposed Acquisition of 100% of IMS.

Company’s Response:

- (i) As at 30 June 2023, the Company has paid a deposit of approximately S\$963,000¹ (RM 3,200,000) for the acquisition of shares in a subsidiary as disclosed on page 7 of 6M2023 Financial Statements.

The remaining balance of approximately S\$1,700,000² (RM 5,640,000) is not yet due as at the date of this announcement and payment is conditional upon the conditions precedent under the IMS SPA³ being fulfilled or waived.

- (ii) Completion of the proposed acquisition of 100% in IMS has not yet taken place as at the date of this announcement and is conditional upon the conditions precedent under the IMS SPA being fulfilled or waived.

- Q4. It is noted that the Group has recognized film investment funds from investors of \$935k as at 30 June 2023. Please clarify if these investment funds are loans from investors and disclose details of the investment funds, including the terms, applicable interest and maturity dates, where applicable.**

Company’s Response:

As at 30 June 2023, the film investment funds of S\$935,000 received from an investor is guaranteed on principals, bore interest at 10% per annum and is repayable within 12 months from 30 June 2023.

¹ Based on the exchange rate of S\$1 : RM 3.32 as at 30 June 2023.

² Based on the exchange rate of S\$1 : RM 3.32 as at 30 June 2023.

³ As defined in SGX Announcement dated 31 March 2023 with reference: SG230331OTHR04WH.

Q5. It is disclosed on page 6 of the unaudited financial statements that, as at 30 June 2023, borrowings amounting to \$21,890,000 (31 December 2022: \$13,602,000) are singly or jointly guaranteed by (i) Mr. Guo Jingyu, the Executive Chairman and Group CEO and controlling shareholder, (ii) third parties, (iii) restricted bank deposits of not less than RMB20 million, (iv) the Group's motor vehicle and (v) assignment of sales contracts and sales proceeds. Please disclose the identities of these third parties and their relationship with the Company, its directors and substantial shareholders, where applicable.

Company's Response:

As at 30 June 2023, these third-party corporate guarantors are Beijing Guohua Wenke Financing Guarantee Co., Ltd., Tianjin Zhongguancun Science and Technology Financing Guarantee Co., Ltd., and Beijing Shouchuang Financing Guarantee Co., Ltd., which are financing companies that provide corporate guarantees in their ordinary course of business. The third-party corporate guarantors are unrelated to the Company and its directors and substantial shareholders.

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

Guo Jingyu
Executive Chairman and Group CEO
29 August 2023