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 FY2022 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 10 April 2023, with reference to the Company's announcement dated 28 February 2023 on the Company's Financial Statements for the full year ended 31 December 2022 ("**FY2022 Financial Statements**").

Q1. It is disclosed in the unaudited financial results that, the Company reported trade and note receivables amounting to $46,742,000 which represented more than the Group's revenue of $45,732,000 for the period ended 31 December 2022. Please disclose:

(i) the breakdown of the Group's trade and note receivables, if applicable;

Company's Response:

Please refer to the table below for a breakdown of the trade and notes receivables balance as at 31 December 2022 and 31 December 2021:

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

Please refer to page 93 of the Annual Report for the full year ended 31 December 2022 ("**Annual Report 2022**") announced on 12 April 2023.

(ii) For note receivables, the underlying transactions, the terms of the transactions (including the contract sum), terms of payment, and whether this was incurred in the ordinary course of business;

Company's Response:

In 2022, the Group received endorsed notes receivables from the major customer which is accepted by banks in the People's Republic of China ("**PRC**") (the "**Endorsed Notes**") in order to settle the trade receivables due from the major customer with a carrying amount

of $1,356,000. The Group will receive the amount by presenting the Endorsed Notes to the bank upon maturity in March 2023. In January 2023, the Group collected $1,349,000, after deducting finance cost of $7,000 payable by the Group for early redemption.

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

Both transactions were incurred in the ordinary course of business of the Group.

(iii) the ageing profile of the Group's trade and note receivables in bands of 3 months;

Company's Response:

Please refer to the table below for the ageing profile of the Group's trade receivables balance as at 31 December 2022 and 31 December 2021:

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

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

(iv) whether these outstanding amounts are owing to related parties. If yes, to provide details and quantify;

Company's Response:

The Group's trade and notes receivables of $46,742,000 as at 31 December 2022 are not owed to related parties.

Amounts due from (to) related parties are disclosed separately. Please refer to pages 118 and 119 of the Annual Report 2022 for further details.

(v) whether these debtors are related to any directors, key executives, substantial shareholders or their respective associates;

Company's Response:

In relation to the Group's trade and notes receivables of $46,742,000 as at 31 December 2022, these debtors are not related to any Directors, key executives, substantial shareholders or their respective associates.

(vi) whether these customers are still in operation;

Company's Response:

In relation to the Group's trade and notes receivables of $46,742,000 as at 31 December 2022, these customers are still in operation as at date of announcement.

(vii) the Board's assessment on the recoverability of the Group's trade and note receivables, and the basis for such an assessment;

Company's Response:

As at 31 December 2022, the trade and notes receivables of approximately $46,742,000 included a loss allowance of approximately $1,200,000. The management assesses the recoverability of trade and notes receivables using the expected credit losses model under SFRS(I) 9 *Financial Instruments* which requires the management to make significant estimates regarding the identification of impaired trade and notes receivables and adequacy of allowance made.

Accordingly, the management estimates the loss allowance on trade and notes receivables at an amount equal to lifetime expected credit losses, taking into account the past default experience of the counterparty and an analysis of the counterparty's current financial position, as adjusted for factors that are specific to the counterparty, and general economic conditions of the industry in which the counterparty operates.

As at the date of this announcement, there is no history of payment defaults from these counterparties.

The Board had discussed with management on the analyses and assessments made with respect to recovery of trade and notes receivables and reviewed the creditworthiness of these counterparties, and the Board is not aware of any facts or circumstances which will result in these counterparties being unable to make payment to the Group as at the date of this announcement.

Q2. Please disclose a breakdown of trade and other payables amounting to $22,691,000 as at 31 December 2022 . For other payables, please disclose the aging and nature of these other payables and whether the counterparties are related parties.

Company's Response:

Please refer to the table below for a breakdown of the trade and other payables balance as at 31 December 2022 and 31 December 2021:

	Group	
	2022	2021
	$'000	$'000
Trade payables:		
Outside parties	2,646	978
With entities connected to a shareholder of the Company	-	1,804
Other payables:		
Outside parties	1,810	643
Subsidiaries	-	-
Joint operators (i)	1,400	1,201
With an entity connected to a shareholder of the Company (ii)	132	269
Advance receipts from joint operators:		
Outside parties	969	-
With entity connected to a shareholder of the Company	6,958	9,371
Accruals:		
Outside parties	3,179	2,371
With an entity connected to a shareholder of the Company	174	192
Accrued interest	19	129
Provision	107	79
Deferred income	969	21
Listing expense payable	10	10
Refund liabilities	-	646
Value added tax payable and goods and services tax payable	4,318	5,266
	22,691	22,980

Notes:

(i) As at 31 December 2022, $1,400,000 (2021: $1,201,000) is payable to joint operators, which pertains to the proportionate share of revenue from concert and drama productions attributable to the joint operators.

(ii) As at 31 December 2022, $132,000 (2021: $269,000) is payable for operating expenses paid on behalf by an entity connected to a shareholder of the Company.

Please refer to pages 117 and 118 of the Annual Report 2022 for further 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 not limited to professional fees and employer's contributions. Approximately 97.2% of the other payables as at 31 December 2022 are aged less than 60 days.

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

Guo Jingyu
Executive Chairman and Group CEO
13 April 2023