长信传媒
G.H.Y Culture & Media

CREATIVE ENTERTAINMENT THROUGH INNOVATIVE TECHNOLOGIES

ANNUAL REPORT 2021

CONTENTS

CORPORATE PROFILE

VISION

To establish ourselves as a leader in the media and entertainment industry in the Asia Pacific region

MISSION

To produce high-quality content and strive for continuous innovation and breakthroughs, while staying abreast of the latest technological developments in the media and entertainment industry

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

G.H.Y Culture & Media Holding Co., Limited ("**GHY**" or "**G.H.Y Culture & Media**", and together with its subsidiaries and affiliated entities, the "**Group**") is an entertainment business that focuses on the production and promotion of dramas, films and concerts in the Asia-Pacific region. GHY has produced numerous 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 region. The Group has also undertaken the production of concerts for well-known international artistes in Singapore, with upcoming concerts to be held in Malaysia and Australia. GHY has strong in-house production teams, including but not limited to executive producers, directors and scriptwriters, who have been involved in various notable dramas and films. The production teams have consistently produced quality dramas and films and the Group also possesses expertise and capabilities across the business value chain. Currently headquartered in Singapore and the PRC with over 170 employees, the Group also engages in concert production, talent management services, and costumes, props and make-up services.

TV Program and Film Production

- Producer and co-producer of high-quality TV and web dramas and films broadcasted and/or distributed on major TV networks and leading video streaming platforms in the region (e.g. CCTV, iQIYI, Youku, Kuaishou, Tencent Video, Douyin/Tiktok)
- Established production teams of experienced directors and producers in both the PRC and Singapore

Concert Production

- Organiser of concerts for well-known international artistes in Singapore, with upcoming concerts in Malaysia and Australia
- Involved in production of concerts in the PRC
- Established concert production teams in both Singapore and the PRC

Costumes, Props, and Make-up Services and Talent Management Services

- Provision of costumes, props and make-up services for drama and film production activities
- Exclusive collaboration with award-winning costumes and props designer, Chen Minzheng[1]
- Provision of talent management services to more than 60 artistes primarily based in the PRC and/or Singapore

[1] Mr. Chen Minzheng is a well-known designer for costumes, props and make-up in the PRC who has won, among others, the Golden Horse Award for Best Makeup & Costume Design in 2018 and the Asian Film Award for Best Costume Design in 2019.

CHAIRMAN & CEO **STATEMENT**

Mr. Guo Jingyu
Executive Chairman and Group CEO

Ready for Recovery, Set for Growth, Putting Strategy into Action

Dear Shareholders,
On behalf of the Board of G.H.Y Culture & Media Holding Co., Limited ("**GHY**", and together with its subsidiaries and affiliated entities, the "**Group**"), we are pleased to present GHY's annual report for the financial year ended 31 December 2021 ("**FY2021**").

Year in Review - Continuous focus on core businesses, underpinned by our two growth engines

The world continues to face unprecedented economic challenges and risks posed by the COVID-19 pandemic. As a recently listed company, GHY was no exception. We are grateful to have received the continued support and trust of our shareholders, allowing us to forge ahead despite market headwinds, to continue enhancing our product offerings and end-to-end capabilities.

Since our inception in 2018, GHY has had a strong foothold in the TV Program and Film Production business, as well as in the Concert Production business in the region. We believe that these two growth segments will continue to propel the Group to new heights as we focus on enhancing the Group's business for long-term shareholder value.

In FY2021, we continued to invest in our TV Program and Film Production business segment. The drama "Brave Heart II 勇敢的心2" was a popular hit, topping the search list of Douyin (抖音) (also known as TikTok), China's most influential short video platform. It has also received strong viewership and reputation on iQiyi, Tencent, and Youku, the three biggest mainstream long-form video streaming platforms in China. The Group also completed the post-production of "Horror Stories of Tang Dynasty 唐朝詭事錄", a drama that was developed by GHY. We are also exploring the possibilities of sequels and other entertainment products to capture monetisation opportunities from the intellectual property ("**IP**") of "Horror Stories of Tang Dynasty 唐朝詭事錄". In FY2021, the filming of three new dramas, the detective series "Never Wronged 無冤行者", the modern romance series "A Cat and A Fish 騎着魚的貓" and the fantasy drama series "Moon Romance 月上朝顏", were completed and are undergoing post-production.

The drama "Sisterhood 南洋女兒情" – the second Nanyang-themed drama produced by the original production team for the drama "The Little Nyonya 小娘惹" – is nearing completion and it is expected to be released in FY2022. In FY2022, we will continue to focus on producing high-quality and diversified entertainment content, with plans to film several dramas in early 2022, while developing IP that is unique, scalable, and sustainable.

In FY2021, the Group had postponed highly anticipated concerts due to pandemic restrictions as countries around the world strived to prevent the further spread of COVID-19. As COVID-19 becomes endemic, we are cautiously optimistic that concerts can resume in FY2022, whilst complying with local COVID-19 measures. In FY2022, preparations are underway to organise the much-anticipated concerts for Jay Chou in Australia and Malaysia in 2023, as well as concerts by other renowned singers. In line with our disciplined cost management measures, we have maintained a small team of staff while we prepare to ramp up our Concert Production business.

Virtual concerts inevitably gained popularity in FY2021. To capture the growing demand, we are exploring partnership opportunities to provide audience an immersive experience through augmented reality and virtual reality technologies. We intend to build up our existing technological capabilities to keep up with the constant evolution of the entertainment industry, thus allowing us to capitalise on future growth opportunities.

High-quality content lies at the heart of GHY, powered by imagination and analytics. We are continuously improving our content production capabilities, as well as the quality of our TV Program and Film Production and Concert Production businesses through innovation and technology.

Expanding services and setting trends

In FY2021, our Costumes, Props and Make-up Services business has expanded. Led by award-winning designer, Mr. Chen Minzheng (陳敏正), the Group entered into agreements for the provision of costume and make-up services for the performers

CHAIRMAN & CEO STATEMENT

who participated in the Beijing 2022 Winter Olympics opening ceremony. The exquisite and meticulous craftmanship of the costumes is the result of Mr. Chen's years of experience and mastery, and a testament to the quality and appeal of the costumes, props and make-up of the Group's drama and film productions. Going forward, GHY will expand services in this regard to capture emerging business opportunities in the virtual and augmented reality worlds, such as the designing of avatars to create greater value.

Short-form videos grew in popularity in 2021 and have become one of GHY's new growth adjacencies. Our short-form videos, including "Ability Bureau 異能者" and "Twin Sisters 替身姐妹", successfully captured the attention of younger audience, and were well received on Bilibili and Tencent Video. Although certain costs were incurred as we expanded into the short-form video market, we are confident that expanding our entertainment product offerings to include such short-form videos will bring sustainable value to our shareholders.

We have completed the production of "Goddess Hotel 女神酒店", the first short-form video produced by GHY with Douyin, which is now undergoing post-production. It will be the first short-form video produced by GHY to be released on TikTok, and will be available to the global audience. This is a key milestone as we establish our own content slate on the platform. A series of short-form videos of varied themes are also currently under production. We anticipate that the establishment of our own short-form video channel on leading platforms included but not limited to Douyin, TikTok could further diversify our revenue streams via the various subscription methods and could attract other sources of revenue, including advertisements and e-commerce marketing.

High-quality offline entertainment events to increase value

The saying "志堅而勇為, 謂之剛" means to have a strong will and take bold actions. GHY is resilient as we continue to pursue growth through various avenues, while focusing on our core strengths. We believe that such efforts will be beneficial in creating more IPs, value and sustainable growth for the Group. Further to the core businesses and growth adjacencies mentioned above, GHY will continue to execute its business strategies to achieve increased cash flow and develop more customer-focused entertainment products.

Since 2020, GHY has been expanding its entertainment product offerings to include musicals. The rollout of musicals has allowed GHY to increase outreach and publicity for our popular productions, while capitalising on the pent-up demand for live performances in China. The first original musical, "Ferryman: Eternal Life 靈魂擺渡之永生", has been staged for two national tours and was a great success. The second original musical, "Horror Stories of Tang Dynasty 唐朝詭事錄之曼陀羅", will debut in the second quarter of 2022. We look to produce one new original musical every year, while maintaining existing musical tours across the world.

Offline entertainment events such as "Murder Mystery Game" and "Escape Room" have gained traction among youths and young adults. Capitalising on our management bench strength in producing high quality and well-received dramas and films, GHY aims to develop and launch a large-scale live action role-playing game ("**LARP**") based on the drama "Horror Stories of Tang Dynasty 唐朝詭事錄" in the third quarter of 2022. To capture the fast-growing children's entertainment market in China, we are also launching a LARP specially created for children in China. We believe that we are well-positioned to become a strong player in these two new growth adjacencies, and we hope to provide you with updates through the year.

Investing in the entertainment industry in the region

In 2021, GHY established a wholly-owned subsidiary in Indonesia, PT. Creative Ocean Pictures, as part of the expansion of our core business in Indonesia, and to leverage the country's unique demographics and natural resources as we further commercialise and digitalise our businesses.

In FY2021, GHY and iQiyi established a joint venture company, "Uni-Icon Entertainment" ("**Uni-Icon**"), in Singapore to focus on representing artistes in the region which will enable the Group to gain access to wider audiences and exposure to new markets. We will continue to utilise our regional and cross-border strength to integrate our resources in the different markets, and to create greater commercial value through cultural exchanges and innovation. Although some of Uni-Icon's plans had to be put on hold in FY2021 due to the pandemic, we look forward to resuming activities this year.

Furthermore, GHY had also invested in two new entities, Xiamen Jinzhao Film Culture and Media Co., Ltd and Xiamen Kaimen Jianjun Film & Television Industry Investment Partnership, to strengthen our capabilities in script development, content creations and short-form video production. This will further support our business expansion in the short-form video market.

GHY's "Avatar" programme has been progressing smoothly. The lovely "Little Nyonya Avatar", is the first virtual character inspired by Nyonya culture in Southeast Asia. With such innovations, we hope to bridge our online successes with offline monetisation opportunities in merchandising, which could be another potential revenue stream for GHY.

Looking ahead

Amidst the COVID-19 pandemic, our teams have been working relentlessly to stay agile in business development and in our operations. The COVID-19 pandemic had significantly impacted our business last year and resulted in a decline in profits for FY2021. However, we believe that our fundamentals remain strong and we are confident in emerging stronger with our wealth of industry experience, strong track record, regional presence, pioneering thinking and proven innovative capabilities.

GHY persevered despite the challenges brought by the COVID-19 pandemic. Achieving success during good times is easy but standing still in bad times is a demonstration of strength. We firmly believe that GHY remains uniquely positioned to capture the growth opportunities in the region in this new and evolving operating environment.

We believe that focusing on our fundamentals is key to ensuring that we excel in the expansion of our core business and in the growth adjacencies we have identified, and this is reflected in our business philosophy that we uphold, "君子務本，本立而道生". Making entertainment more enjoyable and creating higher commercial value through innovation and technology, continue to be our goals. Therefore, while maintaining a firm foothold in the present, we also keep a keen eye on the future. Our business philosophy encourages us to strive to achieve success in every step we take, in order to take GHY to greater heights.

I would like to express my sincere gratitude to all our shareholders, business partners and employees. Thank you for your hard work. GHY could not have made these achievements without your support. We look forward to working hand in hand with you and together, we can become the leading player in the media and entertainment industry in the Asia-Pacific region.

Guo Jingyu
Executive Chairman and Group CEO

BOARD OF DIRECTORS

MR. GUO JINGYU
Executive Chairman and Group CEO

Mr. Guo Jingyu is the Executive Chairman and Group CEO and was appointed to the Board of G.H.Y Culture & Media on 29 May 2018.

Mr. Guo is responsible for supervising the overall business operations and management of the Group, where he oversees the Group's long-term business strategies and provides executive leadership and supervision to the senior management team. Mr. Guo is also responsible for the overall direction and production of the drama, film and online video series produced by the Group.

Mr. Guo has close to 30 years of experience in the entertainment industry and is well known as a prolific and award-winning director, producer and scriptwriter. To date, he has earned 17 nominations and 13 wins at the "China Television Director Committee Awards" for his TV series.

Prior to G.H.Y Culture & Media, Mr. Guo was a Director, Producer and Scriptwriter with Perfect World, an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from March 2011 to December 2018.

Mr. Guo graduated from Hebei Art School with a Certificate in Drama in 1993 and is currently a member of the Youth Committee of China Television Drama Production Industry Association (中國電視劇製作產業協會青年工作委員會).

MS. YUE LINA
Executive Director

Ms. Yue Lina is an Executive Director and was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Ms. Yue is responsible for the promotion and distribution of the Group's drama and film projects and is an established executive producer and actress with over 20 years of experience in the drama and film industry. Prior to joining the Group, she was an Artistic Director with Perfect World Co., Ltd., an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from March 2011 to March 2019.

Ms. Yue started her career as an actress in the Hebei Chengde Drama Troupe (河北省承德話劇團). She was the Executive Producer for prominent TV and web dramas and received the Breakthrough Actress Award at the AnHui Television Network's National Drama Series Ceremony (國劇盛典 "極具突破精神女演員") in 2013 as well as the Best Creator Award at the Asian American TV and Film Festival (美國亞洲影視節金橡樹獎金牌出品人) in 2018.

Ms. Yue graduated from the Central Academy of Drama in Beijing, PRC in 2001 and obtained a Master's in Business Administration from Peking University in 2019.

MS. WANG QING
Executive Director

Ms. Wang Qing is an Executive Director and was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Ms. Wang is responsible for overseeing the accounts functions of the PRC entities of the Group, including finance and tax-related matters (within the PRC). She is also responsible for the overall day-to-day management of the Group's operations in the PRC.

Prior to G.H.Y Culture & Media, Ms. Wang was a Tax Director with Perfect World, an entertainment company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from May 2014 to March 2019. She was also a Senior Tax Manager with Thyssenkrupp China Ltd. from August 2012 to May 2014, and a Manager with Ernst & Young Consultant Ltd. from August 2004 to July 2012.

Ms. Wang graduated from Qingdao Technological University with a Bachelor's degree in Accountancy in 2001. She has also obtained a Masters' degree in Accountancy from the University of International Business and Economics in 2004.

BOARD OF **DIRECTORS**

MR. YANG JUN RONG
Non-Executive Director

Mr. Yang Jun Rong is a Non-Executive Director and was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Yang is an established music album producer with more than 35 years of experience in the music industry. Mr. Yang is the manager of Jay Chou, a prominent musician and singer-songwriter, and is the Chief Executive Officer and Music Director at JVR Music, a record and management company established in Taiwan, China in 2007. He is also the Chief Executive Officer of Eastern Eagle, a concert production company, and Sure Legend, a talent management company, whose businesses are primarily based in Taiwan, China.

Mr. Yang graduated from the National Taiwan University in 1987 with a Bachelor's degree.

MS. ZENG YINGXUE
Non-Executive Director

Ms. Zeng Yingxue is a Non-Executive Director and was appointed to the Board of G.H.Y Culture & Media on 1 February 2022.

Ms. Zeng Yingxue is currently an Executive Director and the Chief Financial Officer of Perfect World Holding Co., Ltd, the holding company of Perfect World Co., Ltd (a company listed on the Shenzhen Stock Exchange). Ms. Zeng is also currently the Senior Vice President of Perfect World Co., Ltd.

Ms. Zeng graduated from National University of Singapore with a Master in Business Administration in 2018.

MR. YEO GUAT KWANG
Lead Independent Director

Mr. Yeo Guat Kwang is the Lead Independent Director and the Chairman of the Nominating Committee. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Yeo joined the National Trades Union Congress in 1996 and is currently the Assistant Director-General. He leads the U-SME Initiative for Small and Medium Enterprises, and is also the Chairman of the Migrant Workers Centre and the Centre for Domestic Employees.

Mr. Yeo was formerly a Member of the Parliament of Singapore from 1997 to 2015 and was the President of the Consumers Association of Singapore from 2002 to 2012. He is also the recipient of the Nanyang Alumni Achievement Award in 2018.

Mr. Yeo graduated from the National University of Singapore with a Bachelor of Arts (Hons) in 1986 and obtained a Master's in Public Administration and Management in 2013 from the National University of Singapore (Lee Kuan Yew School of Public Policy). He also obtained a Doctorate of Business Administration from the United Business Institutes, Brussels in 2016.

BOARD OF DIRECTORS

MR. ANG CHUN GIAP
Independent Director

Mr. Ang Chun Giap is an Independent Director and the Chairman of the Audit and Risk Management Committee. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Ang is presently the Audit Director of Acevision & Associates PAC, a public accounting corporation and has over 20 years of experience in a public accounting profession, providing auditing, accounting, tax planning and advisory services to client from diverse industries, including construction, real estate development, investment holding, manufacturing, food and beverage, entertainment, trading, importers and exporters, engineering, charities, hotel management and logistics. Mr. Ang also has over 20 years of experience in finance and management in commercial corporations.

Mr. Ang is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants, a Public Accountant with the Accounting and Corporate Regulatory Authority, an Accredited Tax Practitioner (Income Tax and GST) with the Singapore Institute of Accredited Tax Professionals and a patron of the Citizens' Consultative Committee with the People's Association. He is also the recipient of the prestigious Pingat Bakti Masyarakat Award, a public service medal awarded by the President of Singapore.

Mr. Ang graduated from the National University of Singapore with a Bachelor of Accountancy in 1981.

MR. CHEN MINGYU
Independent Director

Mr. Chen Mingyu is an Independent Director and the Chairman of the Remuneration Committee. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Mr. Chen is presently the Managing Partner of D&E (Beijing) Business Consulting Co., Ltd, a finance, tax and business advisory services firm, and a visiting professor in the Executive Masters in Business Administration programme at Tsinghua University. Having been a partner in the Beijing offices of Deloitte, EY and KPMG respectively, Mr. Chen has over 30 years of experience in providing advice on cross-border M&A transactions, enterprise evaluation, designing and implementing global holding companies, tax efficient financing and capital repatriation strategies.

Mr. Chen received his undergraduate degrees in Accounting from Shenyang Open University in 1985 and English from Liaoning University in 1987. He also received a Master's in Business Administration from Fordham University in 2005.

DR. JIANG MINGHUA
Independent Director

Dr. Jiang Minghua is an Independent Director. He was appointed to the Board of G.H.Y Culture & Media on 23 November 2020.

Dr. Jiang is presently a Professor at Peking University, Guanghua School of Management. He teaches the Marketing and Brand Management courses in the Guanghua School of Management, Peking University, to businessmen and senior managers and conducts classes for the Masters of Business Administration Programme (MBA) and Executive Masters of Business Administration Programme for senior management.

He has also served as a Strategic Adviser to China Central Television Advertising Center (中央電視台廣告中心) and Brand Consultant to Beijing Handian Pharmaceutical Co., Limited (北京漢典製藥有限公司) and Beijing Keshuiwei Technology Co., Ltd (北京科旭威爾科技股份有限公司). Dr. Jiang was previously an Independent Director of AVIC Culture Co., Ltd (中航文化有限公司) from April 2014 to December 2015, and a Brand Consultant and Independent Director of Beijing Fund River Investment Co., Ltd. (北京方德瑞投資有限公司) from December 2015 to December 2018, where he provided strategic advice relating to marketing strategy, brand equity management and brand value.

Dr. Jiang graduated from Peking University with a Bachelor's degree in Economics in 1986 and obtained a Master's degree in Economics in 1989 and a Doctorate in Economics in 1997.

BOARD OF **DIRECTORS**

MR. SHAMSUL KAMAR BIN MOHAMED RAZALI
Independent Director

Mr. Shamsul Kamar Bin Mohamed Razali is an Independent Director. He was appointed to the Board of G.H.Y Culture & Media on 1 February 2022.

Mr. Shamsul was formerly the Executive Director of the Centre for Domestic Employees (CDE), an affiliate of the National Trades Union Congress (NTUC) and the Deputy Executive Secretary of the Education Services Union. He is also an Adviser to the Aljunied GRC grassroots organisations, the Chairman of PAP Community Foundation (PCF Kaki Bukit) and a member of the M3 FA4 Taskforce Workgroup Panel. Mr. Shamsul has been actively serving the community since 2006. He was previously the Chairman of the Ministry of Social and Family Development (MSF), Review Board, Committee 6, Board of Visitors (Children and Young Persons Homes) and was awarded the National Day Award – Pingat Bakti Masyarakat (PBM) in 2017.

Mr. Shamsul graduated from Nanyang Technological University with a Bachelor of Arts (Diploma in Education) in 1997 and obtained a Master of Arts (Southeast Asian Studies) from National University of Singapore in 2003.

MR. LI QI
Independent Director

Mr. Li Qi is an Independent Director. He was appointed to the Board of G.H.Y Culture & Media on 1 February 2022.

Mr. Li is an Associate Professor at the Guanghua School of Management, Peking University, where he taught classes on economics since 1983. Mr. Li was formerly the Dean of Guanghua School of Management, Shenzhen Campus and Shanghai Campus from 2009 to 2018 and 2014 to 2018 respectively.

Mr. Li graduated from Peking University with a Bachelor Degree in Economics in 1983 and obtained a doctoral degree in Social and Economic Sciences from the Vienna University of Economics and Business, Austria, Wirtschaftsuniversität Wien, Österreich in 1996.

KEY MANAGEMENT

MR. GUO JINGYU
Executive Chairman and Group CEO

Please refer to information on the Board of Directors on page 4.

MS. YUE LINA
Executive Director

Please refer to information on the Board of Directors on page 4.

MS. WANG QING
Executive Director

Please refer to information on the Board of Directors on page 4.

MS. VENESSA LIAN
Group Deputy Chief Executive Officer

Ms. Venessa Lian was appointed as the Group Deputy Chief Executive Officer on 14 May 2021.

Ms. Lian is responsible for the development and implementation of business strategies of the Group to achieve its corporate objectives and maximise long-term shareholder value. Ms. Lian also provides strategic leadership to the Company in the execution of growth and diversification strategies, in order to further expand the Group's geographical footprint in Southeast Asia.

She has more than 28 years of experience in drama and film distribution and concert production. Prior to joining the Group, Ms. Lian was the Events Director of Bestin Entertainment Pte. Ltd. from July 2018 to October 2019. She was also an Executive Director of G.H.Y Culture & Media (Singapore) Pte Ltd. (formerly known as Perfect World Pictures Singapore Pte. Ltd.) from November 2019 to March 2020.

MS. LOW HUI MIN
Chief Financial Officer

Ms. Low Hui Min was appointed as Chief Financial Officer in November 2019. She is responsible for all finance-related matters and tax-related matters (outside of the PRC) of the Group.

Prior to joining the Group, Ms. Low was the Regional Financial Controller of a multinational advertising agency network which is a subsidiary of a listed company on the New York Stock Exchange, from November 2017 to October 2019, and managed the finance teams across 12 markets in the Asia-Pacific region for all working capital and audit-related matters. She was also a Senior Audit Manager with Deloitte & Touche LLP from July 2007 to October 2017 and was a lead manager responsible for the audit of multinational and local companies in a broad range of industries.

Ms. Low is a Chartered Accountant with the Institute of Singapore Chartered Accountants. She graduated from Nanyang Technological University with a Bachelor of Accountancy in 2006.

MR. XUE XIN
Senior Director of TV Program and Film Production

Mr. Xue Xin was appointed as the Senior Director of TV Program and Film Production in April 2019. He joined G.H.Y Culture & Media in April 2019 and is responsible for overseeing the production of the drama and film projects of the Group.

Mr. Xue leads the Group's PRC production team and was the executive producer for various notable dramas and films in the PRC, including "Rush Year 刀鋒1937", "The Red Lady 紅娘子", "Brave Heart 勇敢的心" and "The Blue Blade 火藍刀鋒". Prior to joining the Group, Mr. Xue was previously a Manager and Producer of TV programs and films and responsible for the management of the production team at Perfect World Co., Ltd., a company listed on the Shenzhen Stock Exchange which business includes TV program and film production, from March 2011 to March 2019. He has more than 30 years of experience as a producer and was also a Producer with the China Film Group Corporation from March 2002 to July 2020 and a producer with Beijing Film Studio from December 1980 to January 2002.

Mr. Xue is a member of the China Alliance of Radio, Film and Television (中國廣播電影電視社會組織聯合會). He graduated from Minzu University of China in 1992 with a degree in Business Management.

KEY MANAGEMENT

MS. CHAN PUI YIN

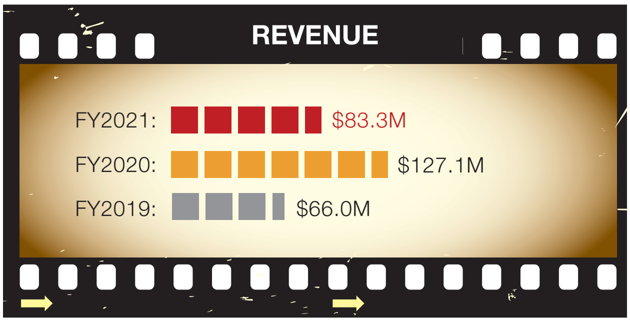
Senior Director of Concert Organisation and Management

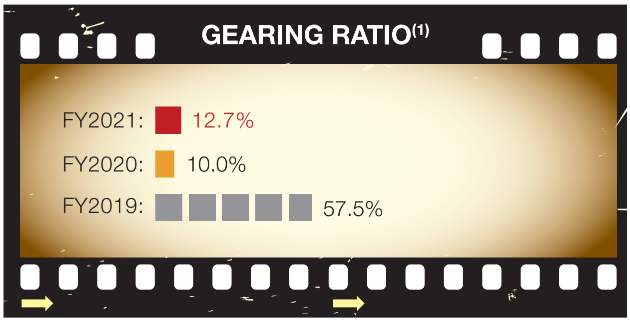
Ms. Chan Pui Yin was appointed Senior Director of Concert Organisation and Management in May 2020. She joined G.H.Y Culture & Media in Singapore in September 2017 as Director of TV Program and Drama Production and was subsequently re-designated as Senior Director of Concert Organisation and Management. She is responsible for overseeing the organisation and management of concerts of the Group and is supported by concert production teams based in Singapore and the PRC, all of whom have experience and expertise in event organisation and production.

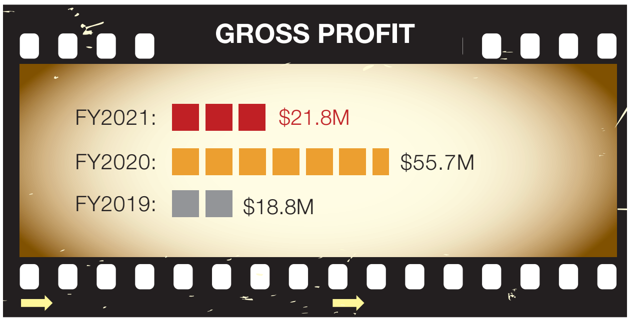
Prior to joining the Group, Ms. Chan was previously a Producer with SIMF Management Pte. Ltd. from March 2011 to July 2017 and was responsible for funding, developing and managing the projects and activities for film and TV productions. She was also Assistant Vice President at MediaCorp Raintree Pictures Pte. Ltd. from September 2000 to March 2008 and was responsible for the development, production and distribution of films. She has more than 25 years of experience in the TV program and film production industry and has worked on award-winning films such as “I Not Stupid”, “Homerun” and “Painted Skin”.

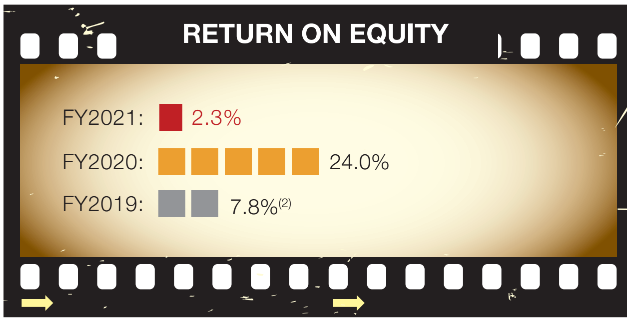
Ms. Chan holds a Certificate in Graphics Design from the Nanyang Academy of Fine Arts, a Bachelor of Accountancy from the Nanyang Technological University and a Graduate Diploma in Marketing Communications from the Marketing Institute of Singapore.

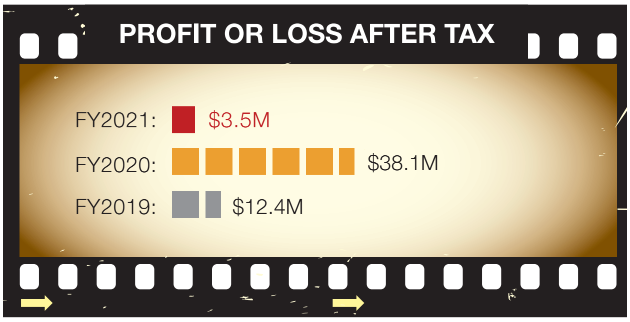
FINANCIAL HIGHLIGHTS

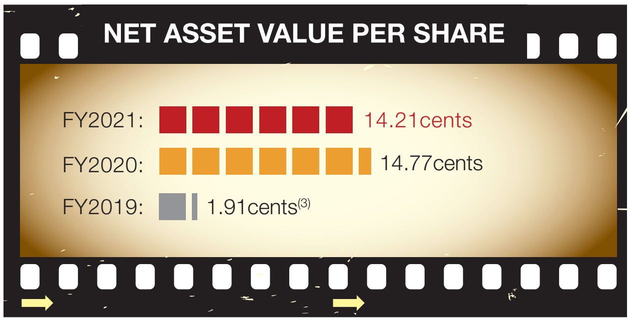


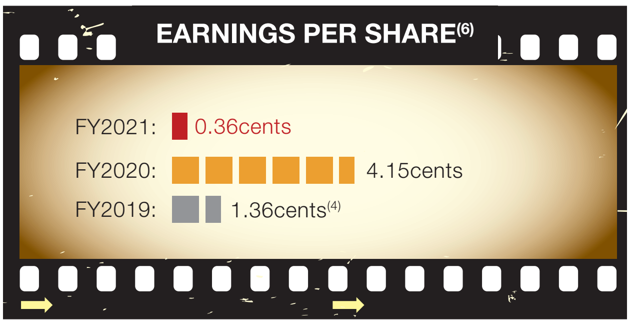












Note

Certain numerical figures set out in this Annual Report, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments, and, as a result, the totals of the data in this Annual Report may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the Annual Report have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Annual Report, as applicable, and not using the numerical data in the narrative description thereof.

"FY2019" refers to financial year from 1 January 2019 to 31 December 2019.
"FY2020" refers to financial year from 1 January 2020 to 31 December 2020.
"FY2021" refers to financial year from 1 January 2021 to 31 December 2021.

(1) Gearing ratio is computed based on the sum of borrowings, lease liabilities and film investment funds from investors over total equity.

(2) Computed based on the Group's equity as at 31 December 2020.

(3) For illustrative purposes, the number of ordinary shares used in the computation of net asset value per ordinary share as at 31 December 2019 has been retrospectively adjusted to reflect the share split of 91,093,000 shares into 910,930,000 shares, assuming such transactions had occurred as at 31 December 2019 (the "share split").

(4) For illustrative purposes, the earnings per share have been calculated based on profit or loss for the financial year and 910,930,000 shares, after adjusting for the share split.

FINANCIAL HIGHLIGHTS

PROPOSED FINAL DIVIDENDS FOR FY2021

Committed to rewarding our shareholders

The Board proposed a final dividend of 0.10 Singapore cents per share for FY2021, subject to shareholders' approval, representing 30% of profit after tax generated in FY2021.

The Group prioritises its cash to reinvest in core businesses and to fund new growth opportunities, followed by highly selective acquisitions. After satisfying those uses of cash, excess cash shall be returned to shareholders via dividends and share repurchases.

OPERATION AND FINANCIAL REVIEW

OPERATION REVIEW FOR FY2021

TV Program and Film Production

In FY2021, we completed two dramas "Horror Stories of Tang Dynasty 唐朝詭事錄" and "Brave Heart II 勇敢的心2", an online short-form video series "Ability Bureau 誰？異能者" (formerly named as "Whimsical World 異想世界") and three films under the film series "I Come From Beijing 我來自北京".

During the year, we relocated certain filming and production activities for the drama series "Sisterhood 南洋女兒情" from Malaysia to China due to the COVID-19 situation in Malaysia. The production for "Sisterhood 南洋女兒情" is nearing completion. In January 2022, the Group was awarded the Film in Malaysia Incentive Plus Grant ("**FIMI Plus Grant**") of approximately $2.2 million in respect of the drama "Sisterhood 南洋女兒情", which is a 30.0% cash rebate on all qualifying Malaysia production expenditure which meets the prescribed criteria and is available for both Malaysian and foreign production activities. This FIMI Plus Grant shall be used to defray the production costs.

In October 2021, the Group also debuted its first short form video on leading video platform, Bilibili. Since then, the Group also released additional short form videos on other leading video platforms including but not limited to Douyin. Although this is still in the early stage, all videos received strong viewership in leading platforms, demonstrating the potential for commercial success. In the future, the Group plans to collaborate with video-streaming platforms to develop even more of these short-form videos. The Group's high-quality entertainment content and expansion into additional markets worldwide will enable it to further grow its global reach.

Despite a lighter than normal content slate in FY2021 due to COVID-induced production delays in 2021, the Group is expecting to see the positive effects of a stronger pipeline in the year ending 31 December 2022 ("**FY2022**"), with an expected increase in the number of productions in FY2022 as compared to FY2021.

Going forward, the Group will 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 not limited to increased investment in special effects and 5G content technology to meet strong demand for engaging high-definition visual experiences. The Group will also continue to explore new growth adjacencies in short-form video and interactive series to capitalise on growing demand for quality short-form entertainment content.

OPERATION AND **FINANCIAL REVIEW**

COVID-related government regulations and implementation of safety management measures for the crew, talent and employees will continue to weigh on operating cost for the benefit of longer-term business sustainability and employee safety. The Group also regularly reviews its costs to optimise margins, as it becomes accustomed to the new working environment in COVID-19.

Looking at FY2022, the Group is cautiously optimistic about the number of drama and film productions coming in the first half of the year. The Group anticipates a strong pace of content to hit the pipeline in the second half of this year, and the growth in the second half of FY2022 will be meaningfully higher than the first half of FY2022.

Concert Production

Although the Group has postponed highly anticipated concerts in 2021, a significant number of fans held on to their tickets. This reflects the potential strong pent-up demand for live concerts.

The continued relaxation of travel restrictions and safe-distancing measures imposed by the respective governments, coupled with the progressive vaccination roll-out programme to younger age groups have paved way for the recovery of the Concert Production business.

Looking at 2022 and 2023, the Group expects a phased reopening of economies in Singapore, Malaysia, the PRC and Australia which will boost the second growth engine, the Concert Production business. Accordingly, the Group expects to hold previously postponed concerts and undertake more Concert Productions.

As part of the Group's overall disciplined approach towards cost management, a relatively small team of staff manages its Concert Production business. Therefore, the Group only incurs a relatively small amount of fixed costs in the Concert Production business.

Other Business Segments

Costumes, Props and Make-up Services Business

We provide costumes, props and make-up services for artistes and third party production companies in respect of their drama and film production activities by engaging subcontractors for the provision of such costumes, props and make-up services. In particular, we have in the past engaged, and will continue to engage, Mr. Chen Minzheng (陳敏正) to design and create costumes and props for our drama and film projects, as well as for third party production companies which engage his services through our Group by way of an exclusive services and collaboration between our Group and Mr. Chen Minzheng. Mr. Chen Minzheng is a well-known designer for costumes, props and make-up in the PRC who has won, among others, the Golden Horse Award for Best Makeup & Costume Design in 2018 and the Asian Film Award for Best Costume Design in 2019.

In 2021, we have entered into agreements for the provision of costume and make-up services by the Group for the performers participating in the Beijing 2022 Winter Olympics opening ceremony. The Group is deeply honoured to have been appointed by the organisers of the Beijing 2022 Winter Olympics and to have contributed to the success of the opening ceremony. The appointment is a strong endorsement of the capabilities of the Group's fast-growing Costumes, Props and Make-up Services team, led by award-winning designer Mr. Chen Minzheng.

Talent Management Services Business

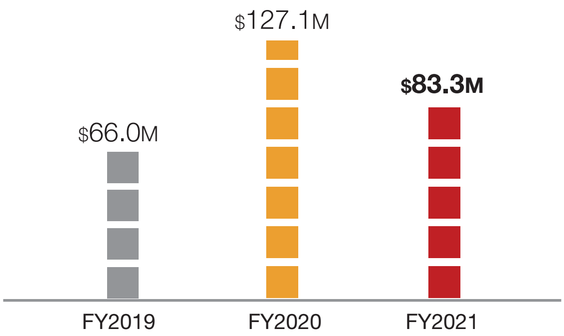
We identify and recruit artistes who are based mostly in the PRC and have built up a stable of well-known artistes. Our talent management services business manages more than 60 artistes and the current pool of artistes we manage are actors and actresses who are primarily based, or whose projects and engagements are primarily based, in the PRC and/or Singapore.

OPERATION AND **FINANCIAL REVIEW**

FINANCIAL PERFORMANCE FOR FY2021

The Group's revenue decreased by $43.8 million from $127.1 million in FY2020 to $83.3 million in FY2021.

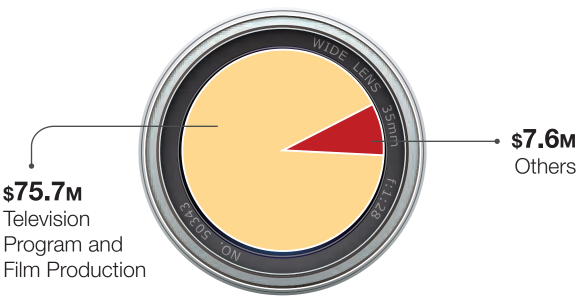
REVENUE



Business Segment

The Group's revenue decreased by $43.8 million from $127.1 million in FY2020 to $83.3 million in FY2021, mainly due to a decrease in revenue contribution (net of inter-segment elimination) from the TV Program and Film Production business segment of approximately $32.8 million from $108.5 million in FY2020 to $75.7 million in FY2021.

BUSINESS SEGMENT REVENUE



Revenue was recognised in FY2021 mainly in respect of (i) three dramas "Horror Stories of Tang Dynasty 唐朝詭事錄", "Perfect Village 最美的鄉村" and "Brave Heart II 勇敢的心2", (ii) ongoing filming for one drama "Sisterhood 南洋女兒情"; (iii) an online short-form video series "Whimsical World 異想世界", and (iv) three films under the film series "I Come From Beijing 我來自北京". In FY2020, the revenue contribution was from six dramas, one film series which was completed and broadcasted in FY2020 and ongoing filming for two dramas and one online short-form video series.

In FY2021, there was also an absence of revenue contribution from the Concert Production business segment in FY2021 as compared to revenue of $14.8 million in FY2020 which was mainly from two concerts held in FY2020.

Under the Others business segment (net of inter-segment elimination) mainly comprising Talent Management and Costumes, Props and Make-up Services, there was an increase of approximately $3.8 million in revenue contribution from $3.8 million in FY2020 to $7.6 million in FY2021, which was mainly due to an increase in number of projects for costumes, props and make-up services.

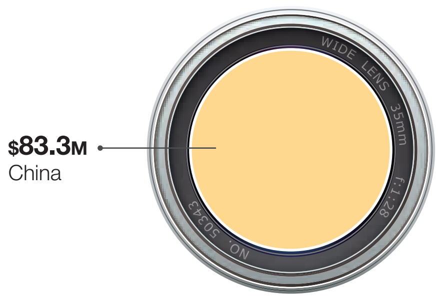
The total revenue derived from our PRC Affiliated Entities amounted to approximately $83.3 million, which comprised 100.0% of the total revenue of our Group.

Geographical Segment

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 approximately 100.0% of the Group's total revenue.

In FY2021, 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. In FY2020, the Group's revenue from customers located within Singapore was mainly due to the two concert productions which were held in Singapore under the Concert Production business segment in FY2020 and the completed production of one drama under the TV Program and Film Production business segment in FY2020, of which the copyright and ancillary rights to this drama were sold to a customer located in Singapore.

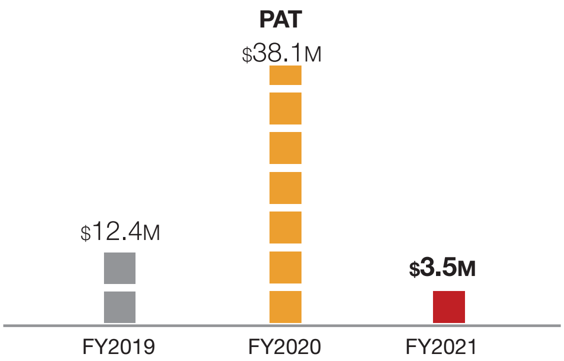
GEOGRAPHICAL SEGMENT REVENUE 2021



OPERATION AND FINANCIAL REVIEW

$3.5M
PROFIT AFTER TAX ("PAT")

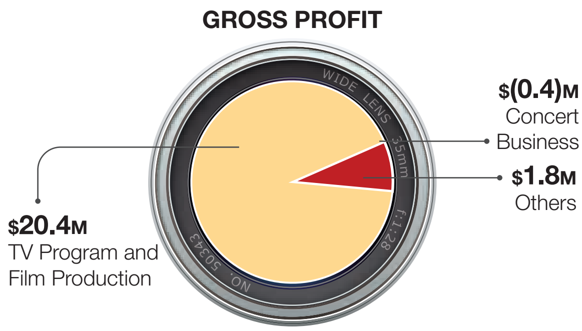
Profit for the year decreased by approximately $34.6 million, from $38.1 million for FY2020 to $3.5 million for FY2021.



$21.8M
GROSS PROFIT

The Group's gross profit ("**GP**") decreased by approximately $33.9 million from $55.7 million in FY2020 to $21.8 million in FY2021. Gross profit margin ("**GPM**") decreased from 43.8% in FY2020 to 26.1% in FY2021, which was mainly contributed by lower drama and film production sales driven by fewer titles sold in the current year and lower margins for certain drama series. Certain filming and production activities were shifted from Malaysia to the PRC for "Sisterhood 南洋女兒情" ("**Sisterhood**") since May 2021 which affected margins as certain set-up costs had to be incurred again in the PRC, resulting in duplicate costs.

Despite the unexpected increase in production costs, the drama "Sisterhood" remains profitable. In January 2022, the Group was also awarded the FIMI Plus Grant of approximately $2.2 million in respect of this drama, which is a 30.0% cash rebate on all qualifying Malaysia production expenditure which meets the prescribed criteria and is available for both Malaysian and foreign production activities.



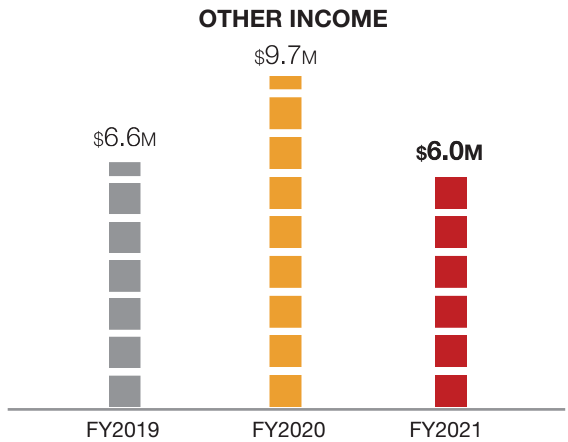
In FY2021, there was an absence of profit contribution from the Concert Production business segment in FY2021 compared to a gross profit contribution of approximately $7.8 million in FY2020.

$6.0M
OTHER INCOME

Other income decreased by approximately $3.7 million from $9.7 million in FY2020 to $6.0 million in FY2021.

This was mainly due to the absence of a one-time gain of $3.2 million from the disposal of an associate, Beijing Honghaier Film & Culture Co., Limited in FY2020 and lower government grants of approximately $2.6 million from $5.8 million in FY2020 to $3.2 million in FY2021. Government grants mainly comprised (a) grants in respect of certain drama and film production activities from the relevant local government authorities and (b) grants from government relief schemes.

The decrease was offset by an increase in net exchange gain of approximately $1.7 million from $0.4 million in FY2020 to $2.1 million in FY2021, mainly due to appreciation of RMB against SGD and rental income of $0.2 million mainly from leasing of film set located in the PRC to third parties.



OPERATION AND **FINANCIAL REVIEW**

EXPENSES

Administrative expenses

The Group's administrative expenses increased by approximately $0.6 million from $10.9 million in FY2020 to $11.5 million in FY2021. This was mainly due an increase of approximately $2.2 million for employee benefit expenses (which includes salaries and defined contribution plans) due to additional headcount for planned business activities from 2022 onwards; an increase in professional expenses and general expenses of approximately $2.4 million, mainly for directors' fees, professional fees and listing compliance costs subsequent to the Company's IPO on 18 December 2020; and an increase of approximately $0.4 million for depreciation and amortisation expenses mainly arising from the addition of leased offices in Malaysia and PRC and completion of film set located in Malaysia.

This was offset by the absence of one-time IPO expenses of $4.7 million incurred in FY2020.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately $0.7 million from $6.7 million in FY2020 to $6.0 million in FY2021, mainly due to a decrease of approximately $1.7 million in advertising and promotional activities due to cost control measures put in place and decrease of impairment loss of contract costs by $0.5 million, mainly arising from the postponement and rescheduling of the concerts to be held in Malaysia and Australia.

The decrease was offset by an increase of approximately $0.9 million in employee benefit expenses (which includes salaries and defined contribution plans) due to an increase in headcount for the business development, branding and marketing team for planned business activities for 2022 onwards; and an increase in depreciation and amortisation of $0.4 million from $0.8 million in FY2020 to $1.2 million in FY2021 mainly arising from addition of a leased office located in the PRC.

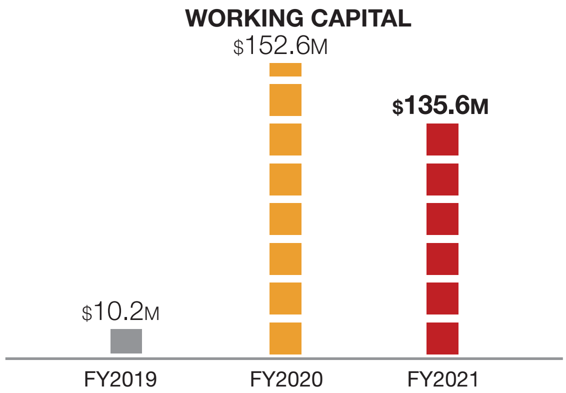
Other expenses

Other expenses increased by approximately $1.7 million from $0.6 million in FY2020 to $2.3 million in FY2021, mainly due to credit loss allowance of approximately $1.7 million. Loss allowance has been measured by a third-party valuer at an amount equal to lifetime expected credit losses by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

Finance cost

Finance cost remained fairly consistent over the years, comprising mainly interest expense on bank borrowings and film investment funds from external investors.

STATEMENT OF FINANCIAL POSITION



Net cash decreased by $80.4 million from $104.8 million as at 31 December 2020 to $24.4 million as at 31 December 2021, mainly for ongoing dramas and film productions, payment of $16.5 million for FY2020 interim and final dividends using internally generated funds, payment of $3.2 million for listing expenses and working capital purposes, as well as an increase of $7.2 million in bank borrowings for drama production and working capital purposes.

Though our working capital decreased by approximately $17.0 million from $152.6 million as at 31 December 2020 to $135.6 million as at 31 December 2021, we are still well-placed to ramp up production volume and maintains the Group's ability to leverage its strong position in the industry value chain to strategically pursue organic and inorganic growth in order to enhance stakeholders' value.

	As at 31 December 2021	As at 31 December 2020
Current Assets	$189.9M	$219.7M
Non-current Assets	$19.4M	$13.1M
Current Liabilities	$54.3M	$67.1M
Non-current liabilities	$2.9M	$7.1M

OPERATION AND FINANCIAL REVIEW

Current assets

The Group's current assets decreased by approximately $29.7 million from $219.7 million as at 31 December 2020 to $189.9 million as at 31 December 2021. The decrease was mainly due to a decrease of approximately $73.2 million in cash and cash equivalents and decrease in films and drama products of approximately $4.8 million due to sale of a drama production during the year.

The decrease was offset by (i) an increase in trade receivable of approximately $20.6 million, which was mainly due to sales billing during the year offset by receipts for drama productions; (ii) increase in other receivables of approximately $5.0 million mainly due to prepayments made for drama productions and VAT receivables; (iii) increase in contract assets of approximately $6.1 million, mainly due to ongoing drama productions to represent the Group's right to consideration for dramas and films production not billed at 31 December 2021; (iv) increase in financial assets at fair value through profit of loss of approximately $2.8 million, mainly due to investments in films, concerts and musical plays advanced to external parties for the financing of production and marketing expenditure of these investments; and (v) increase in films and drama productions in progress by approximately of $13.8 million mainly due to ongoing drama and film productions, representing production costs, costs of services, direct labour costs, facilities and raw materials consumed under productions.

Non-current assets

The Group's non-current assets increased by $6.3 million from $13.1 million as at 31 December 2020 to $19.4 million as at 31 December 2021, mainly due to (i) an increase of approximately $0.3 million in right-of-use assets mainly due to the renewal and addition of leased assets during the period, offset by routine depreciation; (ii) an increase of approximately $1.4 million in plant and equipment mainly due to the addition of a film set located in the PRC, offset by routine depreciation; (iii) net investment of approximately $0.7 million in joint venture, representing the Group's 70% equity interest in Uni-Icon Entertainment Pte. Ltd. offset by the Group's share of the FY2021 results from the joint venture; (iv) net investment of approximately $1.1 million in associate, representing the Group's 48.92% equity interest in Xiamen Kaimen Jianjun Film & Television Industry Investment Partnership (Limited Partnership) (廈門開門見君影視產業投資合夥企業 (有限合夥)) offset by the Group's share of the FY2021 results from the associate; and (v) an increase of approximately $2.7 million in deferred tax assets mainly arising from the deductible temporary differences and unutilised tax losses.

Current liabilities

The Group's current liabilities decreased by approximately $12.8 million from $67.1 million as at 31 December 2020 to $54.3 million as at 31 December 2021 mainly due (i) decrease of approximately $14.6 million in trade and other payables mainly due to payments due to vendors in the ordinary course of business, payment of IPO expenses and a decrease of deferred income representing government grants received for drama productions and government reliefs. The deferred income is recognised in profit or loss when the Group recognises as expenses the related costs for which the grants are intended to compensate; (ii) payment of remaining FY2020 interim dividend of $5.0 million to Shareholders. The Company had declared interim dividends of $10.0 million in respect of FY2020 on 18 November 2020 to be paid to persons who were registered Shareholders as at 30 September 2020; (iii) repayment of $4.1 million in film investment funds from investors; and (iv) a decrease in contract liabilities of approximately $1.8 million as these amounts are recognised as revenue when the Group fulfilled its performance obligation.

The decrease was partially offset by (i) net increase in the amount due to related parties of approximately $0.1 million which was mainly due to a) payables due to a company associated with a non-controlling shareholder and non-executive director for artiste fees and b) directors' fees accrued as of 31 December 2021, offset by payment of artiste fees to an entity controlled by a family member of the ultimate controlling shareholder and Executive Chairman and Group CEO; (ii) increase of $0.5 million in lease liabilities due to the addition of leased assets offset by repayment of lease liabilities; (iii) increase of $7.2 million in bank borrowings for drama production and working capital purposes; and (iv) an increase of $4.8 million in income tax payables.

Non-current liabilities

The Group's non-current liabilities decreased by $4.1 million from $7.1 million as at 31 December 2020 to $2.9 million as at 31 December 2021, mainly due to decrease in deferred tax liabilities due to timing differences between the carrying amounts of assets in the financial statements and the corresponding tax bases used in the computation of taxable profit.

STATEMENT OF CASHFLOW

	FY2021	FY2020
Net cash generated (used in) from operations	$(46.2)M	$14.3M
Net cash (used in) from investing activities	$(7.4)M	$1.7M
Net cash (used in) from financing activities	$(26.0)M	$78.6M

OPERATION AND FINANCIAL REVIEW

Net cash generated used in operating activities

The Group generated cash inflows from operating activities before movement in working capital of approximately $21.5 million, with net changes in working capital of approximately $61.7 million, income tax and net interest paid of approximately $5.2 million and approximately $0.8 million respectively.

The Group's net working capital outflows was mainly due to (i) a ramp up of production volume, and hence, there was a net increase in films and drama productions in progress and products of approximately $14.9 million, which was mainly due to ongoing drama and film productions, representing production costs, costs of services, direct labour costs, facilities and raw materials consumed under productions, as well as the dramas and films sold during the year; (ii) increase in trade and other receivables of approximately $28.5 million mainly due to prepayments made for drama productions and billings offset by receipts for ongoing drama productions; (iii) increase in contract assets of approximately $7.3 million mainly due to ongoing drama productions to represent the Group's right to consideration for dramas and films production not billed as at 31 December 2021; (iv) a decrease in trade and other payables of approximately $9.1 million, due to payments due to vendors in the ordinary course of business and a decrease of deferred income representing government grants received for drama productions and government reliefs. The deferred income is recognised in profit or loss when the Group recognises as expenses the related costs for which the grants are intended to compensate; and (v) decrease in contract liabilities of approximately $1.8 million as these amounts are recognised as revenue when the Group fulfilled its performance obligation.

Net cash used in operating activities was $46.2 million.

Net cash used in investing activities

Net cash used in investing activities amounted to approximately $7.4 million which was mainly due to (i) purchase of plant and equipment of approximately $2.2 million, mainly for expansion of post-production visual effects activities to strengthen the Group's end-to-end production capabilities and addition of a film set in PRC for filming purpose; (ii) purchase of intangible assets of approximately $0.5 million, mainly due to right to use a film set located in the PRC; (iii) investment in joint venture of approximately $1.0 million, for the Group's 70% equity interest in Uni-Icon Entertainment Pte. Ltd.; (iv) investment in financial assets at fair value through profit of loss of approximately $2.7 million, mainly due to film, concert and musical play investments advanced to external parties for the financing of production and marketing expenditure of these investments; and (v) investment in associate of approximately $1.1 million, for the Group's 48.92% equity interest in Xiamen Kaimen Jianjun Film & Television Industry Investment Partnership (Limited Partnership) (廈門開門見君影視產業投資合夥企業 (有限合夥)).

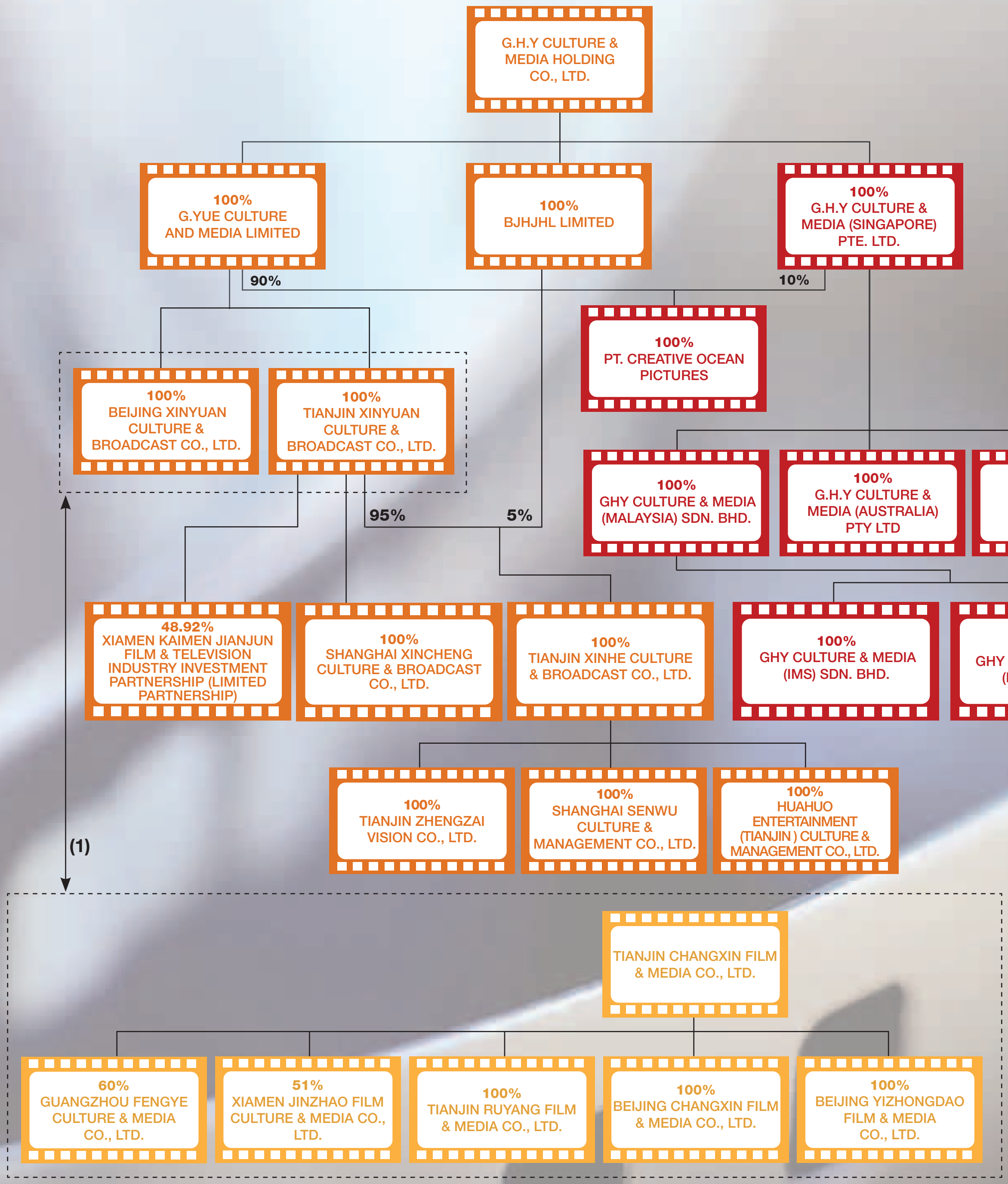
Net cash used in financing activities

Net cash used in financing activities amounted to approximately $26.0 million which was mainly due to (i) payment of interim and final dividends of $16.5 million in respect of FY2020; (ii) repayment of lease liabilities of $1.9 million; (iii) repayment of film investment funds to an investor of $4.2 million; (iv) repurchase of shares of $0.4 million; and (v) payment of listing expenses payable of $3.3 million.

This was offset by net proceeds from borrowings and restricted bank deposits of $0.2 million for drama productions and working capital purposes.

CORPORATE STRUCTURE

COMPANY AND SUBSIDIARIES



Note:

(1) The Company, through the GHY WFOEs (Tianjin Xinyuan Culture & Broadcast Co., Ltd. and Beijing Xinyuan Culture & Broadcast Co., Ltd), has entered into contractual arrangements with each of the PRC Affiliated Entities (Beijing Changxin Film & Media Co., Ltd., Beijing Yizhongdao Film & Media Co., Ltd., Tianjin Changxin Film & Media Co., Ltd., Tianjin Ruyang Film & Media Co., Ltd., Xiamen Jinzhao Film Culture & Media Co., Ltd., and Guangzhou Fengye Culture & Media Co., Ltd., and each a "PRC Affiliated Entity"), under which the Group is conferred operational control and economic rights over the PRC Affiliated Entities which allows the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities. Tianjin Changxin Film & Media Co., Ltd. is shareholder with 100% equity interests in Beijing Changxin Film & Media Co., Ltd., Beijing Yizhongdao Film & Media Co., Ltd., Tianjin Ruyang Film & Media Co., Ltd., Xiamen Jinzhao Film Culture & Media Co., Ltd., and Guangzhou Fengye Culture & Media Co., Ltd.

CONTRACTUAL **ARRANGEMENTS**

Contractual Arrangements currently in place

In order to comply with the foreign ownership prohibitions under the applicable PRC laws and regulations as set out below while maintaining effective control over the operations of Beijing Changxin Film & Media Co., Ltd., Beijing Yizhongdao Film & Media Co., Ltd., Tianjin Changxin Film & Media Co., Ltd., Tianjin Ruyang Film & Media Co., Ltd., Xiamen Jinzhao Film Culture & Media Co., Ltd., and Guangzhou Fengye Culture & Media Co., Ltd.,("**PRC Affiliated Entities**" and each, a "**PRC Affiliated Entity**") in the PRC, the Group has, through Tianjin Xinyuan Culture & Broadcast Co., Ltd. and Beijing Xinyuan Culture & Broadcast Co., Ltd. ("**GHY WFOEs**"), entered into contractual arrangements in respect of the PRC Affiliated Entities, under which the Group is conferred operational control and economic rights over each of the PRC Affiliated Entities, which allow the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, by way of the service fees payable by the PRC Affiliated Entities to the Group ("**Contractual Arrangements**").

Rationale for the Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Foreign Investment Law of the PRC (the "**Foreign Investment Land**") and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 version) ("**Negative List**"), which have been promulgated and amended from time to time jointly by the Ministry of Commerce of the PRC ("**MOFCOM**") and the National Development and Reform Commission of the PRC ("**NDRC**"). Under the negative list foreign investment is prohibited in certain industries, including TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進)).

As a result of the foreign ownership prohibitions under the Negative List, foreign-incorporated companies are unable to own or otherwise hold any equity interest in entities engaged in businesses in such industries. Accordingly, in order to engage in such businesses and maintain the necessary licences and permits, foreign-incorporated holding companies have adopted contractual arrangements so as to conduct operations in these industries in the PRC. Such contractual arrangements, similar to the Contractual Arrangements, confer operational control and economic rights to the foreign-incorporated holding companies, while complying with the applicable foreign ownership prohibitions in the PRC, including those under the Negative List.

The Foreign Investment Law was passed by the National People's Congress ("**NPC**") on 15 March 2019 and came into effect on 1 January 2020 and regulates investment activities directly or indirectly conducted by foreign individuals, enterprises and other organisations in the PRC. As set out in Company's Prospectus dated 11 December 2020, the Foreign Investment Law does not explicitly stipulate such contractual arrangements as a form of foreign investment and the Implementation Regulations on the Foreign Investment Law also do not list such contractual arrangements as a form of foreign investment.

The Company, as a foreign investor under the current PRC regulatory regime, has, through the GHY WFOEs, entered into the Contractual Arrangements in respect of the PRC Affiliated Entities, each of which holds the requisite permits for TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進)) in the PRC. The Contractual Arrangements confer operational control and economic rights over the PRC Affiliated Entities to the Group, which allow the Group to exercise control over the business operations of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities.

Overall performance of the PRC Affiliated Entities

The total profit for the year derived from our PRC Affiliated Entities amount to approximately $9.3 million (FY2020: $22.4 million), which comprised more than 100% (FY2020: 58.8%) of the total profit for the year of our Group.

Board Confirmation on the Contractual Arrangements

In FY2021, the PRC Affiliated Entities have complied with the terms and conditions of the Contractual Arrangements. The Board has undertaken a periodic review of the Contractual Arrangements and confirmed that during FY2021:

(i) no dividends or other distributions have been made by the PRC Affiliated Entities to Mr. Guo Jingyu or Mr. Xue Xin, the registered shareholders of Tianjin Changxin Film & Media Co., Ltd. (the "**Individual Shareholders**");

(ii) there were no new contracts entered into or renewed between the GHY WFOEs and the PRC Affiliated Entities; and

(iii) there were no material changes to the terms of the Contractual Arrangements.

Risks relating to the Contractual Arrangements

There are risks associated with the Contractual Arrangements and these include, among others:

- **If the PRC government deems that the Contractual Arrangements in respect of the PRC Affiliated Entities do not comply with PRC governmental restrictions on foreign investment, or if these regulations, or the interpretation of existing regulations, change in the future, the Group may be subject to severe penalties or be forced to relinquish its interests in those operations and the current corporate structure, corporate governance and business operations may be materially and adversely affected**

  As a result of the foreign ownership prohibitions under the Negative List explained under the section entitled "Rationale for the Contractual Arrangements" above, foreign-incorporated companies are unable to own or otherwise hold any equity interest in entities engaged in businesses in such industries. Accordingly, in order to engage in such businesses and maintain the necessary licences and permits, foreign-incorporated holding companies have adopted contractual arrangements in order to conduct PRC operations in these industries. Such contractual arrangements, similar to the Contractual Arrangements, confer operational control

CONTRACTUAL ARRANGEMENTS

and economic rights to the foreign-incorporated holding companies, while complying with the applicable foreign ownership prohibitions in the PRC, including those under the Negative List. We have similarly entered into the Contractual Arrangements in respect of the PRC Affiliated Entities, each of which holds the requisite permits for TV program and film production and operation in the PRC.

The Foreign Investment Law stipulates three forms of foreign investment. However, the Foreign Investment Law does not explicitly stipulate contractual arrangements as a form of foreign investment and the Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Notwithstanding the above, it is possible that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a form of foreign investment, and in such event, whether the Contractual Arrangements will be recognised as foreign investment or deemed to be in violation of the foreign investment access requirements and how the Contractual Arrangements will be handled is uncertain. In the extreme case, we may be required to unwind the Contractual Arrangements and/or dispose of the PRC Affiliated Entities, which could have a material and adverse effect on our business, financial condition, result of operations and prospects. If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that we or the PRC Affiliated Entities are in violation of PRC laws or regulations or lack the necessary permits or licences to operate our business, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with these violations or failures, including but not limited to revoking business and operating licences of the PRC Affiliated Entities, requiring us to discontinue or restrict our operations, imposing fines or confiscating any of our income that they deem to have been obtained through such illegal operations, restricting our right to collect revenue and/or restricting or prohibiting our use of the IPO proceeds or other of our financing activities to finance the business and operations of the PRC Affiliated Entities, among others.

- **The Contractual Arrangements in respect of the PRC Affiliated Entities may not be as effective in providing control over the PRC Affiliated Entities as direct ownership**

We rely on the Contractual Arrangements in respect of the PRC Affiliated Entities to operate our TV program and film production business in the PRC in which foreign investment is prohibited. However, these Contractual Arrangements may not be as effective as direct ownership in providing us with control over the PRC Affiliated Entities.

If we had direct ownership of the PRC Affiliated Entities, we would be able to directly exercise our rights as an equity holder to effect changes in the boards of directors of those entities, which could effect changes at the management and operational level. Under the Contractual Arrangements, we will have to rely on the PRC Affiliated Entities and the Individual Shareholders to perform their respective obligations in order to exercise our control over the PRC Affiliated Entities. Pursuant to the option to purchase the equity interest and/or assets granted to the Group under the Contractual Arrangements, we may replace the Individual Shareholders at any time pursuant to the Contractual Arrangements. However, if any Individual Shareholder is uncooperative or there is any dispute relating to these contracts that remains unresolved, we will have to enforce our rights under the Contractual Arrangements, including the rights of the GHY WFOEs to dispose of all or part of the pledged equity and to be compensated in priority from the proceeds therefrom under the Equity Pledge Agreements and/or the rights of the GHY WFOEs to purchase all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the business or assets of the PRC Affiliated Entities under the Agreements on Exclusive Purchasing Power. Such enforcement will be through the operation of PRC law and/or arbitral or judicial agencies, which may be costly and time-consuming and will be subject to applicable foreign ownership restrictions (for so long as such foreign ownership restrictions remain in force under the prevailing PRC laws and regulations) as well as uncertainties in the PRC legal system. Consequently, the Contractual Arrangements may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership.

- **The uncertainties of the PRC legal system could limit our ability to enforce Contractual Arrangements when any disputes arise**

All of the Contractual Arrangements are governed by and interpreted in accordance with PRC laws and regulations, and disputes arising from the Contractual Arrangements are to be resolved through arbitration or litigation in the PRC. Uncertainties in the PRC legal system could limit our ability to enforce the Contractual Arrangements. In respect of interim remedies, the Contractual Arrangements contain provisions to the effect that the arbitral body may award interim remedies, injunctive relief and/or winding up over the equity interest and/or assets of the PRC Affiliated Entities and that courts of competent jurisdictions, such as the courts in Singapore, the PRC, Hong Kong and the Cayman Islands, are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitration tribunal. However, we have been advised that such provisions may not be enforceable as an arbitralbody has no power under the applicable PRC laws and regulations to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of, or equity interest in, the PRC Affiliated Entities in case of disputes. In addition, the PRC legal system is not as developed as in other jurisdictions and there are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity structure should be interpreted or enforced under PRC laws and regulations. Therefore, such remedies may not be available to us, notwithstanding that the relevant provisions are contained in the Contractual Arrangements. Accordingly,

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there remains significant uncertainty regarding the outcome of arbitration or litigation, which could limit our ability to enforce the Contractual Arrangements.

PRC laws and regulations do not disallow an arbitral body to award the transfer of equity interests and/or assets of the PRC Affiliated Entities in favour of the relevant GHY WFOE, at the request of the GHY WFOEs. However, the arbitral body does not have the authority to enforce an award and the GHY WFOEs may have to resort to the competent courts. The court may or may not support such arbitral award when deciding whether to take enforcement measures. It is subject to the sole discretion of the courts with regard to whether to support such arbitral award and take enforcement measures. Therefore, such award may not be enforceable under PRC laws and regulations. We have also been advised that interim remedies or enforcement orders granted by overseas courts in respect of any arbitral award may not be recognised or enforceable in the PRC, notwithstanding that the Contractual Arrangements provide that courts of competent jurisdiction are empowered to grant interim remedies in support of the arbitration. As a result, in the event that any of the PRC Affiliated Entities or the Individual Shareholders breaches any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over the PRC Affiliated Entities and conduct our TV program and film production business in the PRC may be materially and adversely affected.

In the event that we are unable to enforce our rights under the Contractual Arrangements or if we experience significant delays or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over the PRC Affiliated Entities and may lose control over the assets owned by the PRC Affiliated Entities. As a result, we may be unable to consolidate the PRC Affiliated Entities in the consolidated financial statements of the Group, and our ability to conduct our operations in the PRC may be materially and adversely affected, and consequently, our business, financial condition, results of operation and prospects may be materially and adversely affected.

- **If we exercise the option to acquire the equity interest or assets of the PRC Affiliated Entities, such transfer of equity interest and/or assets may be subject to certain limitations and substantial costs**

Pursuant to the Contractual Arrangements, the Company, through the GHY WFOEs or their designated third party, has the irrevocable and exclusive right to purchase all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the businesses or assets of the PRC Affiliated Entities at a nominal consideration of RMB1 or such other minimum price as allowed by PRC laws and regulations. However, such transfer of equity interest may be subject to the approvals from, or filings with, the relevant local counterparts of the State Administration for Market Regulation, the relevant PRC Department of Commerce, the Tianjin Municipal Bureau of Culture and Tourism (Tianjin Municipal Radio and Television Bureau), the Beijing Municipal Radio and Television Bureau, and/or such other relevant PRC regulatory authority, and there can be no assurance that such approvals or filings will be obtained in a timely manner or at all. In addition, the equity transfer price may be subject to enterprise income tax and/or review and tax adjustments by the relevant tax authorities, and such tax amounts may be substantial. In the event that the Individual Shareholders and/or the PRC Affiliated Entities breach the Contractual Agreements, such as any failure by the Individual Shareholders and/or the relevant PRC Affiliated Entities to transfer all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the businesses or assets of the PRC Affiliated Entities, we may seek to enforce our rights to apply to the PRC courts to enforce our rights under the Equity Pledge Agreement through a court-ordered sale or auction of the pledged equity and be compensated in priority from the proceeds therefrom. Nevertheless, this will result in us not being able to exert effective control over the PRC Affiliated Entities and losing control over the assets owned by the PRC Affiliated Entities. As a result, we will be unable to consolidate the PRC Affiliated Entities in the consolidated financial statements of the Group, and our ability to conduct our operations in the PRC will be materially and adversely affected, and consequently, our business, financial condition, results of operation and prospects may materially and adversely affected.

- **Any failure by the PRC Affiliated Entities or the Individual Shareholders to perform their obligations under the Contractual Arrangements may have a material and adverse effect on our business, financial condition, results of operation and prospects**

If the PRC Affiliated Entities or the Individual Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce the Contractual Arrangements. For instance, the Contractual Arrangements contain terms that specifically require the Individual Shareholders to ensure the valid existence of the PRC Affiliated Entities and that the PRC Affiliated Entities may not, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. Although we have entered into the Agreements on Exclusive Purchasing Power in relation to each of the PRC Affiliated Entities, which provide that the GHY WFOEs or a designated third party may exercise the option to purchase all or part of the equity interests of the PRC Affiliated Entities which the Individual Shareholders hold and/or all or part of the businesses or assets of the PRC Affiliated Entities, to the extent permitted by applicable PRC laws, rules and regulations, the exercise of the option is subject to the review and approval of the relevant PRC governmental authorities. Whilst we have also entered into the Equity Pledge Agreements with the Individual Shareholders to secure certain obligations of the PRC Affiliated Entities and the Individual Shareholders to us under the Contractual Arrangement, the enforcement of these Equity Pledge Agreements through arbitral or judicial agencies, if any, may be costly and time-consuming and will be subject to uncertainties in the PRC

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legal system. Furthermore, in the event that we apply to the PRC courts for enforcement of our rights under the Equity Pledge Agreements through a court-ordered sale or auction of the pledged equity, the court may select the valuer to be appointed and the bases of the valuation undertaken by such valuer to assess the price of the pledged equity would accordingly be selected by the valuer. In the event that the valuation determined by such court-appointed valuer does not appropriately reflect the value of the Group's business and operations conducted through the PRC Affiliated Entities, we may not be adequately compensated from the proceeds of the sale or auction of the pledged equity and our business, financial condition, results of operation and prospects may be materially and adversely affected.

Under the Contractual Arrangements, the Individual Shareholders have also covenanted that they will not request the PRC Affiliated Entities to, in any manner, distribute profit or dividends or pass any shareholders' resolution without the prior written consent of the Group, and if the Individual Shareholders receive any income, profit distribution or dividend, except as otherwise determined by us, they are required to promptly transfer or pay such income, profit distribution or dividend to us or any other person designated by us to the extent permitted under applicable PRC laws, as part of the service fees under the respective Exclusive Business Cooperation Agreements. In the event that the Individual Shareholders breach such covenants or other terms of the Contractual Arrangements, we may need to resort to legal proceedings to enforce the Contractual Arrangements which may be costly and/or may divert our management's time and attention away from our business and operations. As the outcome of such legal proceedings may also be uncertain, we may suffer losses in the event of such breach of the Contractual Arrangements by the Individual Shareholders, which may materially and adversely affect our business, financial condition, results of operation and prospects.

In addition, although the terms of the Contractual Arrangements provide that they will be binding on the successors of the Individual Shareholders and the Individual Shareholders will procure their successors to be bound by the Contractual Arrangements, it remains uncertain whether the successors in case of the death, bankruptcy or divorce of an Individual Shareholder will be subject to or will be willing to honour the obligations of the Individual Shareholder under the Contractual Arrangements as those successors are not a party to the agreements. If the relevant PRC Affiliated Entity or the Individual Shareholder (or his successor), as applicable, fails to transfer the equity interests of the relevant PRC Affiliated Entity according to the respective Agreement on Exclusive Purchasing Power or Equity Pledge Agreement, we would need to enforce our rights under the relevant Agreement on Exclusive Purchasing Power or Equity Pledge Agreement, which may be costly, time-consuming and may not be successful.

- **We may lose the ability to use, or otherwise benefit from, the licences and assets held by the PRC Affiliated Entities and/or be exposed to losses if the PRC Affiliated Entities declare bankruptcy or become subject to dissolution or liquidation proceedings**

  The PRC Affiliated Entities hold licences and assets that are material and necessary for our business operations in TV program and film production in the PRC in which foreign investments are typically prohibited under applicable PRC laws and regulations. Under the terms of the Exclusive Business Cooperation Agreements entered into pursuant to the Contractual Arrangements, the PRC Affiliated Entities may not unilaterally, without our consent, decide to liquidate and distribute their remaining assets. Furthermore, if any of the PRC Affiliated Entities undergoes liquidation, the Individual Shareholders (by virtue of them being the registered shareholders of Tianjin Changxin Film & Media Co., Ltd.) or unrelated third-party creditors may claim rights to some or all of the assets of such PRC Affiliated Entity, thereby hindering our ability to operate our business as well as restricting our growth. We may also take part in such liquidation proceedings as a general creditor under the PRC Enterprise Bankruptcy Law and recover any outstanding liabilities owed by the PRC Affiliated Entities to the Group under the applicable Contractual Arrangements. While we may not have priority against both the Individual Shareholders and such third-party creditors in respect of the assets of the PRC Affiliated Entities under the Enterprise Bankruptcy Law of the PRC, the terms of the Contractual Arrangements contain safeguards to protect the interests of the Group in the event of liquidation. We are entitled, under the Contractual Arrangements, to obtain the remaining assets of the PRC Affiliated Entities at the price of RMB1 or such other minimum price permitted by the applicable PRC laws and regulations. In the event that the Individual Shareholders breach the terms of the Contractual Arrangements and voluntarily liquidate the PRC Affiliated Entities, or any of the PRC Affiliated Entities undergo liquidation and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to conduct some of our business and operations in the PRC or otherwise benefit from the assets held by the PRC Affiliated Entities, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

- **We may face significant tax and transfer pricing risks in the PRC arising from the Contractual Arrangements**

  Due to the foreign investment restrictions in the PRC, the Group may only conduct the business of TV program and film production and operation (including distribution of TV programs and films produced overseas (海外引進)) in the PRC through the Contractual Arrangements entered into between the Individual Shareholders, the GHY WFOEs and the PRC Affiliated Entities. Under the applicable PRC laws and regulations, the GHY WFOEs and the PRC Affiliated Entities are treated as related parties. Therefore, the related party arrangements and transactions among the GHY

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WFOEs and the PRC Affiliated Entities may be subject to audit or challenges by the PRC tax authorities for a period of 10 years after the taxable year during which the related party transactions were conducted. In the event that the PRC tax authorities deem that the Contractual Arrangements were not entered into on an arm's length basis and/or resulted in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, we may face material and adverse tax consequences. For instance, the PRC tax authorities may adjust the taxable income of the PRC Affiliated Entities in the form of a transfer pricing adjustment which could, among others, result in a reduction of expense deductions recorded by the PRC Affiliated Entities for PRC tax purposes. This could in turn increase the tax liabilities of the PRC Affiliated Entities without reducing the tax expenses of the GHY WFOEs. In addition, the PRC tax authorities may impose late payment fees and other penalties on the PRC Affiliated Entities for the adjusted but unpaid taxes according to applicable PRC tax laws and regulations. In such event, our business, financial condition, results of operation and prospects may be materially and adversely affected.

Pursuant to the Contractual Arrangements, the Company, through the GHY WFOEs or their designated third party, has the irrevocable and exclusive right to purchase all or part of the equity interests in the PRC Affiliated Entities and/or all or part of the businesses or assets of the PRC Affiliated Entities at a nominal consideration of RMB1 or such other minimum price as allowed by PRC laws and regulations. However, under the prevailing PRC individual income tax regulations, the relevant GHY WFOE or their designated third party, as the purchaser, is required to withhold the individual income tax of the Individual Shareholders. In the event that the relevant GHY WFOE or its designated third party, as the withholding agent, fails to withhold the individual income tax, the relevant PRC tax authority may impose a penalty of within the range of 50.0% to 300.0% of the amount of tax that should have been withheld. In addition, we have been advised that, in the event that the option to purchase under the Agreements on Exclusive Purchasing Power is exercised by the Group at the nominal consideration of RMB1 or such other minimum price as allowed by PRC laws and regulations, the PRC tax authority has the discretion to adjust the equity transfer price if it is of the view that the consideration payable should be at the fair market value of the equity interests in the relevant PRC Affiliated Entity and/or its assets. In such event, the relevant GHY WFOE or its designated third party would still be required to withhold tax based on the adjusted equity transfer price by the PRC tax authority and any failure to withhold such taxes may be subjected to penalties imposed by the PRC tax authority of an amount of 50.0% to 300.0% of the amount of tax that should have been withheld. Notwithstanding that the equity transfer price may be adjusted by the PRC tax authority, there can be no assurance that our GHY WFOE can claim a deduction on the cost of investment of the relevant PRC Affiliated Entity based on adjusted equity transfer price if the Group decides to divest our investment in PRC Affiliated Entities in the future. The actual transacted price (being the nominal consideration of RMB1 or such other minimum price as allowed by PRC laws and regulations) rather than the adjusted equity transfer price may still be used by the relevant PRC tax authority as the cost of investment in the PRC Affiliated Entities by the GHY WFOEs, for the purpose of computing the taxable gains derived by the relevant GHY WFOE in future. Accordingly, this may result in an increase in the future tax liabilities of the relevant GHY WFOE if the Group decides to divest our investment in the PRC Affiliated Entities in the future.

Notwithstanding the potential tax and transfer pricing risks highlighted above, our management undertakes to ensure that all relevant tax filings are made to the PRC tax authorities on a timely basis, and that an appropriate transfer pricing study and benchmarking analysis on the Contractual Arrangements would be carried out to mitigate the PRC tax risks and transfer pricing exposure. In addition, as the entities are subject to the same enterprise income tax rate, there would not be any tax leakage from the PRC tax authority's perspective since an income taxable to the GHY WFOEs at 25.0% would correspondingly be claimed as a deduction at the same rate of 25.0% by the PRC Affiliated Entities. In this regard, the effect of any adjustments to the income of the GHY WFOEs taxable in the PRC would be cancelled out by the deductions claimed by the PRC Affiliated Entities and hence, the transactions are less likely to be scrutinised by the PRC tax authority. However, there can be no assurance that the relevant PRC tax authority will not challenge or adjust the transfer pricing arrangements in relation to the Contractual Arrangements in the future.

- **The Individual Shareholders and the directors of the PRC Affiliated Entities may have potential conflicts of interest with us**

The Individual Shareholders are Mr. Guo Jingyu, our Executive Chairman and Group CEO and Controlling Shareholder, and Mr. Xue Xin, our Senior Director of TV Program and Film Production. Mr. Xue Xin is also the director of each of the PRC Affiliated Entities. We control the PRC Affiliated Entities through the Contractual Arrangements and we conduct a substantial portion of our operations through the PRC Affiliated Entities and generate a substantial portion of our revenue through the PRC Affiliated Entities. The Individual Shareholders may potentially have conflicts of interest with us arising from the conflicts of interest between their duties to the Company and their interest as the shareholders of the PRC Affiliated Entities. They may not act entirely in our interest when conflicts of interest arise and such conflicts of interest may not be resolved in our favour. Notwithstanding that we have arrangements in place to mitigate such conflicts of interest, such as non-compete undertakings in their respective service agreements with us, there can be no assurance that the Individual Shareholders will not breach such non-compete undertakings or their legal duties by diverting business opportunities from us. If we are unable to resolve such conflicts or if we suffer significant delays or other obstacles as a result of such conflicts, our business and operations may be disrupted, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

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The Individual Shareholders may be involved in personal disputes with third parties or other incidents that may have an adverse effect on their respective equity interests in the PRC Affiliated Entities and the validity or enforceability of the Contractual Arrangements. For example, in the event that any Individual Shareholder divorces his spouse, the spouse may claim that the equity interests in the PRC Affiliated Entities held by such Individual Shareholder is part of their marital or community property. If such claim is supported by the competent PRC court, the relevant equity interests may be obtained by the Individual Shareholder's spouse who is not bound by the Contractual Arrangements, which could result in us losing effective control over the PRC Affiliated Entities. Similarly, if any of the equity interests in the PRC Affiliated Entities are inherited by a third party who is not bound by the Contractual Arrangements, we could lose our control over the PRC Affiliated Entities or we may have to maintain such control at unpredictable costs, which may cause significant disruption to our business and operations. Notwithstanding that (a) the respective spouses of the Individual Shareholders have undertaken under the respective Spousal Undertakings that she unconditionally and irrevocably agrees and commits not to claim any equity interests of the PRC Affiliated Entities and the rights and interests or assets attached to constitute as community property, and that she does not own or control such properties, rights and interests or assets, and the Individual Shareholder has the right to dispose such equity interests and any rights and interests or assets attached independently; and (b) the Individual Shareholders have undertaken under the Contractual Arrangements to provide that the Contractual Arrangements will be binding on their successors and that they will procure their successors to be bound by the Contractual Arrangements, there can be no assurance that these undertakings or arrangements will be complied with or effectively enforced. If any of these undertakings or arrangements is breached, is unenforceable and/or subject to legal proceedings, our business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC laws provide that a director and an executive officer owes a fiduciary duty to the company he directs or manages. The director and executive officers of the PRC Affiliated Entities must act in good faith in the best interests of the PRC Affiliated Entities and must not use their respective positions for personal gain. On the other hand, the Directors of the Company owe fiduciary duties and a duty of skill and care to the Company under Cayman Islands law. We rely on the Individual Shareholders to abide by Cayman Islands laws, including the fiduciary duties of directors to act in good faith and in what they believe to be the best interests of the company and to exercise their powers in the company's interests. Nonetheless, conflicts of interests for the Individual Shareholders may arise due to differing roles as shareholders, directors and executive officers of the PRC Affiliated Entities and as the Company's Directors or employees. There can be no assurance that the Individual Shareholders of the PRC Affiliated Entities will always act in our best interests should any conflicts of interests arise, or that any conflicts of interest will always be resolved in our favour. There also can be no assurance that the Individual Shareholders will ensure that the PRC Affiliated Entities will not breach the Contractual Arrangements. If we cannot resolve any of these conflicts of interest of any related disputes, we would have to rely on legal proceedings to resolve these disputes and/or take enforcement action under the Contractual Arrangements. There is substantial uncertainty as to the outcome of any of these legal proceedings.

Actions taken to mitigate such risks

We have adopted the following measures to ensure the effective operations of the Group with the adoption of the Contractual Arrangements and the Group's compliance with applicable laws and regulations:

(a) any major issues arising from and/or in relation to the Contractual Arrangements or any regulatory enquiries from the relevant government or regulatory authorities will be submitted to the Board for review and discussion on an occurrence basis and the unanimous agreement of the Audit and Risk Management Committee will be sought for the aforementioned matters;

(b) the Audit and Risk Management Committee will review the internal control policies and procedures in place to safeguard the Group's assets which are held through the Contractual Arrangements (including the management of funds and the unwinding of the Contractual Arrangements as soon as the applicable PRC laws and regulations allow the business of the PRC Affiliated Entities to be operated without them) on a regular basis;

(c) the Board will review the overall performance of the PRC Affiliated Entities and compliance with the terms of the Contractual Arrangements on a periodic basis;

(d) the overall performance of the PRC Affiliated Entities and compliance with the Contractual Arrangements will be disclosed in the annual report of the Company;

(e) the Board will provide a confirmation in the annual report of the Company that, as part of their periodic review of the Contractual Arrangements:

    (i) no dividends or other distributions have been made by the PRC Affiliated Entities to the Individual Shareholders; and

    (ii) any new contracts entered into or renewed between the relevant GHY WFOEs and the PRC Affiliated Entities are fair and reasonable to the Group and the interests of the Shareholders as a whole, and not prejudicial to the interests of the Group and its minority Shareholders; and

(f) we will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the terms of the Contractual Arrangements and to deal with any specific issues or matters arising from the Contractual Arrangements.

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The Audit and Risk Management Committee will continually review the effectiveness of our internal control policies and procedures and will outsource our internal audit function to PricewaterhouseCoopers Risk Services Pte. Ltd. to ensure the adequacy and sufficiency of the internal control policies and procedures within the Group, including the abovementioned measures to ensure the effective operations of the Group with the adoption of the Contractual Arrangements and the Group's compliance with applicable laws and regulations.

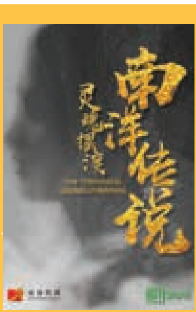
The Group will also continue to engage Deloitte & Touche LLP, as the external auditors, to carry out the agreed upon procedures annually on the transactions carried out pursuant to the Contractual Arrangements and include in their report to the Audit and Risk Management Committee for the purpose of the annual statutory audit of the Group, that no dividends or other distributions have been made by the PRC Affiliated Entities to the Individual Shareholders.

The Audit and Risk Management Committee will carry out periodic review of the terms of the Contractual Arrangements on an annual basis and will monitor the procedures established to regulate such interested person transactions in order to ensure that the Contractual Arrangements are not prejudicial to the interest of the Group and our minority Shareholders, and to ensure that proper measures to mitigate conflicts of interest have been put in place. In particular, where the prior written consent of the GHY WFOEs is required under the Contractual Arrangements for any transactions, the Audit and Risk Management Committee will first review such transactions and the terms of the Contractual Arrangements and any consent to be provided by the GHY WFOEs under the Contractual Arrangements will be subject to the prior unanimous consent of the Audit and Risk Management Committee having first been obtained. In the event that the Audit and Risk Management Committee is of the view that the Contractual Arrangements are prejudicial to the interests of the Group and our minority Shareholders and/or if there are any material changes to the terms of the Contractual Arrangements (even where such changes would not be considered interested person transactions under Chapter 9 of the SGX-ST Listing Manual), an independent financial adviser will be appointed to review the terms of the Contractual Arrangements and to provide an opinion on whether the Contractual Arrangements are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and our minority Shareholders.

Any material changes to the terms of the Contractual Arrangements will also be subject to review and approval by the Audit and Risk Management Committee and the requirements under Chapter 9 of the SGX-ST Listing Manual. Any amendments to the Contractual Arrangements which do not constitute material changes to the terms of the Contractual Arrangements, and will thus not be subject to the approval by Shareholders of the Company, will nonetheless be subject to review and approval by the Audit and Risk Management Committee and will be subject to the prior unanimous consent of the Audit and Risk Management Committee having first been obtained. In addition, where the Group intends to enter into new contractual arrangements with terms similar to the Contractual Arrangements and/or acquire the equity interest of the PRC Affiliated Entities to the extent permissible under the applicable PRC laws and regulations, such transactions will be subject to review and approval by the Audit and Risk Management Committee and the requirements under Chapter 9 of the SGX-ST Listing Manual. This is to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Group and our minority Shareholders.

OUR WORKS

(A) PAST PRODUCTIONS AND/OR RELEASES



The Ferryman – Legends of Nanyang
靈魂擺渡 ●南洋傳說
(Drama)

The Little Nyonya
小娘惹
(Drama)

Dance of the Sky Empire
天舞紀
(Drama)

Perfect Village
最美的鄉村
(Drama)

Frontliners
最美逆行者
(Drama)

To Be With You
約定之青春永駐
(Drama)

Make a Wish Miss Xianqi
仙琦小姐許願吧
(Drama)

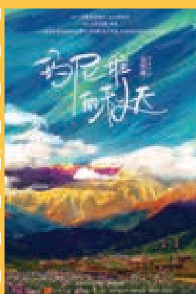
I Come From Beijing – Braised Goose in Iron Pan
我來自北京之鐵鍋燉大鵝
(Film Series)

I Come From Beijing – Helping Brothers
我來自北京之扶兄弟一把
(Film Series)

I Come From Beijing – Happy New Year
我來自北京之過年好
(Film Series)

I Come From Beijing – My Father
我來自北京之我爸是警察
(Film Series)

I Come From Beijing – Heavenly Blessings
我來自北京之福從天降
(Film Series)



I Come From Beijing – Tibetan Mani Stone Pile in Autumn
我來自北京之瑪尼堆的秋天
(Film Series)

I Come From Beijing – The Rise of the Pear Village
我來自北京之按下葫蘆起來梨
(Film Series)

The Love
最初的相遇，最後的別離
(Drama)

OUR **WORKS**

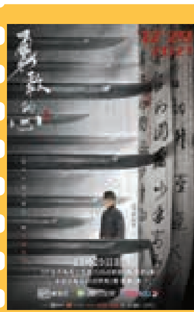
(A) PAST PRODUCTIONS AND/OR RELEASES

Jay Chou 周杰倫
"Carnival"
World Tour –
Singapore
(Concert)

Li Ronghao 李榮浩
"If I Were Young"
World Tour –
Singapore
(Concert)

Horror Stories of
Tang Dynasty
唐朝詭事錄
(Drama)

Whimsical World
異想世界
(Online Short Drama
Series)



Brave Heart II
勇敢的心 2
(Drama)

Marriage on Contract
契約夫婦離婚吧
(Online Short Drama
Series)

Ability Bureau
誰？異能者
(Online Short Drama
Series)

Ability Bureau II
誰？異能者 II
(Online Short Drama
Series)

Who takes the Throne
六神無主
(Online Short Drama
Series)

Twin Sisters
替身姐妹
(Online Short Drama
Series)

Match Made in
Heaven
負負得正
(Online Short Drama
Series)

Appraiser of Love
愛的鑒定師
(Online Short Drama
Series)

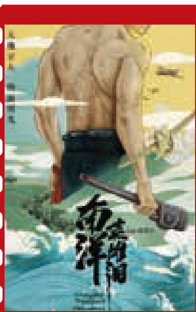
Lion in the Dream
夢見獅子
(Musical)

The Ferryman
靈魂擺渡之永生
(Musical)

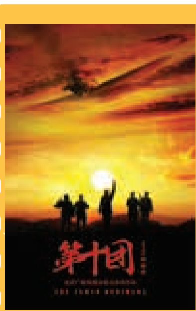
OUR WORKS

(B) CURRENT & UPCOMING PRODUCTIONS & RELEASES

Sisterhood
南洋女兒情
(Drama)



Nanyang Transport Volunteers
南洋英雄淚
(Drama)

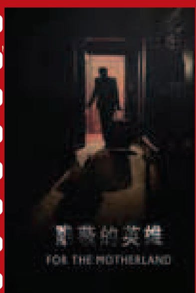


The 10th Regiment
第十團
(Drama)

Legend of the Sabre Master
天下刀宗
(Drama)

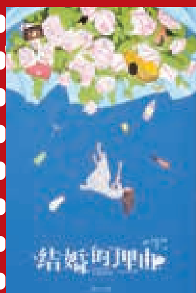
Perfect Promise
最美的諾言
(Drama)

The Hou Mansion
侯門
(Drama)



For the Motherland
隱蔽的英雄
(Drama)

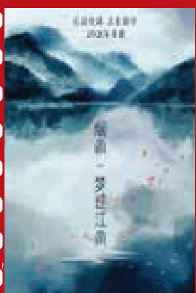
The Angry Ladies
女神飯店
(Drama)



The Truth of Marriage
結婚的理由
(Drama)

Sealing Knife
封刀
(Drama)

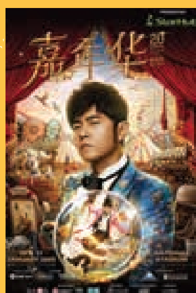
Age of Innocence
逆流純真年代
(Drama)



Misty Rain – Dreams of Jiangnan
煙雨 –
夢過江南
(Drama)

Da Ming and the Maidservant
大明小婢
(Drama)

Contact Person
接头
(Drama)



Jay Chou 周杰倫 "Carnival" World Tour – Australia and Malaysia (Concert)

The Business Pride
商驕
(Online Short Drama Series)

Horror Stories of Tang Dynasty
唐朝詭事錄之
曼陀羅
(Musical)

INVESTOR **RELATIONS**

Company Share information

Stock Code	SGX:XJB
Bloomberg Ticker	GHY:SP

INVESTOR RELATIONS CALENDAR

1st Quarter 2021

- Initiation Coverage by UOB Kay Hian and DBS
- FY2020 Financial Results Announcement and Corporate Presentation
- FY2020 Analyst and Investor Briefing
- Conference calls and meetings with analysts and/or investors
- Media Conference for MOU signing with iQiyi International
- SGX x DBS 'Singapore Momentum' Non-Deal Roadshow

3rd Quarter 2021

- 6M FY2021 Financial Results Announcement and Corporate Presentation
- 6M FY2021 Analyst and Investor Briefing
- CIMB-CGS Non-Deal Roadshow
- SGX x Haitong Singapore Corporate Day
- Conference calls and meetings with analysts and/or investors

2nd Quarter 2021

- Annual General Meeting
- Conference calls and meetings with analysts and/or investors

4th Quarter 2021

- Updated Corporate Presentation
- Conference calls and meetings with analysts and/or investors

INVESTOR RELATIONS

Timely and Transparent Disclosures

The Group is committed to upholding high standards of corporate governance and transparency, and to providing timely and detailed updates to investors. All material updates are first published on SGXNet, then the Group's corporate website and through media releases, to update the investment community on the latest information pertaining to the Group. Regular reviews are also conducted on the need for analyst briefings, investor roadshows or Investors' Day briefings.

The Group also has an outsourced investor relations function which focuses on facilitating communications with shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Group will solicit and understand the views of shareholders and the investment community.

Proactive Engagement with the Investment Community

The Group is fully committed to helping the investment community better appreciate its value proposition and investment merits. If and where possible, senior management will prioritise such engagements together with the investor relations team. During each engagement, the Group actively solicits views and opinions from research analysts and investors before considering all recommendations, where practicable, to enhance the public's understanding of the Group. The management and investor relations team also takes the opportunity to bridge the knowledge gap of the Group's business and the wider entertainment and media industry, as well as foster a better understanding about its business segments and respective growth strategies.

The Group has conducted several post-results engagements including analyst and investor briefings, one-on-one calls, and non-deal investor roadshows, meeting over 40 research analysts and institutional investors in FY2021. On a timely basis, the Group also provided updates on material developments to the media through press releases and press conferences. The Group pledges to invest time and resources into expanding its outreach to the investment community and the media to enhance their understanding of the Group's business. Since listing, the Group has also attained an initiation research coverage from UOB Kay Hian and DBS.

The Group has adopted the practice of half-yearly financial reporting but endeavours to provide operational updates and quarterly analyst and investor briefings to maintain engagements with the investment community. The Group is currently in the progress of enhancing its Investors Relations page on the corporate website to ensure effective dissemination of information. The Group will continue to look to participate in more local and international investor meetings and non-deal roadshows, physically and virtually, in the region as part of its efforts to raise awareness and institutionalise its shareholding.

Investor Relations Contact

Ms. Low Hui Min, CFO
E: huimin.low@ghyculturemedia.com

Tulchan Communications LLP, Investor Relations
E: GHY@tulchangroup.com

CORPORATE SOCIAL **RESPONSIBILITY**

The spirit of sharing and caring has always been an integral part of GHY's culture. For long-term sustainability, the Group strives to achieve a harmonious balance between business profitability and corporate social responsibility.

OUR FOCUS

Helping youth to develop further, enabling them to lead better lives

GHY believes that youth holds the key to a better future and that children from all backgrounds should be given equal opportunities to realise their dreams. The Group proactively supports governments and non-profit organisations with community projects that empower children and youth.

The Group's goal is to create a positive impact to the society through:

- enriching local media scene and entertainment industry
- supporting inclusive and equitable education
- providing social relief of distress

CORPORATE RESPONSIBILITY

DEVELOPMENT AND TRAINING

GHY believes in continuous improvement and the importance of human capital stewardship. The Group consistently pursues human resources development policies and programmes that provide relevant training and life-long learning opportunities for all levels of its employees to develop their skills and help them achieve their full potential with the right career opportunities. Together with its employees, GHY works towards driving sustainable innovation for the Group.

WORKING ENVIRONMENT

GHY understands the importance of a positive working environment to raise employee morale, productivity and satisfaction. As such, the Group endeavours to provide the best balance in wages, benefits, conditions of work and sustainable social security for its employees, to foster a healthy workplace environment. Given the growing focus on health amidst the ongoing pandemic, the Group introduced a healthy eating promotion which offers advice as part of the GHY employee wellness programme.

SOCIAL RESPONSIBILITY

APPRENTICESHIP PROGRAMME

GHY collaborates with Infocomm Media Development Authority of Singapore ("**IMDA**") in various initiatives such as "The Story Lab Apprenticeship" programme that provides participants with structured training in scriptwriting, directing and producing. Apart from upskilling the participants with theoretical knowledge, it is equally important to equip them with on-the-job exposure and practical experiences. As part of a holistic apprenticeship programme, participants are given the opportunity to visit overseas production shoot locations to learn from industry professionals. This is made possible given GHY's regional footprint and end-to-end production capabilities across the value chain.

PROVIDING 'REAL-WORLD' EXPERIENCE

The Group understands the significance of putting skills to practice and invited students from the School of Interactive and Digital Media at Nanyang Polytechnic ("**NYP**") to work on its productions including but not limited to "The Ferryman: Legends of Nanyang 靈魂擺渡-南洋傳説" and "Horror Stories of Tang Dynasty 唐朝詭事錄" as part of their final year project. Under the close guidance of experienced professionals at GHY and their lecturers, students gained hands-on experience in producing close to 200 visual effects shots. This provided a platform for aspiring students to learn more about value-added post-production capabilities in today's fast-evolving entertainment industry.

PRODUCTION WITH A PURPOSE

GHY believes in purposeful and responsible media and entertainment. To that end, the Group is committed to enhancing values and to raising awareness of social issues through its TV and film productions. By touching the hearts of the audience, GHY aims to make positive change in the societies the Group operates in. One such example is the film series "I Come From Beijing 我來自北京", a series of seven films with each film telling a different story about how the youth from Beijing help to alleviate poverty in rural areas in China. The last film of the series, "I Come From Beijing – Tibetan Mani Stone Pile in Autumn 我來自北京之瑪尼堆的秋天" was released on iQIYI in October 2021 and was a success.

*From Left to Right:
Mr. Daniel Ong (Head, Corporate Partnership) and Ms. Lee Jiayi (Coordinator, Corporate Partnership) from Care Corner Singapore Ltd receiving the book vouchers from G.H.Y Culture & Media on 18 March 2021*

*From Left to Right:
Ms. Kimberly Ong (Coordinator) and Ms. Sharon Chua (Partnership Executive) from Chen Su Lan Methodist Children's Home receiving the book vouchers from G.H.Y Culture & Media on 18 March 2021*

CORPORATE SOCIAL **RESPONSIBILITY**

PHILANTHROPIC RESPONSIBILITY

EQUITABLE EDUCATION

GHY has worked with registered charities in Singapore to provide vouchers to beneficiaries for the purchasing of books, school essentials and educational aids. With the assistance of social workers, up to 350 children from less privileged backgrounds have benefited from various campaigns that help provide the necessary educational tools to the communities that GHY operates in.

SCHOLARSHIP AND BURSARY

GHY firmly believes in nurturing the next generation of talent and acts on its beliefs by supporting academic fairness and inclusion to ensure that every child has the resources and support they need to be successful. The Group actively engages with various educational institutions in the region to provide financial support through scholarships (merit-based) and bursaries (need-based). GHY is also pleased to share that the Group launched scholarship programmes for Nanyang Polytechnic since November 2021, which is expected to positively impact aspiring young adults.

FUNDING AND DONATIONS

GHY recognises that the pandemic has significantly impacted the critical funding needs of charities and non-profit organisations. As part of the Group's contributions to the social community, the Group participicated as Singapore Exchange's Preferred Partner for the "18th SGX Cares Bull Charge 2021" to help raise funds for targeted beneficiaries. In addition, the Group has also made direct contributions to HCA Hospice Care, which provides care at home and on its premises for both live-in patients and those requiring day hospice care, and the "North East Growth Fund", which was set up by North East Community Development Council and benefits close to 2,400 young children by contributing to their nourishment and education.

RELIEF AND RECOVERY PROGRAMME

In July 2021, record-breaking floods brought catastrophic impact in Zhengzhou, the state capital of Henan province in the PRC. GHY, together with the Group's partners, responded swiftly by donating, delivering and distributing new and/or pre-loved items to the affected communities.

CORPORATE **DIRECTORY**

Board of Directors

Mr. Guo Jingyu (郭靖宇)
(Executive Chairman and Group CEO)

Ms. Yue Lina (岳丽娜)
(Executive Director)

Ms. Wang Qing (王清)
(Executive Director)

Mr. Yang Jun Rong (楊峻榮)
(Non-Executive Director)
(all references to "Yang Jun Rong" in this Report shall be a reference to "Yang Chun-Jung")

Ms. Zeng Yingxue (曾映雪)
(Non-Executive Director)

Mr. Yeo Guat Kwang
(Lead Independent Director)

Mr. Ang Chun Giap
(Independent Director)

Mr. Chen Mingyu (陳明宇)
(Independent Director)

Dr. Jiang Minghua (江明華)
(Independent Director)

Mr. Li Qi (李其)
(Independent Director)

Mr. Shamsul Kamar Bin Mohamed Razali
(Independent Director)

Corporate Information

Audit and Risk Management Committee

Mr. Ang Chun Giap
(Independent Director)
(Chairman)

Mr. Chen Mingyu (陳明宇)
(Independent Director)

Dr. Jiang Minghua (江明華)
(Independent Director)

Nominating Committee

Mr. Yeo Guat Kwang
(Lead Independent Director)
(Chairman)

Mr. Guo Jingyu (郭靖宇)
(Executive Chairman and Group CEO)

Dr. Jiang Minghua (江明華)
(Independent Director)

Remuneration Committee

Mr. Chen Mingyu (陳明宇)
(Independent Director)
(Chairman)

Mr. Yeo Guat Kwang
(Lead Independent Director)

Mr. Li Qi (李其)
(Independent Director)

Mr. Shamsul Kamar Bin Mohamed Razali
(Independent Director)

Management Team

Ms. Venessa Lian
(Group Deputy Chief Executive Officer)
(all reference to "Venessa Lian" in this Report shall be a reference to "Lian Lee Lee")

Ms. Low Hui Min
(Chief Financial Officer)

Mr. Xue Xin
(Senior Director of TV Program and Film Production)

Ms. Chan Pui Yin
(Senior Director of Concert Organisation and Management)

Company Secretaries

Ms. Ong Beng Hong
Ms. Lee Yuan

Registered Office

The offices of Conyers Trust Company (Cayman) Limited Cricket
Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

Principal Bankers

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

China Merchants Bank
No. A1, Yard 15
Nanhu South Road
Chaoyang District, Beijing
People's Republic of China

Shanghai Pudong Development Bank Co., Ltd
No. 2, Xinghua Street,
Daxing District, Beijing
People's Republic of China

East West Bank (China) Limited
33/F, Jin Mao Tower
88 Century Boulevard
Shanghai 20012,
People's Republic of China

Auditors

Deloitte & Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner-in-charge:
Mr. Loi Chee Keong
(Member of the Institute of Singapore Chartered Accountants, appointed as auditor with effect from 29 May 2018)

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 47 to 142 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Guo Jingyu	
Yue Lina	
Wang Qing	
Yang Jun Rong	
Yeo Guat Kwang	
Ang Chun Giap	
Chen Mingyu	
Jiang Minghua	
Shamsul Kamar Bin Mohamed Razali	(Appointed on 1 February 2022)
Zeng Yingxue	(Appointed on 1 February 2022)
Li Qi	(Appointed on 1 February 2022)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' **STATEMENT**

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company except as follows:

	Shareholdings registered in names of directors		Shareholdings in which directors are deemed to have an interest	
Names of directors and companies in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
The Company (Ordinary shares)				
Guo Jingyu (Note A)	1,083,000	4,626,400	640,000,000	640,000,000
Yang Jun Rong (Note B)	–	–	76,230,000	76,230,000
Tianjin Changxin Film & Media Co., Ltd. ("Tianjin Changxin") (Ordinary shares)[(i)]				
Guo Jingyu	–[(i)]	–[(i)]	–[(i)]	–[(i)]

(i) Tianjin Changxin, a PRC Affiliated Entity[1], had a registered capital of RMB3.06 million (equivalent to $640,000) of which Mr. Guo Jingyu held 98.04% interest.

Note A:

Kang Ru Investments Limited ("Kang Ru") holds 640,000,000 shares in the Company ("Shares"). Da Yuan Developments Limited ("Da Yuan") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, each of Mr. Guo Jingyu and G.Y Media & Entertainment Limited is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the Securities and Futures Act, 2001 of Singapore ("SFA").

Note B:

Taiho Holding Ltd. holds 76,230,000 Shares. Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

The directors' interest in the shares and debentures of the Company at 21 January 2022 were the same as at 31 December 2021.

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.

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the financial year, no option to take up unissued shares of the Company was granted.

(b) *Option exercised*

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company under option.

5 AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company at the end of financial year comprises of three directors, all of whom are independent and non-executive directors. The Audit and Risk Committee is chaired by Mr. Ang Chun Giap and includes Dr. Jiang Minghua and Mr. Chen Mingyu. The Audit and Risk Management Committee has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) the audit plan and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the audit plan of the external auditors;

(d) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditor's report on those financial statements;

(e) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(f) the co-operation and assistance given by the management to the Group's external auditors; and

(g) the re-appointment of the external auditors of the Group.

The Audit and Risk Management Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming annual general meeting of the Company.

DIRECTORS' **STATEMENT**

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

____
Guo Jingyu

____
Wang Qing

1 April 2022

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

OPINION

We have audited the financial statements of G.H.Y Culture & Media Holding Co., Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 142.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th>Key audit matter(s)</th><th>How the matter was addressed in the audit</th></tr>
<tr><td><u>Revenue recognition</u>

For the financial year ended 31 December 2021, total revenue of the Group amounted to $83.3 million which is mainly contributed by television program and film production segment of $75.7 million. Under SFRS(I) 15 Revenue from Contracts with Customers, revenue from television program and film production segment is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation, which may be satisfied at a point in time or over time based on the contractual arrangement with customers. The evaluation of the relevant terms in the respective contracts with customers requires significant judgement.

(a) Revenue recognised at point in time

Revenue is recognised at the point in time upon delivery and acceptance of the final product by the customer.

As disclosed in Notes 8 and 29, the Group entered into a significant transaction close to end of the financial year of which revenue of $28.2 million and gross profit of $8.5 million were recognised, representing 34% and 39% of the Group's revenue and gross profit respectively.</td><td>We have performed the following procedures:

• Discussed with management on the processes involved in the revenue cycles and performed walkthroughs to confirm our understanding and to evaluate the design and implementation of relevant controls and tested controls put in place by the Group;

• Reviewed and evaluated the Group's revenue recognition policy in accordance with SFRS(I) 15 Revenue from Contracts with Customers;

• Reviewed significant contracts during the financial year to understand the performance obligations as agreed with the customers;

(a) Revenue recognised at point in time

• Selected samples for revenue recognised at point in time and checked to supporting documents, performed audit procedures, including cut-off tests, to ascertain that revenue was recognised in the correct financial year;

• In relation to significant transaction entered close to end of the financial year, we have:
(i) obtained understanding of the business rationale of the transaction;
(ii) corroborated the understanding of the transaction by performing interviews and obtained confirmations from relevant parties;
(iii) performed background check of the new debtor to determine if it is related party to the Group;
(iv) reviewed the legal opinion provided by management that the Group has enforceable legal rights over the revenue contract as at year end and assessed the competency, reputation and objectivity of the PRC legal adviser appointed by the Group in providing the legal opinion;</td></tr>
</table>

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

KEY AUDIT MATTERS (CONTINUED)

Key audit matter(s)	How the matter was addressed in the audit
Revenue recognition (continued) (b) Revenue recognised over time For the revenue which are recognised over time based on stage of completion of the contract, the revenue and profit recognised in a year on these dramas and films are dependent on, amongst others, the assessment of the actual costs incurred up to the end of the reporting period as a proportion of the total estimated costs for each contract budgeted by management. There is estimation uncertainty in determining the revision of total estimated costs for the production of each drama or film as the contract progresses, which will affect the revenue and profit recognised. The Group's revenue recognition policy and key sources of estimation uncertainty are set out in Notes 3.18, 4(ii) and 29 to the financial statements.	(b) Revenue recognised over time • performed retrospective review by comparing total actual contract costs incurred at completion against the total estimated costs budgeted by management to assess the reasonableness of the management's estimates; • performed substantive testing, including reviewing the stage of completion by reference to the actual costs incurred up to the end of the reporting period as a proportion of the total estimated costs for each contract; • evaluated management's judgements in estimating the total contract costs; • performed subsequent review of the ongoing projects. We have reviewed the adequacy and appropriateness of the related disclosures in the financial statements. Based on the procedures performed, we considered the significant judgements and the key estimates applied by management to be reasonable.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

KEY AUDIT MATTERS (CONTINUED)

Key audit matter(s)	How the matter was addressed in the audit
Consolidation of PRC Affiliated Entities' financial information	
On 1 November 2020, the Company, through the wholly-foreign owned enterprises ("WFOEs"), namely Tianjin Xinyuan and Beijing Xinyuan, entered into the contractual arrangements with the ultimate controlling shareholder and Mr. Xue Xin ("Individual Shareholders") and each of the structured entities controlled ("PRC Affiliated Entities"). During the financial year ended 31 December 2021, there are new subsidiaries incorporated by PRC Affiliated Entities, being Guangzhou Fengye Culture & Media Co., Ltd. and Xiamen Jinzhao Film Culture & Media Co., Ltd.. These 2 new subsidiaries are controlled by Tianjin Changxin and both subsidiaries have entered into supplemental agreements with WFOEs, PRC Affiliated Entities, Individual Shareholders and each of the spouse of the Individual Shareholders dated 30 December 2021 (collectively known as "Contractual Arrangements"). The Contractual Arrangements confer operational control and economic rights over the PRC Affiliated Entities to the Group, which enables the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities; and to have the ability to use its power to affect its return. This structure has been put in place since November 2020. There are no changes to the Contractual Arrangements as well as the PRC law and regulations in relation to this Contractual Arrangements. Further details of Contractual Arrangements are set out in the Note 20A of the financial statements.	We have performed the following procedures: • Obtained and reviewed the Contractual Arrangements; • Assessed the competency, reputation and objectivity of the PRC legal adviser appointed by the Group in providing the legal opinion; • Reviewed the legal opinion; • Assessed management's judgement in determining control over the PRC Affiliated Entities and accounting treatment on the consolidation of the PRC Affiliated Entities; and • Reviewed the adequacy and appropriateness of the related disclosures in the financial statements. Based on the procedures performed, we considered management's judgement made on the Group's control over the PRC Affiliated Entities to be reasonable.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter(s)	How the matter was addressed in the audit
Consolidation of PRC Affiliated Entities' financial information (continued) The Group consolidates the PRC Affiliated Entities even though the Group has no equity ownership interest in the PRC Affiliated Entities. Management has assessed, based on the legal opinion of its PRC legal adviser, that the Group has established control over the PRC Affiliated Entities on the basis that the Contractual Arrangements are legal, valid and enforceable under the applicable PRC laws and regulations, and confer operational control and economic rights arising from the business of the PRC Affiliated Entities to the Group. Therefore, the Company is considered to control the PRC Affiliated Entities. The Group's critical judgement in determining control over the PRC Affiliated Entities is set out in Notes 4(i) and 20A to the financial statements.	

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

KEY AUDIT MATTERS (CONTINUED)

Key audit matter(s)	How the matter was addressed in the audit
Assessment of recoverability of trade receivables and contract assets from a major customer and a new debtor As at 31 December 2021, the Group's concentration of credit risk mainly arise from a major customer and a new debtor. There are certain indicators of significant increase in credit risk of the major customer who contributed 60% and 92% of the trade receivables and contract assets balance respectively. Out of the Group's trade receivables, this amounted to $29,353,000 of which balances overdue more than 90 days have been fully collected subsequent to year end, with $17,446,000 remaining uncollected as at date of this report. Out of the Group's trade receivables, the amount owing from the new debtor of $11,430,000 is not yet past due as at 31 December 2021, $2,142,000 has been collected subsequent to year end based on the progressive payment plan as agreed with the new debtor, with $9,288,000 remaining uncollected as at date of this report. Management engaged external independent valuer to perform expected credit loss assessment for the trade receivables and contract assets associated with the major customer and the new debtor. We focused on assessment of recoverability of trade receivables and contract assets from the major customer and new debtor as a key audit matter as the concentration of credit risk results in a greater inherent exposure to non-collectability. The assessment of recoverable amount requires management to make significant judgements regarding the identification of impaired receivables and contract assets and adequacy of allowance made using the expected credit losses ("ECL") model under SFRS(I) 9 *Financial Instruments*. These judgements include estimating and evaluating expected future receipts from customers based on historical experience and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses. The Group's ECL model and key sources of estimation uncertainty are set out in Notes 4(ii), 5(c)(iii), 8 and 10 to the financial statements.	We have discussed with management on analyses and assessments made with respect to recovery of significant and/or overdue trade receivables and contract assets. In addition, we have performed the following procedures: • Obtained an understanding of management's controls over monitoring and assessment of receivables to assess the expected recovery of trade receivables and contract assets; • Evaluated the basis of the ECL model used in determining the required loss allowance in accordance with SFRS(I) 9 *Financial Instruments*; • Evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including the historical experience and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses and financial condition of each customer, with focus on long outstanding debts which are past due but not impaired; and • Involved internal credit risk specialist to assess and review the expected credit loss assessment for the major customer and new debtor performed by external independent valuer, engaged by management. Based on the procedures performed, we noted that the judgement and estimates applied by management over the recoverability were reasonable. We have also reviewed the adequacy and appropriateness of the disclosures made in the financial statements, regarding trade receivables and contract assets, the key assumptions and estimation on allowance for ECL and the related risks such as credit risk and the aging of the trade receivables as disclosed in Notes 4(ii), 5(c)(iii), 8 and 10 to the financial statements.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. All other information was obtained prior to the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with SFRS(I)s, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF G.H.Y CULTURE & MEDIA HOLDING CO., LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2022

STATEMENTS OF **FINANCIAL POSITION**

31 DECEMBER 2021

	Note	Group		Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash at bank and restricted bank deposits	7	**38,738**	111,931	**11,148**	101,648
Trade receivables	8	**48,059**	27,474	**–**	–
Other receivables	9	**15,335**	10,357	**3,163**	18,006
Advances to a subsidiary	6A	**–**	–	**97,091**	7,450
Amount due from related parties	24A	**1,347**	1,257	**–**	–
Amount due from joint venture	24B	**77**	–	**–**	–
Contract assets	10	**59,313**	53,191	**–**	–
Contract costs	11	**663**	869	**–**	–
Financial assets at fair value through profit or loss	12	**3,029**	215	**–**	–
Inventories		**191**	179	**–**	–
Films and drama productions in progress	13A	**22,687**	8,920	**–**	–
Films and drama products	13B	**507**	5,296	**–**	–
		189,946	219,689	**111,402**	127,104
Non-current assets					
Plant and equipment	14	**5,348**	3,899	**–**	–
Right-of-use assets	15	**5,175**	4,845	**–**	–
Goodwill	16	**1,111**	1,111	**–**	–
Intangible assets	17	**2,131**	2,056	**–**	–
Other receivables	9	**108**	104	**–**	–
Deferred tax assets	18	**3,789**	1,042	**–**	–
Investment in subsidiaries	20A	**–**	–	**8,518**	8,518
Investment in associate	20B	**1,063**	–	**–**	–
Investment in joint venture	20C	**665**	–	**–**	–
		19,390	13,057	**8,518**	8,518
Total assets		**209,336**	232,746	**119,920**	135,622

STATEMENTS OF **FINANCIAL POSITION**

31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
LIABILITIES					
Current liabilities					
Trade and other payables	21	**22,980**	37,628	**6,134**	4,989
Dividend payable		**–**	5,000	**–**	5,000
Film investment funds from investors	22	**–**	4,072	**–**	–
Contract liabilities	23	**5,130**	6,894	**–**	–
Amount due to related parties	24A	**1,202**	1,058	**130**	11
Lease liabilities	25	**2,013**	1,469	**–**	–
Borrowings	26	**14,352**	7,125	**–**	–
Income tax payable		**8,621**	3,807	**–**	–
		54,298	67,053	**6,264**	10,000
Non-current liabilities					
Lease liabilities	25	**2,911**	3,221	**–**	–
Deferred tax liabilities	18	**28**	3,846	**–**	–
		2,939	7,067	**–**	–
Total liabilities		**57,237**	74,120	**6,264**	10,000
NET ASSETS		**152,099**	158,626	**113,656**	125,622
EQUITY					
Share capital	27	**14**	14	**14**	14
Share premium	28A	**114,118**	117,889	**114,118**	117,889
Treasury shares	28B	**(367)**	–	**(367)**	–
Capital reserve		**629**	629	**–**	–
Statutory reserve		**297**	297	**–**	–
Retained earnings (accumulated losses)		**34,913**	38,731	**(109)**	7,719
Translation reserves		**2,939**	1,066	**–**	–
Equity attributable to owners of the Company		**152,543**	158,626	**113,656**	125,622
Non-controlling interests		**(444)**	–	**–**	–
Total equity		**152,099**	158,626	**113,656**	125,622

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

YEAR ENDED 31 DECEMBER 2021

		Group	
	Note	**2021**	**2020**
		$'000	**$'000**
Revenue	29	**83,319**	127,095
Cost of sales		**(61,564)**	(71,426)
Gross profit		**21,755**	55,669
Other income	30	**5,961**	9,668
Share of result from associate	20B	**(8)**	(11)
Share of result from joint venture	20C	**(285)**	–
Administrative expenses		**(11,514)**	(10,942)
Selling and distribution expenses		**(5,957)**	(6,701)
Other expenses	31	**(2,263)**	(623)
Finance costs	32	**(1,048)**	(985)
Profit before income tax		**6,641**	46,075
Income tax expense	33	**(3,173)**	(8,009)
Profit for the year	34	**3,468**	38,066
Other comprehensive income, net of income tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain difference arising on translation of foreign operations		**1,873**	964
Total comprehensive income for the year		**5,341**	39,030
Profit (Loss) for the year attributable to:			
Owners of the Company		**3,901**	38,066
Non-controlling interests		**(433)**	–
		3,468	38,066
Total comprehensive income (loss) attributable to:			
Owners of the Company		**5,774**	39,030
Non-controlling interests		**(433)**	–
		5,341	39,030
Earnings per share			
Basic and diluted (cents)	37	**0.36**	4.15

See accompanying notes to financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2021

	Note	Share capital $'000	Share premium $'000	Treasury shares $'000	Capital reserve[(i)] $'000	Statutory reserve[(ii)] $'000	Retained earnings $'000	Translation reserves $'000	Equity attributable to the owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group											
Balances at 1 January 2020		641	5,713	–	–	297	10,665	102	17,418	–	17,418
Total comprehensive income for the year:											
Profit for the year		–	–	–	–	–	38,066	–	38,066	–	38,066
Other comprehensive income for the year		–	–	–	–	–	–	964	964	–	964
		–	–	–	–	–	38,066	964	39,030	–	39,030
Transactions with owners, recognised directly in equity:											
Conversion of loan to share capital	28A	*	7,736	–	–	–	–	–	7,736	–	7,736
Issue of shares	27,28A	2	107,487	–	–	–	–	–	107,489	–	107,489
IPO expenses taken to equity	28A	–	(3,047)	–	–	–	–	–	(3,047)	–	(3,047)
Deemed capital contribution		(629)	–	–	629	–	–	–	–	–	–
Dividends	39	–	–	–	–	–	(10,000)	–	(10,000)	–	(10,000)
		(627)	112,176	–	629	–	(10,000)	–	102,178	–	102,178
Balances at 31 December 2020		14	117,889	–	629	297	38,731	1,066	158,626	–	158,626
Total comprehensive income (loss) for the year:											
Profit (Loss) for the year		–	–	–	–	–	3,901	–	3,901	(433)	3,468
Other comprehensive income for the year		–	–	–	–	–	–	1,873	1,873	–	1,873
		–	–	–	–	–	3,901	1,873	5,774	(433)	5,341
Transactions with owners, recognised directly in equity:											
Non-controlling interests arising from investment in a subsidiary	20A	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11)**	**(11)**
Shares repurchased	28B	**–**	**–**	**(367)**	**–**	**–**	**–**	**–**	**(367)**	**–**	**(367)**
Dividends	39	**–**	**(3,771)**	**–**	**–**	**–**	**(7,719)**	**–**	**(11,490)**	**–**	**(11,490)**
		–	**(3,771)**	**(367)**	**–**	**–**	**(7,719)**	**–**	**(11,857)**	**(11)**	**(11,868)**
Balances at 31 December 2021		**14**	**114,118**	**(367)**	**629**	**297**	**34,913**	**2,939**	**152,543**	**(444)**	**152,099**

* Amount less than $1,000.

(i) The paid-in capital of $629,000 of Tianjin Changxin injected by the Individual Shareholders was accounted for as a capital contribution to the Group following the completion of the Corporate Reorganisation Exercise of the Group (Note 27).

(ii) 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.

STATEMENTS OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2021

	Note	Share capital $'000	Share premium $'000	Treasury shares $'000	(Accumulated losses) Retained earnings $'000	Total $'000
Company						
Balance at 1 January 2020		12	5,713	–	(142)	5,583
Profit for the year, representing total comprehensive income for the year		–	–	–	17,861	17,861
Transaction with owners, recognised directly in equity:						
Conversion of loan to share capital	28A	*	7,736	–	–	7,736
Issue of shares	27, 28A	2	107,487	–	–	107,489
IPO expenses taken to equity	28A	–	(3,047)	–	–	(3,047)
Dividends	39	–	–	–	(10,000)	(10,000)
		2	112,176	–	(10,000)	102,178
Balance at 31 December 2020		14	117,889	–	7,719	125,622
Loss for the year, representing total comprehensive loss for the year		–	–	–	(109)	(109)
Transaction with owners, recognised directly in equity:						
Shares repurchased	28B	–	–	(367)	–	(367)
Dividends	39	–	(3,771)	–	(7,719)	(11,490)
		–	(3,771)	(367)	(7,719)	(11,857)
Balance at 31 December 2021		**14**	**114,118**	**(367)**	**(109)**	**113,656**

* Amount less than $1,000.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2021

	Group	
	For the year ended	
	31 December 2021	31 December 2020
	$'000	$'000
Operating activities		
Profit before income tax	**6,641**	46,075
Adjustments for:		
Amortisation of films and drama products	**6,892**	9,439
Amortisation of intangible assets	**373**	62
Depreciation of plant and equipment	**924**	729
Depreciation of right-of-use assets	**2,013**	1,634
Allowance for expected credit losses	**1,741**	82
Written-off of plant and equipment	**18**	8
Impairment loss of contract costs	**219**	728
Fair value gain on financial assets through FVTPL	**(95)**	–
Gain on early termination of right-of-use assets	**(20)**	(34)
IPO listing expenses	**–**	4,666
Gain on disposal of investment in associate	**–**	(3,153)
Fair value gain on previously held interest in associate	**–**	(61)
Gain from bargain purchase of investment in subsidiary (Note 19(a))	**–**	(154)
Interest income	**(307)**	(83)
Interest expense	**1,048**	985
Gain on structured deposits	**(20)**	(27)
Share of result from associate (Note 20B)	**8**	11
Share of result from joint venture (Note 20C)	**285**	–
Fair value increase in amount due to an external investor	**–**	299
Net foreign exchange difference	**1,776**	988
Operating cash flows before movements in working capital	**21,496**	62,194
Films and drama productions in progress (Note A)	**(34,770)**	(1,857)
Films and drama products	**19,839**	8,693
Trade and other receivables	**(28,526)**	10,761
Amount due from related parties	**(107)**	7,825
Amount due from joint venture	**(77)**	–
Contract assets	**(7,259)**	(48,292)
Contract costs	**–**	(1,020)
Trade and other payables	**(9,131)**	2,419
Amount due to related parties	**125**	(5,873)
Inventories	**–**	(179)
Contract liabilities	**(1,764)**	(15,463)
Cash (used in) generated from operations	**(40,174)**	19,208
Interest income received	**274**	82
Interest paid	**(1,116)**	(978)
Income tax paid	**(5,201)**	(4,043)
Net cash (used in) generated from operating activities	**(46,217)**	14,269

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2021

	Group	
	For the year ended	
	31 December 2021 $'000	31 December 2020 $'000
Investing activities		
Purchase of plant and equipment (Note B)	**(2,189)**	(1,189)
Investments in financial assets at fair value through profit or loss	**(2,719)**	(215)
Purchase of intangible assets	**(486)**	(1,817)
Investment in structured deposits (Note C)	**20**	27
Investment in associate	**(1,071)**	–
Investment in joint venture	**(950)**	–
Advance to a related party	**–**	(1,772)
Disposal of investment in an associate (Note 20B)	**–**	3,572
Acquisition of a subsidiary (Note 19(a))	**–**	3,131
Net cash (used in) from investing activities	**(7,395)**	1,737
Financing activities		
Restricted bank deposits	**(6,426)**	–
Dividend paid to shareholders	**(16,490)**	(5,000)
Repayment of lease liabilities	**(1,925)**	(1,493)
Proceeds from borrowings	**13,912**	6,969
Repayment of borrowings	**(7,258)**	(4,968)
Proceeds of film investment funds from investors at amortised cost (Note 22)	**–**	4,381
Repayments of film investment funds to an investor at amortised cost (Note 22)	**(4,153)**	(3,186)
Repayment of amount due to related parties	**–**	(16,780)
Repayment of loan due to director of a subsidiary	**–**	(1,631)
Shares buy-back	**(367)**	(2,800)
Proceeds from issuance of shares	**–**	107,489
IPO listing expenses paid	**(3,307)**	(4,413)
Net cash (used in) from financing activities	**(26,014)**	78,568
Net (decrease) increase in cash and cash equivalents	**(79,626)**	94,574
Cash and cash equivalents at beginning of year	**111,931**	17,356
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**7**	1
Cash and cash equivalents at end of year (Note 7)	**32,312**	111,931

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2021

Note A:

	Group For the year ended	
	31 December 2021 $'000	**31 December 2020 $'000**
Additions of films and drama productions in progress (Note 13A)	34,858	4,520
Sales of films and drama productions in progress (Note 13A)	(66)	(2,638)
Less: Non-cash movement:		
Amortisation of intangible assets capitalised as films and drama productions in progress (Note 17)	(22)	(25)
	34,770	1,857

Note B:

	Group For the year ended	
	31 December 2021 $'000	**31 December 2020 $'000**
Purchase of plant and equipment (Note 14)	2,189	799
Add: Settlement on purchase of plant and equipment remained payable as at beginning of year	–	535
Less: Non-cash movement		
Trade-in with right-of-use assets	–	(145)
	2,189	1,189

Note C:

For the financial year ended 31 December 2021, 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. As at 31 December 2021, gross investment and proceeds received arising from such investment upon maturity amounted to $6,229,000 and $6,249,000 (31 December 2020: $22,368,000 and $22,395,000) respectively.

See accompanying notes to financial statements.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

1 GENERAL

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

The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 December 2020.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries, associate and joint venture are disclosed in Note 20A, Note 20B and Note 20C to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 1 April 2022.

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION

The Group undertook the following corporate reorganisation exercise in preparation for the initial listing of the shares of the Company on the Singapore Exchange Securities Trading ("SGX-ST") (the "Corporate Reorganisation Exercise"):

(i) Incorporation of Tianjin Changxin Film & Media Co., Ltd. ("Tianjin Changxin")

Tianjin Changxin was incorporated in the PRC as a limited liability company on 22 March 2018. The principal activity of Tianjin Changxin is TV program and film production. At the time of incorporation, Tianjin Changxin had a registered capital of RMB3.0 million (equivalent to $627,000) and Mr. Guo Jingyu (the "ultimate controlling shareholder") held 100% of the equity interest in Tianjin Changxin.

In November 2018, the registered capital of Tianjin Changxin was increased to RMB3.06 million (equivalent to $640,000) and two individual shareholders had each subscribed for RMB0.03 million (equivalent to $6,500) of the increased registered capital, representing in aggregate 1.96% of the enlarged equity interest in Tianjin Changxin. In May 2019, Mr. Xue Xin, a key management personnel of the Company ("Mr. Xue Xin"), acquired 1.96% of the equity interest in Tianjin Changxin from the two individual shareholders.

Subsequent to such acquisition of the 1.96% of the equity interest in Tianjin Changxin by Mr. Xue Xin, the ultimate controlling shareholder and Mr. Xue Xin holds 100.0% of the equity interest in Tianjin Changxin, in the proportion of 98.04% and 1.96%, respectively.

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YEAR ENDED 31 DECEMBER 2021

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION (CONTINUED)

(ii) Incorporation of G.H.Y Culture & Media Holding Co., Limited

The Company was incorporated in the Cayman Islands on 29 May 2018 as an exempted company with limited liability. The principal activity is that of an investment holding company. At the date of incorporation, the Company had an issued and paid-up share capital of US$1.00, comprising one share held by Sertus Nominees (Cayman) Limited, which was transferred to G.Y Media & Entertainment Limited on the date of incorporation of the Company. G.Y Media & Entertainment Limited is the investment holding vehicle of, and wholly-owned by the ultimate controlling shareholder.

On 21 June 2018, the 1 ordinary share held by the ultimate controlling shareholder is split into 10,000 ordinary shares of par value of US$0.0001 each. The ultimate controlling shareholder subscribed for additional 63,990,000 new shares in the Company at par value of US$0.0001 each, representing 64.0% of the issued capital in the Company (equivalent to $10,000).

(iii) Acquisition of G.H.Y Culture & Media (Singapore) Pte. Ltd. and its subsidiary ("GHY Singapore group", Note 19)

In June to July 2018, the Company had undertaken the Share Exchanges as described below, in order to acquire GHY Singapore and GHY Malaysia, which is a wholly-owned subsidiary of GHY Singapore. GHY Singapore was incorporated in Singapore as a private company limited by shares on 4 May 2017 under the name of "Perfect World Pictures (Singapore) Pte. Ltd." and GHY Malaysia was incorporated in Malaysia as a private company limited by shares on 6 September 2017 under the name of "Perfect World Pictures (Malaysia) Sdn Bhd".

In connection with the Share Exchanges, the name of GHY Singapore was changed to "G.H.Y Culture & Media (Singapore) Pte. Ltd." on 4 June 2018 and name of GHY Malaysia was changed to "GHY Culture & Media (Malaysia) Sdn Bhd" on 12 June 2018.

Share Exchange on 21 June 2018

On 21 June 2018, the Company entered into a share exchange agreement with Bestin B & J Holding Ltd., Bestin J & B Holding Ltd., Sweet B & J Holding Ltd. and Taiho Holding Ltd (the "respective transferees"), pursuant to which the Company acquired an aggregate of 6,000,002 ordinary shares of GHY Singapore on the same date, representing approximately 66.7% of the total number of ordinary shares in GHY Singapore at the relevant time. Bestin B & J Holding Ltd. and Bestin J & B Holding Ltd. are the investment holding vehicles of Mr. John Ho, the Substantial Shareholder, Sweet B & J Holding Ltd. is the investment holding vehicle of Ms. Lian Lee Lee and Taiho Holding Ltd is the investment holding vehicle of Mr. Yang Jun Rong and Mdm. Yeh Hui Mei, the Substantial Shareholders.

The consideration for the share exchange was satisfied by the issuance of an aggregate of 24,000,000 Shares in the Company to the respective transferees, representing an aggregate of approximately 27.3% of the total Shares of the Company as at the date of the share exchange:

(a) 1,625,000 ordinary shares in GHY Singapore were transferred by Bestin B & J Holding Ltd. to the Company in consideration for the issuance of 6,500,000 Shares, representing approximately 7.4% of the total Shares of the Company as at the date of the share exchange;

2 **CORPORATE REORGANISATION AND BASIS OF PREPARATION** (CONTINUED)

(iii) Acquisition of G.H.Y Culture & Media (Singapore) Pte. Ltd. and its subsidiary ("GHY Singapore group", Note 19) (Continued)

(b) 1,625,001 ordinary shares in GHY Singapore were transferred by Bestin J & B Holding Ltd. to the Company in consideration for the issuance of 6,500,000 Shares, representing approximately 7.4% of the total Shares of the Company as at the date of the share exchange;

(c) 750,001 ordinary shares in GHY Singapore were transferred by Sweet B & J Holding Ltd. to the Company in consideration for the issuance of 3,000,000 Shares, representing approximately 3.4% of the total Shares of the Company as at the date of the share exchange; and

(d) 2,000,000 ordinary shares in GHY Singapore were transferred by Taiho Holding Ltd to the Company in consideration for the issuance of 8,000,000 Shares, representing approximately 9.1% of the total Shares of the Company as at the date of the share exchange.

Share Exchange on 16 July 2018

On 12 July 2018, the Company entered into a share exchange agreement with Epical Entertainment Limited, pursuant to which the Company acquired 3,000,000 ordinary shares of GHY Singapore from Epical Entertainment Limited, representing approximately 33.3% of the total number of ordinary shares in GHY Singapore at the relevant time. The consideration for the share exchange was satisfied by the issuance of 12,000,000 Shares in the Company to Epical Entertainment Limited on 16 July 2018, representing 12.0% of the total Shares as at the date of the share exchange.

Upon completion of the share exchange on 21 June 2018 and the share exchange on 16 July 2018, the Company held 9,000,002 ordinary shares in GHY Singapore, representing 100% of the total number of ordinary shares in GHY Singapore.

Subsequent to the above, GHY Singapore became a wholly-owned direct subsidiary of the Company and GHY Malaysia became a wholly-owned indirect subsidiary of the Company.

(iv) Incorporation of G.H.Y Culture & Media (Australia) Pty Ltd. ("GHY Australia")

On 20 July 2018, GHY Australia was incorporated in Australia as a proprietary company limited by shares. The principal activity of GHY Australia is concert production. At the time of incorporation, GHY Australia had an issued and paid-up share capital of AUD200,000, comprising 200,000 shares held by GHY Singapore.

(v) Incorporation of Beijing Changxin Film & Media Co., Ltd. ("Beijing Changxin")

On 22 August 2018, Beijing Changxin was incorporated in the PRC as a limited liability company. The principal activity of Beijing Changxin is TV program and film production. At the time of incorporation, Beijing Changxin had a registered capital of RMB3.0 million, and 100% of the equity interest was held by Tianjin Changxin.

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YEAR ENDED 31 DECEMBER 2021

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION (CONTINUED)

(vi) Incorporation of G.Yue Culture and Media Limited ("GHY Hong Kong")

On 30 August 2018, GHY Hong Kong was incorporated in Hong Kong as a limited liability company. The principal activity of GHY Hong Kong is investment holding. At the time of incorporation, GHY Hong Kong had an issued and paid-up share capital of HK$1.00, comprising one share held by the Company.

(vii) Incorporation of Tianjin Xinhe Culture & Broadcast Co., Ltd. ("Tianjin Xinhe")

On 27 March 2019, Tianjin Xinhe was incorporated in the PRC as a limited liability company. The principal activity of Tianjin Xinhe is talent management and the renting and leasing of concert equipment. At the time of incorporation, Tianjin Xinhe had registered capital of RMB3.0 million, and 100% of the equity interest was held by GHY Hong Kong.

On 29 September 2019, 100% of the equity interest in Tianjin Xinhe was transferred by GHY Hong Kong to Tianjin Changxin for a consideration of RMB1,080,000, which was determined based on the net asset value of Tianjin Xinhe, pursuant to an internal restructuring exercise.

(viii) Incorporation of Tianjin Zhengzai Vision Co., Ltd. ("Tianjin Zhengzai")

On 19 April 2019, Tianjin Zhengzai was incorporated in the PRC as a limited liability company. The principal activity of Tianjin Zhengzai is provision of costumes, props and make up services for drama production. At the time of incorporation, Tianjin Zhengzai had a registered capital of RMB3.0 million, and 100% of the equity interest was held by Tianjin Xinhe.

(ix) Incorporation of Huahuo Entertainment (Tianjin) Culture & Management Co., Ltd. ("Huahuo Entertainment")

On 19 April 2019, Huahuo Entertainment was incorporated in the PRC as a limited liability company. The principal activity of Huahuo Entertainment is talent management. At the time of incorporation, Huahuo Entertainment had a registered capital of RMB3.0 million, and 100% of the equity interest was held by Tianjin Xinhe.

(x) Incorporation of Tianjin Ruyang Film & Media Co., Ltd. ("Tianjin Ruyang")

On 29 July 2019, Tianjin Ruyang was incorporated in the PRC as a limited liability company. The principal activity of Tianjin Ruyang is TV program and film production. At the time of incorporation, Tianjin Ruyang had a registered capital of RMB3.0 million, and 100% of the equity interest was held by Tianjin Changxin.

(xi) Subscription by Mr. Ong Pang Aik

On 24 March 2020, 1,093,000 shares of the Company were issued to Mr. Ong Pang Aik as repayment of the outstanding loan and accrued interest from the Company to Mr. Ong Pang Aik. Following the completion of the subscription, Mr. Ong Pang Aik held approximately 1.20% of the issued and paid-up share capital of the Company.

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION (CONTINUED)

(xii) Incorporation of Tianjin Xinyuan Culture & Broadcast Co., Ltd. ("Tianjin Xinyuan")

On 9 April 2020, Tianjin Xinyuan was incorporated in the PRC as a limited liability company. The principal activity of Tianjin Xinyuan is consultancy services. At the time of incorporation, Tianjin Xinyuan had a registered capital of RMB3.0 million, and 100% of the equity interest was held by GHY Hong Kong.

(xiii) Incorporation and acquisition of 70% equity interest in Beijing Yizhongdao Film & Media Co., Ltd. ("Beijing Yizhongdao")

On 19 April 2019, Beijing Yizhongdao was incorporated in the PRC as a limited liability company. The principal activity of Beijing Yizhongdao is TV program and film production. At the time of incorporation, Beijing Yizhongdao had a registered capital of RMB1.0 million, and 30% of the equity interest was held by Tianjin Changxin and 70% of the equity interest was held by Mr. Wei Zi, an unrelated third party, respectively.

On 26 May 2020, Tianjin Changxin acquired 70% of the equity interest in Beijing Yizhongdao, from Mr. Wei Zi, an unrelated third party for a consideration of RMB0.7 million (equivalent to approximately $139,000), which was determined based on the registered share capital of Beijing Yizhongdao. The consideration was fully satisfied in cash in August 2020 and the registration of the change in shareholding was completed in August 2020. Subsequent to such acquisition of the 70% of the equity interest in Beijing Yizhongdao, Beijing Yizhongdao became a wholly-owned subsidiary of Tianjin Changxin.

(xiv) Incorporation of BJHJHL Limited ("BJHJHL")

On 26 June 2020, BJHJHL was incorporated in Hong Kong as a limited liability company. The principal activity of BJHJHL is investment holding. At the time of incorporation, BJHJHL had an issued and paid-up share capital of HK$1.00, comprising one share held by BJH (BVI) Limited. Ms. Lian Lee Lee is the sole shareholder of BJH (BVI) Limited.

Each of BJHJHL and BJH (BVI) Limited was incorporated in order to facilitate the restructuring exercise in respect of Tianjin Xinhe (which is the holding company of Tianjin Zhengzai and Huahuo Entertainment) such that Tianjin Xinhe, Tianjin Zhengzai and Huahuo Entertainment would become wholly-owned indirect subsidiaries of the Company in preparation for the Listing on the SGX-ST. In connection with such restructuring exercise, BJHJHL would also become a wholly-owned direct subsidiary of the Company. Refer to Note 2(xvii) for details.

(xv) Incorporation and disposal of 51% equity interest in Beijing Lingzhanglei Film & Media Co., Limited ("Beijing Lingzhanglei")

Tianjin Changxin held 51% of the equity interest in Beijing Lingzhanglei, which was incorporated in the PRC as a limited liability company on 16 May 2019. The principal activity of Beijing Lingzhanglei is TV program and film production and the remaining 49% of the equity interest in Beijing Lingzhanglei was held by Linghe Culture & Media (Shanghai) Co., Ltd., an unrelated third party.

On 11 June 2020, Tianjin Changxin disposed 51% of the equity interest in Beijing Lingzhanglei to Linghe Culture & Media (Shanghai) Co., Ltd. for a consideration of $101,000 (equivalent to RMB510,000), which was determined based on the registered share capital of Beijing Lingzhanglei. The consideration has been fully satisfied in cash in August 2020.

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION (CONTINUED)

(xvi) Acquisition and subsequent disposal of 27.6% equity interest in Beijing Honghaier Film & Culture Co., Limited ("Beijing Honghaier")

Tianjin Changxin had acquired 27.6% of the equity interest in Beijing Honghaier from Nanjing Xuexin Film & Culture Studio, which is a sole proprietorship established by Mr. Xue Xin, for a consideration of approximately $393,000 (equivalent to approximately RMB2.0 million), which was determined based on the paid-up share capital of Beijing Honghaier. Upon completion of the disposal of the equity interest in Beijing Honghaier to Tianjin Changxin, Mr. Xue Xin ceased to have any interest, direct or indirect, in Beijing Honghaier.

Beijing Honghaier was incorporated in the PRC as a limited liability company on 21 August 2017 and its principal activity is script production. The remaining 72.4% of the equity interest in Beijing Honghaier were held by unrelated third parties.

On 18 June 2020, Tianjin Changxin transferred 27.6% of the equity interest in Beijing Honghaier to Tianjin Jianxin Culture & Broadcast Co., Ltd., a subsidiary of a shareholder of the Company, for a consideration of $3,541,000 (equivalent to approximately RMB17.9 million), which was determined based on an independent valuation conducted on Beijing Honghaier commissioned by the purchaser, pursuant to a share purchase agreement entered into between Tianjin Changxin and Tianjin Jianxin Culture & Broadcast Co., Ltd.. The consideration has been fully satisfied in cash in August 2020, and the registration of the transfer of the equity interest was completed in September 2020.

(xvii) Restructuring of Tianjin Xinhe, Tianjin Zhengzai, Huahuo Entertainment and BJHJHL

In preparation for the Listing on the SGX-ST, the Group had undertaken a restructuring exercise in respect of Tianjin Xinhe (which is the holding company of Tianjin Zhengzai and Huahuo Entertainment), in order to facilitate the transfer of Tianjin Xinhe from Tianjin Changxin to Tianjin Xinyuan, such that Tianjin Xinhe, Tianjin Zhengzai and Huahuo Entertainment became wholly-owned indirect subsidiaries of the Company and BJHJHL became a wholly-owned direct subsidiary of the Company upon completion of the following:

(a) on 21 July 2020, BJHJHL subscribed for approximately RMB0.16 million of the registered share capital of Tianjin Xinhe, following which BJHJHL held 5% of the equity interest in Tianjin Xinhe;

(b) on 26 August 2020, Tianjin Changxin transferred 95% of the equity interest in Tianjin Xinhe to Tianjin Xinyuan for a consideration of RMB1,235,000, which was fully satisfied in cash; and

(c) on 12 October 2020, BJH (BVI) Limited transferred 100% of the equity interest in BJHJHL to the Company for a nominal consideration of HK$1.00, which was fully satisfied in cash.

Subsequent to the above, BJHJHL became a wholly-owned direct subsidiary of the Company and Tianjin Xinhe, Tianjin Zhengzai and Huahuo Entertainment became wholly-owned indirect subsidiaries of the Company.

2 **CORPORATE REORGANISATION AND BASIS OF PREPARATION** (CONTINUED)

(xviii) Incorporation of Beijing Xinyuan Culture & Broadcast Co., Ltd. ("Beijing Xinyuan")

On 28 August 2020, Beijing Xinyuan was incorporated in the PRC as a limited liability company. The principal activity of Beijing Xinyuan is consultancy services. At the time of incorporation, Beijing Xinyuan had a registered capital of RMB3.0 million and 100% of the equity interest was held by GHY Hong Kong.

(xix) Entry into Contractual Arrangements (Note 20A)

On 1 November 2020, the Company, through the wholly-foreign owned enterprises ("WFOEs"), namely Tianjin Xinyuan and Beijing Xinyuan, entered into the Contractual Arrangements with the ultimate controlling shareholder and Mr. Xue Xin ("Individual Shareholders") and each of the structured entities controlled via the Contractual Arrangements ("PRC Affiliated Entities"), under which operational control and economic rights over the PRC Affiliated Entities are conferred to the Group, which enables the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities. Further details of Contractual Arrangements are set out in the note below.

Following the completion of the Corporate Reorganisation Exercise of the Group, the Company became the holding company of the subsidiaries and the PRC Affiliated Entities. The Company together with subsidiaries and the PRC Affiliated Entities are known as the Group.

Basis of preparation of the consolidated financial statements

The Group resulting from the Corporate Reorganisation Exercise is regarded as a continuing entity throughout the financial year as the Group is ultimately controlled by the ultimate controlling shareholder both before and after the corporate reorganisation.

Accordingly, the consolidated financial statements have been prepared to include the financial statements of the companies now comprising the Group as if the group structure upon the completion of the Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period or since respective dates of being acquired by the Group.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 **BASIS OF ACCOUNTING** – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 BASIS OF ACCOUNTING (CONTINUED)

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements relevant to the Group and Company were issued but not effective:

<u>SFRS(I) pronouncements effective for annual periods beginning on or after 1 January 2023</u>

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*;
- Amendment to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*;
- Amendments to SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*;
- Amendments to SFRS(I) 1-12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.2 **ADOPTION OF NEW AND REVISED STANDARDS** (CONTINUED)

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

3.3 **BASIS OF CONSOLIDATION** – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 BASIS OF CONSOLIDATION (CONTINUED)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I) s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments*, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.4 **BUSINESS COMBINATIONS** – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in each acquisition is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 BUSINESS COMBINATIONS (CONTINUED)

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.5 MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

The consolidated financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities of business came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

3.6 FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.6 **FINANCIAL INSTRUMENTS** (CONTINUED)

3.6.1 Financial assets (Continued)

Classification of financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has designated certain debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income and expense" line item as "profit or loss on film borne by external investors" (see below). Fair value is determined in the manner described in Note 5(c)(v).

Film investment represent funds advanced to external parties for the financing of production and marketing expenditures that are associated with specific film and drama that the Group invested in. The Group is entitled to a pre-agreed specified percentage of the proceeds from the sale of the specific film and drama associated with the financing provided.

Any gains or loss arising from changes in fair value of film investment are recognised in profit or loss.

If the share of the proceeds receivable from the external parties is higher than the equivalent film investment, the film made a profit and the proportionate profit to be received from the external parties is recognised as "fair value gain on investment in financial assets at FVTPL" in other income. If the film made a loss and the proportionate loss to be deducted against the film investment is recognised as "fair value loss on investment in financial assets at FVTPL" in other expense.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income and other expense" line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income and expense" line item.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.6 **FINANCIAL INSTRUMENTS** (CONTINUED)

3.6.1 Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) of the country in which it sells services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.1 Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.1 Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.6.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination, 2) held for trading, or 3) it is designated as at FVTPL.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.2 Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" and "other expense" line item in profit or loss (Notes 30 and 31 respectively).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in Note 5(c)(v).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.2 Financial liabilities and equity instruments (Continued)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the financial year. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “other income” and “other expenses” line item in profit or loss (Notes 30 and 31 respectively) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Film investment funds from investors

Film investment funds from investors represent funds received from third parties for the financing of production and marketing expenditures that are associated with specific film and drama that the Group produces. In accordance with the financing agreement, the film investment funds from investors are not guaranteed on principals by the Group. The third-party investors are entitled to a pre-agreed specified percentage of the proceeds from the sale of the specific film and drama associated with the financing provided.

Any gains or loss arising from changes in fair value of film investment funds from investors are recognised in profit or loss.

If the share of the proceeds payable to the investors is higher than the equivalent film investment funds from investors, the film made a profit and the proportionate profit to be repaid to the investors is recognised as “fair value increase in amount due to external investors” in other expenses. If the film made a loss and the proportionate loss to be deducted against the film investment funds from investors is recognised as “fair value decrease in amount due to external investors” in other income.

For financing agreement where film investment funds investors are guaranteed on principals with fixed return by the Group, the financial liabilities were measured at amortised cost with interests on film investment funds from investors are recognised in finance costs.

NOTES TO **FINANCIAL STATEMENTS**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.2 Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

3.7 LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

The Group as lessee (Continued)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS (I) 1-37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.13.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

The Group as lessee (Continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

3.8 FILMS AND DRAMA PRODUCTIONS IN PROGRESS/FILMS AND DRAMA PRODUCTS

Films and drama productions in progress

Films and drama productions in progress include all direct costs associated with the production of films and drama, costs of services, direct labour costs and facilities in the creation of films and drama, which are accounted for on a film-by-film or drama-by-drama basis. Upon completion and available for commercial exploitation, these films and drama productions in progress are reclassified as films and drama products. Films and drama productions in progress are stated at cost less any accumulated impairment losses.

Films and drama products

Films and drama products are stated at cost less accumulated amortisation and accumulated any impairment losses. The portion of films and drama products to be recovered through use, less estimated residual value and accumulated impairment losses, are amortised based on the proportion of actual revenues earned during the year to their total estimated projected revenues as an approximation of the consumption of their economic benefits. Additional adjustment to accumulated amortisation is made if the projected revenues are different from the previous estimation or to reflect the actual consumption of economic benefits, as appropriate. Cost of films and drama products, accounted for on a project-by-project basis, includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film or drama product.

3.9 INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.10 **PLANT AND EQUIPMENT** – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	–	2 to 3 years, or remaining lease term
Motor vehicles	–	5 years
Furniture and fixtures	–	3 years
Office equipment	–	3 to 5 years
Computer equipment	–	3 years
Film sets	–	6 years
Filming equipment	–	5 years
Concert equipment	–	8 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

3.11 **GOODWILL** – Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.12 **INTANGIBLE ASSETS**

<u>Intangible assets acquired separately</u>

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 INTANGIBLE ASSETS (CONTINUED)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The estimated useful lives are as follows:

Film and drama adaptation licences	–	5 to 6 years
Rights to the film sets	–	3 to 10 years, or remaining contractual term
Computer software	–	3 years
Software royalty	–	5 years

Rights to the film sets under construction are not amortised as these assets are not yet available for use. Amortisation will commence when these assets are ready for use.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.13 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL – At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL (CONTINUED)

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.14 INVESTMENT IN ASSOCIATE AND JOINT VENTURE – An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I)1-36 *Impairment of Asset* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I)1-36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I)1-36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO **FINANCIAL STATEMENTS**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 INVESTMENT IN ASSOCIATE AND JOINT VENTURE (CONTINUED)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or a joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group’s consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate or a joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

3.15 INTERESTS IN JOINT OPERATIONS – A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 INTERESTS IN JOINT OPERATIONS (CONTINUED)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.

Share of revenue from production of drama and film where the Group acts as a co-producer and involves in a joint operation

The Group acts as a co-producer and leverages on the extensive experience of other producer(s) to make capital investment in production and jointly co-produce drama and film.

When the Group involves and participates in the determination of idea origination, script, budget, production crew, cast selection, shooting, post-production, and distribution plan for the drama and film with other co-producers, and when the key relevant activities of the drama and film production are discussed and jointly determined by the Group and other producers, the arrangement is considered in substance as a joint operation. As a result, the Group shall recognise the share of revenue and cost of the drama and film based on its own interest percentage on the relevant drama and film production.

Therefore, revenue from this type of drama and film production/investment arising from the revenue share of the drama and film, based on the interest percentage owned by the Group, is recognised on gross basis when the Group and other producers satisfy the performance obligations under SFRS(I) 15. The relevant cost of such drama and film shared to the Group is recognised and presented as cost of sales in the same interest percentage of the aforesaid revenue recognition.

Details of the revenue recognition are set out in Note 3.18.

3.16 PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.18 REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Sale of television, drama and film production;
- Revenue from artistic performances and sponsorship revenue;
- Talent management service income; and
- Costume, make up and props services.

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at point in time or over time and the amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Group's activities are performed.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with SFRS(I) 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 REVENUE RECOGNITION (CONTINUED)

Sale of television, drama and film production

Revenue from production of drama and film as engaged by the customer where the Group undertook the role of producer

Where the Group is engaged by the customer for the production of a drama or film, the Group is entitled to a fixed fee for such dramas and films. Revenue is recognised over time based on stages of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Management has assessed that the stage of completion by reference to the actual costs incurred up to the reporting date as a proportion of the total estimated costs budgeted by management for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15.

Revenue from content production which is developed by the Group and licensed or sold to the customer(s) for fixed fees

When the drama and film is developed and produced by the Group, it either:

(i) licenses the copyright and ancillary rights to such dramas and films to the customers for a certain period of time or geographic region. Revenue is recognised at the point in time upon delivery and acceptance of the final product by the customer as control of the entertainment content is transferred so that the customer can direct the use and obtain the associated benefits; or

(ii) sells and transfers the copyright and ancillary rights to such dramas and films to the customers. Revenue is recognised over time based on the stages of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Management has assessed that the stage of completion by reference to the actual costs incurred up to the balance sheet date as a proportion of the total estimated costs budgeted by management for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15.

Revenue from content production which is developed by the Group and licensed to the customer(s) for variable fees based on viewership

The Group earns variable fees for such dramas and films, which is determined based on user clicks or viewership for each episode of the drama or the film on the online video platform. This constitutes a variable consideration and such revenue is only recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Revenue from rendering of post-production services are recognised over time over the contractual period.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 REVENUE RECOGNITION (CONTINUED)

Sale of television, drama and film production (Continued)

Revenue from script production and sale of the script rights

Revenue derived from script production and sale of the script rights is recognised at the point in time as and when the script rights or distribution rights are transferred in accordance with the terms of the underlying contract.

Revenue from artistic performance and sponsorship revenue

Revenue from artistic performance and sponsorship revenue where the Group undertakes the role of Concert Organiser, and which the Group is acting as a principal

Revenue from artistic performances and other special events is recognised when the events take place. When subscription to a number of events is sold, the fee is allocated to each event on a basis which reflects the extent to which services are performed at each event.

The Group derives revenue from sponsorships associated with event management. Sponsorship fees relate to a one-time event. Revenue from a one-time event is recognised if (i) persuasive evidence of an arrangement exists; (ii) the event has occurred; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured.

Sponsorship advances are deferred until earned pursuant to the sponsorship agreement and are presented as contract liabilities on the statements of financial position. Revenue is recognised at point in time when the Group has fulfilled the performance obligation of the revenue contracts or recognised when services are rendered upon completion of events or services and when the Group has no remaining obligation to perform.

The Group also recognised an asset in relation to cost incurred to fulfil the contract for sponsorship revenue and are presented as contract cost on the statements of financial position.

Revenue from artistic performance where the Group undertook the role of Concert Management, and which the Group is acting as an agent

Revenue from the concert management is recognised at the point of time when the services are rendered.

Talent management service income

The Group manages artists and revenue is derived from the artists' participation in events, advertisements, TV dramas, movies and other entertainment content projects. Revenue is recognised when the services are rendered upon completion of the events and when the Group has no remaining obligation to perform.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 REVENUE RECOGNITION (CONTINUED)

Costume, make-up and props services

The Group provides services to producers in designing and making of costume and props as well as providing make-up services to artistes in drama productions. Revenue is recognised when the services are rendered upon completion of the events and when the Group has no remaining obligation to perform.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.19 BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.20 RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.21 EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO **FINANCIAL STATEMENTS**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on independent tax advice from tax specialist.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.23 **FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** – The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in Singapore dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise cash on hand and at bank and are subject to an insignificant risk of changes in value.

3.25 SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Determining control over PRC Affiliated Entities

A subsidiary is an entity in which the Group (a) directly or indirectly control more than 50% of the voting power; or (b) have the power to appoint or remove the majority of the members of the board of directors or to cast a majority of votes at the meetings of the board of directors or to govern the financial and operating policies of the investee pursuant to a statute or under an agreement among the shareholders or equity holders. However, there are situations in which consolidation is required even though these usual conditions of consolidation are not present. Generally, this occurs when an entity holds an interest in another business enterprise that was achieved through contractual arrangements that do not involve voting interests, which results in a disproportionate relationship between the entity's voting interests in, and its exposure to the economic risks and potential rewards of, the other business enterprise. This disproportionate relationship results in what is known as a variable interest, and the entity in which the Group has the variable interest is referred to as a variable interest entity. The Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the variable interest entity and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the variable interest entity. Management has assessed, based on the legal opinion of its PRC legal adviser, that the Contractual Arrangements confer operational control and economic benefits from PRC Affiliated Entities to the Group and the Contractual Arrangements are legal, valid and enforceable under the applicable PRC laws and regulations.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(i) Critical judgements in applying the Group's accounting policies (Continued)

Determining control over PRC Affiliated Entities (Continued)

As a result of the Contractual Arrangements as disclosed in Note 20A, the Contractual Arrangements confer operational control and economic rights arising from the business of PRC Affiliated Entities to the Group, which enables the Group to exercise power over the business operations of PRC Affiliated Entities, and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, and enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities; and to have the ability to use its power to affect its return. Therefore, the Company is considered to control the PRC Affiliated Entities. Consequently, the Company regards PRC Affiliated Entities as controlled structured entities and consolidates the financial positions and results of operations of these entities in the financial statements of the Group.

Classification of film investment

As disclosed in Note 3.18, the Group sometimes participates in drama and film production as a co-producer and assesses whether to undertake a particular drama or film project with other co-production parties prior to the commencement of production for such drama or film. Determining whether the film investment is considered in substance a joint operation requires judgment and consideration of all relevant facts and circumstances, including whether the Group is involved in and participates in the determination of idea origination, script, budget, production crew, cast selection, shooting, post-production, and distribution plan for the drama or film with other co-producers. When the key relevant activities of the drama or film project are discussed and jointly determined by the Group and other co-producers, the arrangement is considered in substance as a joint operation.

When the Group has joint control on the key relevant activities of the drama and film production under the contractual agreements, unanimous consent is required from all parties to direct the key relevant activities, the arrangement is considered in substance as a joint operation. When joint controls cannot be demonstrated, the funds received from film investors are classified as "film investment funds from investors" under financial liabilities and the film investment funds advanced to external parties are classified as "financial assets at fair value through profit or loss" under financial assets. The determination of the relevant activities under joint arrangements requires management's significant judgement.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Revenue recognition from sale of television, drama and film production

Under SFRS(I) 15 *Revenue from Contracts with Customers*, revenue from television program and film production segment is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation, which may be satisfied at a point in time or over time based on the contractual arrangement with customers. The evaluation of the relevant terms in the respective contracts with customers requires significant judgement.

As described in Note 3.18 to the financial statements, revenue from production of certain drama and film where the Group only undertook the role of Producer or sell and transfer the copyright and ancillary rights to such dramas and films to the customers, revenue is recognised over time based on stage of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation. Management has assessed that the stage of completion by reference to the actual costs incurred up to the balance sheet date as a proportion of the total estimated costs budgeted by management for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15. Revenue is therefore recognised over time on cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

Notwithstanding that management reviews and revises the estimates of costs for the production of drama or film as the contract progresses, the actual outcome of the contract in terms of its total costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Significant judgements are involved in evaluating the contractual terms and there is estimation involved in determining the costs for the production of each drama or film as the contract progresses, which will affect the revenue and profit recognised.

Calculation of loss allowance

As at 31 December 2021, the Group's concentration of credit risk mainly arise from a major customer and a new debtor. Management engaged an external independent valuer to perform expected credit loss assessment for the trade receivables and contract assets associated with the major customer and the new debtor.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty (Continued)

Calculation of loss allowance (Continued)

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of trade and other receivables and contract assets are disclosed in Notes 8, 9 and 10 of the financial statements respectively.

Impairment loss on films and drama productions in progress and films and drama products

Management carries out review on the films and drama productions in progress and films and drama products on a project-by-project basis at the end of each reporting period, and make allowances for films and drama productions in progress and films and drama products identified. The management estimates the recoverable amount for such films and drama productions in progress and films and drama products based primarily on their target market and business plan taking into consideration of the current market conditions, the jurisdiction or region of the broadcast and/or release of the drama or film, the length of the distribution, the number of rounds of distribution, the industry practice for the credit terms extended to customers in that particular jurisdiction or region, as well as the overall number of dramas and films produced and/or co-produced by the Group which are distributed in that particular jurisdiction or region. The carrying amounts of films and drama productions in progress and films and drama products are disclosed in Notes 13A and 13B of the financial statements respectively.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of deferred tax assets and deferred tax liabilities are disclosed in Note 18 and income tax expense is disclosed in Note 33.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	**90,445**	144,188	**110,949**	127,104
Financial assets at FVTPL	**3,029**	215	**–**	–
	93,474	144,403	**110,949**	127,104
Financial liabilities				
Financial liabilities at amortised cost	**23,797**	40,343	**6,264**	10,000
Lease liabilities	**4,924**	4,690	**–**	–
	28,721	45,033	**6,264**	10,000

(b) Financial instruments subject to offsetting, enforceable master netting agreements and similar agreements

Group

As at 31 December 2021

Financial assets			
	(a)	***(b)***	***(c) = (a) – (b)***
Type of financial asset	*Gross amounts of recognised financial asset*	*Gross amounts of recognised financial liabilities set off in the statement of financial position*	*Net amounts of financial assets presented in the statement of financial position*
Trade receivables	50,201	(2,142)	48,059

Financial liabilities			
	(a)	***(b)***	***(c) = (a) – (b)***
Type of financial asset	*Gross amounts of recognised financial asset*	*Gross amounts of recognised financial liabilities set off in the statement of financial position*	*Net amounts of financial assets presented in the statement of financial position*
Trade and other payables	25,122	(2,142)	22,980

As at 31 December 2020, the Group does not have any financial instruments subject to enforceable master netting arrangements or similar agreement.

5 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(b) Financial instruments subject to offsetting, enforceable master netting agreements and similar agreements (Continued)

Company

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement as at 31 December 2021 and 2020.

(c) Financial risk management objectives and policies

Management monitors and manages the financial risk relating to operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including currency risks and interest rate risk), credit risk and liquidity risk.

The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Foreign exchange risk

The Group transacts business in various foreign currencies, including Singapore dollar, Australia dollar, Chinese Yuan, Malaysian Ringgit, New Taiwan dollar and United States dollar and therefore is exposed to foreign exchange rate fluctuation.

At the end of the reporting period, the carrying amounts of the monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group			
	2021		**2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**1,030**	**22,405**	430	87
Australia dollar	**745**	**6**	977	–
Chinese Yuan	**8,391**	**–**	–	502
Malaysian Ringgit	**–**	**93**	2,759	2,805
New Taiwan dollar	**251**	**–**	215	–
United States dollar	**387**	**2**	653	745

	Company			
	2021		**2020**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$'000	**$'000**	**$'000**	**$'000**
Australia dollar	**–**	**6**	–	–
Chinese Yuan	**–**	**–**	–	502
Malaysian Ringgit	**–**	**73**	–	74
United States dollar	**28**	**933**	13	–

NOTES TO **FINANCIAL STATEMENTS**

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management objectives and policies (Continued)

(i) Foreign exchange risk (Continued)

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the respective group entities' functional currencies. 10% is the sensitivity rate used when reporting foreign currency risk to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, profit before tax will (decrease) increase by:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**(2,138)**	34	**–**	–
Australia dollar	**74**	98	**(1)**	–
Chinese Yuan	**839**	(50)	**–**	(50)
Malaysian Ringgit	**(9)**	(5)	**(7)**	(7)
New Taiwan dollar	**25**	22	**–**	–
United States dollar	**39**	(9)	**(91)**	1

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, the effect on profit before tax will be vice versa.

(ii) Interest rate risk

The Group does not have exposure on interest rate risk other than other payables, film investment funds from investors, lease liabilities and borrowings, which bore interest at fixed rates. The interest rates and terms of repayment are disclosed in the Notes 21, 22, 25 and 26 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on the interest-bearing financial instruments at the end of the reporting period.

5 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(c) **Financial risk management objectives and policies** (Continued)

(iii) Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

The Group places its exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statements of financial position.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
2021						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	**48,839**	**(780)**	**48,059**
Other receivables	9	Performing	12-month ECL	**3,464**	**–**	**3,464**
Contract assets	10	(i)	Lifetime ECL (simplified approach)	**60,514**	**(1,201)**	**59,313**
Amount due from related parties	5	Performing	12-month ECL	**107**	**–**	**107**
Amount due from joint venture	24B	Performing	12-month ECL	**77**	**–**	**77**
				113,001	**(1,981)**	**111,020**
2020						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	27,587	(113)	27,474
Other receivables	9	Performing	12-month ECL	4,783	–	4,783
Contract assets	10	(i)	Lifetime ECL (simplified approach)	53,255	(64)	53,191
				85,625	(177)	85,448
Company						
2021						
Other receivables	9	Performing	12-month ECL	**2,710**	**–**	**2,710**
Advances to a subsidiary	6	Performing	12-month ECL	**97,091**	**–**	**97,091**
				99,801	**–**	**99,801**
2020						
Other receivables	9	Performing	12-month ECL	18,006	–	18,006
Advances to a subsidiary	6	Performing	12-month ECL	7,450	–	7,450
				25,456	–	25,456

(i) The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

As at the reporting date, the Group has significant trade receivables and contract assets from two debtors and one customer (2020: three debtors and one customer) amounting to $40,076,000 and $54,581,000 (2020: $24,056,000 and $53,191,000) indicating significant concentration of credit risk respectively.

Further details of credit risks on trade and other receivables, contract assets, amount due from related parties and amount due from joint venture are disclosed in Notes 8, 9, 10 and 24 respectively.

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

Group

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	5 years and above $'000	Adjustment $'000	Total $'000
2021						
Non-interest bearing	–	9,445	–	–	–	9,445
Lease liabilities (fixed rate)	5.46	2,228	2,978	265	(547)	4,924
Fixed interest rate instruments	5.46	14,495	–	–	(143)	14,352
		26,168	2,978	265	(690)	28,721

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities (Continued)

Group (Continued)

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	5 years and above $'000	Adjustment $'000	Total $'000
2020						
Non-interest bearing	–	29,146	–	–	–	29,146
Lease liabilities (fixed rate)	5.53	1,686	2,916	756	(668)	4,690
Fixed interest rate instruments	6.04	11,313	–	–	(116)	11,197
		42,145	2,916	756	(784)	45,033

Company

	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	5 years and above $'000	Adjustment $'000	Total $'000
2021						
Non-interest bearing	**–**	**6,264**	**–**	**–**	**–**	**6,264**
2020						
Non-interest bearing	–	10,000	–	–	–	10,000

(v) Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities, classified as current assets and current liabilities except for financial assets and financial liabilities at FVTPL as disclosed in Notes 12 and 22 respectively to the financial statements, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

5 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(d) Capital management policies and objectives

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes film investment funds from investors and borrowings disclosed in Notes 22 and 26 respectively, and equity attributable to owners of the Company, comprising of share capital, share premium, capital reserve, statutory reserve and retained earnings.

The Group's overall strategy with regards to capital management remains unchanged during the financial year.

6A HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Kang Ru Investments Limited, a company incorporated in the British Virgin Islands. The Company's intermediate holding company and ultimate holding company is Da Yuan Investments Limited and G.Y Media & Entertainment Limited, both incorporated in the British Virgin Islands. The ultimate controlling party is the director of the Company, Mr. Guo Jingyu, who is the sole shareholder of the ultimate holding company.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the transactions and arrangements are between members of the Group and the effect of these on the basis determined between parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

The advances to a subsidiary is unsecured, non-interest bearing and repayable on demand.

For purpose of impairment assessment, advances to a subsidiary is considered to have low credit risk as the timing of payment is controlled by the holding company taking into account cash flow management within the holding company's group of companies and there has been no significant increase in the risk of default on these receivables since initial recognition. Accordingly, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL) and management determines that these receivables are subject to immaterial credit losses.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

6B RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Other than those disclosed elsewhere in the financial statements, significant related party transactions include the following:

	2021 $'000	2020 $'000
With an associate company:		
Advance to associate company (Note A)	–	1,772
With entities associated to a shareholder of the Company and non-executive director:		
Prepayment of grant of rights for concert production	–	792
Expenses arising from concert production	–	1,910
Royalty fee expenses	51	109
Artist service fees	1,585	–
With family members of the ultimate controlling shareholder and director:		
Artist service fees arising from joint operations	–	382
Artist service fees	212	–
Provision of talent management services	(24)	–
With an entity controlled by a family member of the ultimate controlling shareholder and director:		
Artist service fees*	425	1,060
Provision of talent management services	(75)	(5)
With a key management personnel and shareholder of PRC Affiliated Entities:		
Advances paid in respect of the expenditure for an ongoing drama project	107	–

* Amount pertains to artist fees incurred during the financial year, including those capitalised as films and drama production in progress and films and drama products, which will be subsequently charged to profit or loss upon recognition of corresponding revenue.

Note A: During the financial year ended 31 December 2020, the Group advanced $1,772,000 to the associate Beijing Yizhongdao prior to the acquisition of 70% equity interest in the associate in May 2020 (Note 19(a)).

Compensation of directors and key management personnel

The remuneration of directors and other members of key management were as follows:

	2021 $'000	2020 $'000
Short-term benefits	2,316	1,104
Post-employment benefits	106	71
	2,422	1,175

During the year ended 31 December 2021, included in the short-term benefits are non-monetary benefits provided to a member of key management personnel, with depreciation of associated right-of-use assets of $150,000 (2020: $11,000) has been recognised in profit or loss.

7 CASH AT BANK AND RESTRICTED BANK DEPOSITS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank	**38,721**	111,928	**11,148**	101,648
Cash on hand	**17**	3	**–**	–
Total	**38,738**	111,931	**11,148**	101,648
Less: Restricted bank deposits	**(6,426)**	–	**–**	–
Cash and cash equivalents in the statement of cash flows	**32,312**	111,931	**11,148**	101,648

As at 31 December 2021, the restricted bank deposits amounting to $6,426,000 pertained to deposits pledged to a bank to secure short-term borrowings granted to the Group. The Group's restricted bank deposits carry fixed interest at 2% per annum and will be released upon the repayment of the short-term borrowings (Note 26).

8 TRADE RECEIVABLES

	Group	
	2021	**2020**
	$'000	**$'000**
Trade receivables:		
Outside parties[i]	**17,904**	16,443
Unbilled receivables	**30,935**	11,144
Loss allowance	**(780)**	(113)
	48,059	27,474

(i) In 2021, the Group entered into a three-party arrangement with the major customer and the new debtor and the rights and obligations in the revenue contract for the sale of a drama production were novated from the new debtor to the Group. Prior to the three-party arrangement, the new debtor obtained the copyrights and ancillary rights to the drama production from an entity connected to a shareholder of the Company, which was subsequently transferred to the Group. The debtor also received partial consideration for the revenue contract from the major customer in accordance with the contractual payment milestones, before the contract was novated to the Group. As at 31 December 2021, the Group and the new debtor have an arrangement to settle the remaining amount due to or from each other at a net basis (Note 5(b)).

There are certain indicators of significant increase in credit risk of the major customer who contributed 60% and 92% of the trade receivables and contract assets balance respectively. Out of the Group's trade receivables, this amounted to $29,353,000 of which balances overdue more than 90 days have been fully collected subsequent to year end, with $17,446,000 remains uncollected as at date of these consolidated financial statements.

The amount owing from the new debtor of $11,430,000 is not yet past due as at 31 December 2021, $2,142,000 has been collected subsequent to year end based on the progressive payment plan as agreed with the new debtor, with $9,288,000 remains uncollected as at date of these consolidated financial statements.

As at 1 January 2020, trade receivables from contract with customers amounted to $44,249,000.

The average credit period granted to customers is 30 days (2020: 30 days). No interest is charged on the outstanding balance.

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YEAR ENDED 31 DECEMBER 2021

8 TRADE RECEIVABLES (CONTINUED)

Unbilled receivable is the Group's right to consideration that is unconditional for which the Group has satisfied the performance obligation by transferring the drama production to the customer. The customer has obtained control of the drama production and only a passage of time is required before the Group issues the trade invoice based on the billing milestone.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and forward-looking information such as credit ratings, trade receivables aging analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses. There has been no change in the estimation techniques or significant assumptions made during the financial year.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimate of future economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group					
	Trade receivables – days past due					
	Not past due	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**> 90 days**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2021						
Estimated total gross carrying amount at default	**31,641**	**228**	**–**	**9,906**	**7,064**	**48,839**
Lifetime ECL	**(452)**	**(3)**	**–**	**(181)**	**(144)**	**(780)**
						48,059
2020						
Estimated total gross carrying amount at default	12,016	8,219	141	2	7,209	27,587
Lifetime ECL	(87)	(4)	(1)	–	(21)	(113)
						27,474

8 TRADE RECEIVABLES (CONTINUED)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – non-credit-impaired Group	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year	**113**	83
Change in loss allowance	**641**	25
Exchange difference	**26**	5
At the end of the year	**780**	113

9 OTHER RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables (current portion):				
Outside parties	**2,352**	675	**–**	6
Joint operator	**–**	164	**–**	–
Subsidiary and related company	**–**	–	**2,710**	–
Dividend receivable from subsidiary	**–**	–	**–**	18,000
With entities connected to shareholders of the Company	**–**	561	**–**	–
Advances to a joint operator	**–**	116	**–**	–
Advances to staff	**97**	11	**–**	–
Advances to third party contractor	**711**	–	**–**	–
Director of a subsidiary	**343**	326	**–**	–
Refundable security deposits	**535**	131	**–**	–
Prepayments(ii)	**8,182**	4,390	**453**	–
Value-added tax receivable	**3,082**	1,172	**–**	–
Interest receivables	**33**	–	**–**	–
Grant receivables(i)	**–**	2,811	–	**–**
	15,335	10,357	**3,163**	18,006
Other receivables (non-current portion):				
Refundable security deposits	**104**	104	**–**	–
Prepayments	**4**	–	**–**	–
	108	104	**–**	–
Total	**15,443**	10,461	**3,163**	18,006

(i) As at 31 December 2020, the grant receivables are related to grants for production of dramas under television program and film production business segment and Jobs Support Scheme provided by government during COVID-19 outbreak, which was received in 2021.

(ii) 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, costumes and props for such drama and film projects and concert production. Such amounts are paid in accordance with the planned production schedule.

9 OTHER RECEIVABLES (CONTINUED)

Other receivables at the end of the reporting period are interest free, unsecured and not past due.

For purpose of impairment assessment, the other receivables are considered to have low credit risk as there has been no significant increase in the risk of default on the other receivables since initial recognition. Accordingly, for the purpose of impairment assessment of these receivables, the loss allowance is measured at an amount equal to 12-month expected credit loss (ECL).

In determining the ECL, management has taken into account historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

10 CONTRACT ASSETS

	Group	
	2021	**2020**
	$'000	**$'000**
Drama and film production	**60,514**	53,255
Less: loss allowance	**(1,201)**	(64)
	59,313	53,191

As at 1 January 2020, contract assets amounted to $4,956,000.

Contract assets are initially recognised for revenue earned from drama and film production to represent the Group's right to consideration for the services transferred to date. Upon subsequent billing to the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The balances are classified as current as they are expected to be received within the Group's normal operating cycle.

The contract assets relate to the Group's right to consideration for drama and film production in progress or completed but not billed at the reporting date as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group satisfies its performance obligation.

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts due from customers at the end of the reporting period is past due.

10 CONTRACT ASSETS (CONTINUED)

The table below shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in SFRS(I) 9:

	Group	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year	**64**	6
Change in loss allowance	**1,100**	57
Exchange difference	**37**	1
At the end of the year	**1,201**	64

11 CONTRACT COSTS

	Group	
	2021	**2020**
	$'000	**$'000**
Costs to fulfil contracts	**663**	869

The Group incurred costs to fulfil contracts associated with artistic performance management. The costs related directly to the contract, generate resources that will be used in satisfying the contract. They were therefore recognised as an asset from costs to fulfil a contract. The asset will be recognised as expense at point in time consistent with the recognition of the associated revenue. For the financial year ended 31 December 2021, an impairment loss of $219,000 (2020: $728,000) has been recognised due to postponement of concerts in Malaysia and Australia arising from travel restrictions and concerns over the COVID-19 outbreak (Note 40).

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year	**215**	–
Additions	**2,719**	215
Changes in fair value (Note 30)	**95**	–
At the end of the year	**3,029**	215

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

For the financial year ended 31 December 2021, the fair value of investment is determined based on the estimated box office revenue and fees from licensing rights and a fair value gain of $95,000 is recognised.

For the financial year ended 31 December 2020, the fair value of investment is determined based on the stage of production of the underlying film. As the related film investment is made close to the reporting date, the fair value of the investment approximates the cost of investments.

The fair value measurement is categorised in Level 3 of the fair value hierarchy.

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13A FILMS AND DRAMA PRODUCTIONS IN PROGRESS

	Group	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year	**8,920**	23,307
Additions	**34,858**	4,520
Arising from acquisition of a subsidiary (Note 19)	**–**	6,284
Transfer to films and drama products (Note 13B)	**(21,822)**	(23,312)
Sales of films and drama productions in progress[(i)]	**(66)**	(2,638)
Exchange differences	**797**	759
At the end of the year	**22,687**	8,920

(i) For the financial year ended 31 December 2021, the Group sold and transferred the copyright and ancillary rights for adaptation of a drama under production in progress for gaming products to the customer.

For the financial year ended 31 December 2020, the Group sold and transferred the copyright and ancillary rights to drama and films which are developed by the Group and under production in progress when the Group sold to the customers.

The Group sometimes participates in drama and film production as a co-producer and the Group involves and participates in the determination of idea origination, script, budget, production crew, cast selection, shooting, post-production, and distribution plan for the drama and film with other co-producers. Under the contractual agreements, unanimous consent is required from all parties to direct the key relevant activities. Accordingly, the Group has joint control on the key relevant activities of the drama and film production as at 31 December 2021, $613,000 (2020: $50,000) is related to the Group's proportionate share in the ownership of the films and drama productions in progress. The Group is entitled to a proportionate share of the revenue received and bears a proportionate share of the joint operation's expenses.

The Group has the following material joint operations in PRC:

a) The 10th Regiment 第十团: In 2021, the Group has a 50.0% (2020: 50.0%) share in the ownership of the drama production in progress.

b) Moon Romance 月上朝顏: In 2021, the Group has a 15.0% (2020: Nil) share in the ownership of the drama production in progress.

c) Perfect Village 最美的鄉村: In 2019, the Group has a 45.7% share in the ownership of the drama production in progress for which the copyright and ancillary rights will be licensed to customers upon completion. In 2020, the drama production has been completed and transferred to films and drama products (Note 13B).

d) Make a Wish Miss Xianqi 仙琦小姐許願吧: In 2019, the Group has a 70.0% share in the ownership of the drama production in progress which will be sold upon completion. In 2020, the drama production has been completed and transferred to films and drama products (Note 13B).

13B FILMS AND DRAMA PRODUCTS

	Group	
	2021	**2020**
	$'000	**$'000**
Cost:		
At the beginning of the year	**45,682**	30,390
Transfer from films and drama productions in progress (Note 13A)	**21,822**	23,312
Sales of films and drama products	**(19,839)**	(8,693)
Exchange differences	**1,204**	673
At the end of the year	**48,869**	45,682
Accumulated amortisation:		
At the beginning of the year	**40,386**	30,390
Provided during the year	**6,892**	9,439
Exchange differences	**1,084**	557
At the end of the year	**48,362**	40,386
Net carrying amount	**507**	5,296

The balances are classified as current as the films and drama products has an economic life of less than twelve months and are expected to be realised within the Group's normal operating cycle.

In light of the circumstances of the films and drama industry, the Group regularly reviewed its films and drama products to assess the marketability/future economic benefits of films and drama products and the corresponding recoverable amounts. The estimated recoverable amount as at 31 December 2021 and 2020 was determined based on the expected future revenues.

As at 31 December 2020, the Group has the following material joint operations in PRC which the Group is entitled to a proportionate share of the revenue received and bears a proportionate share of the joint operation's expenses:

* Perfect Village 最美的鄉村: In July 2020, the Group acquired an additional 14.3% interest of a co-production party for a consideration of $1,579,000 (equivalent to RMB8,000,000), after deducting outstanding co-production investment amount of $395,000 (equivalent to RMB2,000,000) owed by such co-production party to the Group. As a result, the Group's interest in Perfect Village 最美的鄉村 was increased from 45.7% to 60.0%. As at 31 December 2020, $3,510,000 relate to the Group's proportionate share in the ownership of the drama. The drama was subsequently sold in 2021.

* The Love 最初的相遇, 最後的別離: As at 31 December 2020, the Group has a 20.0% interest in the drama and $377,000 relate to the Group's proportionate share in the ownership of the drama. The drama was subsequently sold in 2021.

* Make a Wish Miss Xianqi 仙琦小姐許願吧: In July 2020, the Group sold the 70.0% share in the ownership of the drama production for a consideration of $13,818,000 (equivalent to RMB70,000,000).

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14 PLANT AND EQUIPMENT

	Leasehold improvements $'000	Motor vehicles $'000	Furniture and fixtures $'000	Office equipment $'000	Computer equipment $'000	Film sets $'000	Filming equipment $'000	Concert equipment $'000	Total $'000
Group									
Cost:									
At 1 January 2020	388	214	46	36	174	–	35	3,337	4,230
Additions	39	370	72	2	316	–	–	–	799
Written-off	(32)	–	–	(1)	–	–	–	–	(33)
Exchange differences	–	–	1	–	3	–	2	174	180
At 31 December 2020	395	584	119	37	493	–	37	3,511	5,176
Additions	283	103	82	46	328	1,347	–	–	2,189
Written-off	(51)	–	–	–	–	–	–	–	(51)
Exchange differences	4	3	3	1	8	41	2	183	245
At 31 December 2021	**631**	**690**	**204**	**84**	**829**	**1,388**	**39**	**3,694**	**7,559**
Accumulated depreciation:									
At 1 January 2020	296	58	27	13	93	–	10	63	560
Depreciation	87	117	23	7	96	–	7	392	729
Written-off	(25)	–	–	*	–	–	–	–	(25)
Exchange differences	–	–	*	–	1	–	1	11	13
At 31 December 2020	358	175	50	20	190	–	18	466	1,277
Depreciation	117	129	34	14	179	36	7	408	924
Written-off	(33)	–	–	–	–	–	–	–	(33)
Exchange differences	1	(1)	1	*	2	1	2	37	43
At 31 December 2021	**443**	**303**	**85**	**34**	**371**	**37**	**27**	**911**	**2,211**
Carrying amount:									
At 31 December 2020	37	409	69	17	303	–	19	3,045	3,899
At 31 December 2021	**188**	**387**	**119**	**50**	**458**	**1,351**	**12**	**2,783**	**5,348**

* Amount less than $1,000.

The Group's concert equipment are used to generate rental income which is subject to short-term operating lease arrangement with lessee.

15 RIGHT-OF-USE ASSETS (THE GROUP AS LESSEE)

The Group leases several assets including office premises/filming studio, office equipment and motor vehicles. The leases have varying terms and renewal rights. The lease term ranges between 1 to 3 years (2020: 1 to 3 years) and rentals are generally fixed for the same periods.

The Group does not have the option to purchase the leased assets for a nominal amount at the end of the lease term.

	Office premises/ filming studio $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Group				
Cost:				
At 1 January 2020	3,500	22	354	3,876
Additions	4,529	–	–	4,529
Disposals	(817)	–	(238)	(1,055)
Exchange differences	163	–	6	169
At 31 December 2020	7,375	22	122	7,519
Additions	2,501	–	132	2,633
Disposals	(2,145)	–	–	(2,145)
Exchange differences	281	–	10	291
At 31 December 2021	**8,012**	**22**	**264**	**8,298**
Accumulated depreciation:				
At 1 January 2020	1,130	7	119	1,256
Depreciation	1,599	7	28	1,634
Disposals	(136)	–	(119)	(255)
Exchange differences	38	–	1	39
At 31 December 2020	2,631	14	29	2,674
Depreciation	1,960	5	48	2,013
Disposals	(1,645)	–	–	(1,645)
Exchange differences	80	–	1	81
At 31 December 2021	**3,026**	**19**	**78**	**3,123**
Carrying amount:				
At 31 December 2020	4,744	8	93	4,845
At 31 December 2021	**4,986**	**3**	**186**	**5,175**

* Amount less than $1,000.

Certain leases for the plant and equipment expired in the current financial year. The expired contracts were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets of $2,633,000 (2020: $4,529,000) during the year ended 31 December 2021.

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16 GOODWILL

	Group S$'000
Cost:	
At 1 January 2020, 31 December 2020 and 31 December 2021	**1,111**
Accumulated impairment:	
At 1 January 2020, 31 December 2020 and 31 December 2021	**–**
Carrying amount:	
At 31 December 2020 and 31 December 2021	**1,111**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill arose from the acquisition of G.H.Y Culture & Media (Singapore) Pte. Ltd. and GHY Culture & Media (Malaysia) Sdn Bhd in 2018 and is allocated as follows:

	Group	
	2021 **$'000**	**2020** **$'000**
Television Program and Film Production	**510**	510
Concert Production	**601**	601
	1,111	1,111

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

The recoverable amounts of the CGUs is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the 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 1.00% (2020: 1.00%). 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% (2020: 12.05%).

As at 31 December 2021 and 2020, any reasonably possible change to the key assumptions applied not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

17 INTANGIBLE ASSETS

	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
Cost:						
At 1 January 2020	147	238	–	–	8	393
Additions	–	1,720	–	97	–	1,817
Transfer upon completion	–	(1,958)	1,958	–	–	–
Exchange difference	(1)	*	*	–	*	(1)
At 31 December 2020	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 2020	64	–	–	–	2	66
Amortisation charge	29	–	45	12	1	87
Exchange difference	–	–	*	–	*	*
At 31 December 2020	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 2020	53	–	1,913	85	5	2,056
At 31 December 2021	**24**	**–**	**1,971**	**68**	**68**	**2,131**

* Amount less than $1,000.

Film and drama adaptation licenses are amortised over their estimated useful life of 5 to 6 years. The amortisation expenses of $22,000 (2020: $25,000) have been capitalised in the line item 'films and drama productions in progress' in statements of financial position as at 31 December 2021 (Note 13A).

In December 2019, the Group signed an agreement with a joint investor to operate and manage the business of licensing and exploiting the jointly owned film set. The Group has a 50% share of rights to the film set located in Malaysia for 10 years upon completion of the film set. The Group is entitled to a proportionate share of the rights to the film set, rental income received and bears a proportionate share of the joint operation's expenses. In 2020, the film set under construction was completed and held for leasing purpose and own use.

In February 2021, the Group signed an agreement with a joint investor to operate and manage the business of licensing and exploiting the jointly owned film set. The Group has a 60% share of rights to the film set located in the PRC for 3 years upon completion of the film set. The Group is entitled to a proportionate share of the rights to the film set, rental income received and bears a proportionate share of the joint operation's expenses. In 2021, the film set under construction was completed and held for leasing purpose and own use.

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18 DEFERRED TAX

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2021	**2020**
	$'000	**$'000**
Deferred tax liabilities	**28**	3,846
Deferred tax assets	**(3,789)**	(1,042)
	(3,761)	2,804

	Group
	$'000
At 1 January 2020	(203)
Arising from acquisition of subsidiary (Note 19(a))	68
Charge to profit or loss during the year (Note 33)	2,877
Exchange differences	62
At 31 December 2020	2,804
Credit to profit or loss during the year (Note 33)	(6,554)
Exchange differences	(11)
At 31 December 2021	**(3,761)**

As at 31 December 2020, deferred tax liabilities arose from timing differences between the carrying amounts of assets in the financial statements and their corresponding tax bases used in the computation of taxable profit as well as the fair value adjustment in relation to the acquisition of a subsidiary as disclosed in Note 19(a).

As at 31 December 2021, deferred tax assets arose from deductible temporary differences and unutilised tax losses of $1,791,000 and $1,998,000 (2020: $541,000 and $501,000) respectively. The deductible temporary differences mainly arose from net tax effect of deferred income, contract costs, prepayments and unrealised profits.

Subject to the agreement by the tax authorities and satisfaction of certain conditions, as at 31 December 2021, the Group has unutilised tax losses of $13,236,000 (2020: $1,770,000) available for offset against future profits. A deferred tax asset has been recognised in respect of $11,959,000 (2020: $1,757,000) of such losses, including amounts of $1,334,000 and $7,223,000 (2020: $1,334,000) that will expire at the end of the year 2025 and 2026 respectively (2020: year 2025) and an amount of $3,402,000 (2020: $423,000) that may be carried forward indefinitely for offset against future profits subject to the conditions imposed by law in the respective jurisdiction of the subsidiaries. No deferred tax asset has been recognised in respect of the remaining tax losses of $1,277,000 (2020: $13,000) due to the unpredictability of future profit streams. These tax losses will expire at the end of the year 2026 (2020: year 2027).

The Group intends to permanently reinvest earnings to further expand its businesses in PRC. It does not intend to declare dividends to its immediate foreign holding entities in the foreseeable future. Accordingly, no deferred tax liability on withholding tax was accrued as at the end of each reporting period. Cumulative undistributed earnings of the Company's PRC subsidiaries intended to be permanently reinvested in PRC amounted to $29,653,000 (2020: $15,412,000) as of 31 December 2021.

19 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of 70% equity interest in Beijing Yizhongdao on 26 May 2020

On 26 May 2020, the Group acquired 70% equity interest in Beijing Yizhongdao with cash consideration of $139,000 (equivalent to RMB700,000). This transaction has been accounted for by the acquisition method of accounting.

Consideration transferred (at acquisition date fair values)

	As at 26 May 2020 $'000
Consideration transferred by the Group	139

The difference between consideration transferred by the Group of $139,000 and fair value of proportionate share of identifiable assets acquired and liabilities assumed at the date of acquisition of $293,000, resulted in negative goodwill amounting to $154,000 as recorded in other income for the year ended 31 December 2020.

Acquisition-related costs

For the year ended 31 December 2020, no significant acquisition-related costs had been incurred from the consideration transferred.

Fair value of identifiable assets acquired and liabilities assumed at the date of acquisition

	As at 26 May 2020 $'000
Current assets	
Cash and cash equivalents	3,270
Films and drama productions in progress	6,284
Current liability	
Trade and other payables	(9,066)
Non-current liability	
Deferred tax liabilities	(68)
Net assets acquired and liabilities assumed	420

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19 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of 70% equity interest in Beijing Yizhongdao on 26 May 2020 (Continued)

Acquisition-related costs (Continued)

Negative goodwill arising on acquisition

	As at 26 May 2020 $'000
Consideration for 70% equity interest	139
Add: Fair value of previously held 30% equity interest	127
Less: Fair value of identifiable net assets acquired	(420)
Negative goodwill arising on acquisition (Note 30)	(154)

Fair value gain of previously held 30% equity interest

	As at 26 May 2020 $'000
Fair value of previously held 30% equity interest	127
Less: Carrying amount	(66)
Fair value gain (Note 30)	61

Management engaged an independent valuer to perform Purchase Price Allocation ("PPA") exercise to determine the fair value of identified net assets of Beijing Yizhongdao at acquisition date on 26 May 2020. The independent valuer has an appropriate professional qualification and relevant experience for PPA exercise and is not related to the Group. Based on the independent PPA report dated 17 August 2020, there is no other separate intangible assets identified as at acquisition date.

The fair value of identified net assets of Beijing Yizhongdao was estimated by the independent valuer based on Discounted Cash Flow ("DCF") approach. The fair value under DCF is estimated with reference to the future free cash flows expected to be generated by Beijing Yizhongdao, discounted to the valuation date with an appropriate risk-adjusted discount rate. The discount rates used are 6.91% and 6.95% based on the expected receipt dates of projected cash flows as at acquisition date.

19 **ACQUISITION AND DISPOSAL OF SUBSIDIARIES** (CONTINUED)

(a) **Acquisition of 70% equity interest in Beijing Yizhongdao on 26 May 2020** (Continued)

Acquisition-related costs (Continued)

Net cash inflow on acquisition of subsidiary

	2020
	$'000
Consideration paid in cash	139
Less: Cash and bank balances acquired	(3,270)
Net cash inflow on acquisition	(3,131)

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2020 was $168,000 attributable to the additional business generated by Beijing Yizhongdao. Revenue for the year from Beijing Yizhongdao amounted to $Nil.

Had the business combination during the year been effected at 1 January 2020, the revenue of the Group would have been $127,095,000, and the profit for the year would have been $38,088,000.

(b) **Disposal of 51% equity interest in Beijing Lingzhanglei on 11 June 2020**

On 11 June 2020, the Group disposed 51% of the equity interest in Beijing Lingzhanglei for a consideration of $101,000 (equivalent to RMB510,000), which was determined based on the net asset value of Beijing Lingzhanglei as at the date of disposal (the "disposal"). There is no gain or loss arising from the disposal.

Net cash inflow arising on disposal of subsidiary

	2020
	$'000
Cash consideration received	101
Less: Cash and bank balances disposed of	(101)
Net cash inflow on disposal	–

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20A INVESTMENT IN SUBSIDIARIES

	Company	
	2021	**2020**
	$'000	**$'000**
Unquoted shares, at cost	**8,518**	8,518

The details of the Group's subsidiaries for the financial year, taking into account the Corporate Reorganisation Exercise are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Effective percentage of equity interest and voting power held 2021 %	2020 %
Directly held:				
G.H.Y Culture & Media (Singapore) Pte. Ltd.[i]	TV program and film production; Concert production; Talent management	Singapore	100	100
G.Yue Culture and Media Limited	Investment holding	Hong Kong	100[iii]	100[iv]
BJHJHL Limited	Investment holding	Hong Kong	100[iii]	100[iv]
Indirectly held:				
GHY Culture & Media (Malaysia) Sdn Bhd[ii]	TV program and film production; Concert production	Malaysia	100	100
GHY Culture & Media (IMS) Sdn Bhd[ii], [vi]	TV program and film production	Malaysia	100	–
GHY Culture & Media (ISK) Sdn Bhd[ii], [vi]	TV program and film production	Malaysia	100	–
G.H.Y Culture & Media (Australia) Pty Ltd.[i]	Concert production	Australia	100	100
Tianjin Xinhe Culture & Broadcast Co., Ltd. (天津信和文化傳播有限公司)[iii]	Talent management services and the renting and leasing of concert equipment	PRC	100	100

The English names of certain subsidiaries and associates referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

NOTES TO **FINANCIAL STATEMENTS**

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20A INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Effective percentage of equity interest and voting power held 2021 %	2020 %
Indirectly held: (Continued)				
Tianjin Zhengzai Vision Co., Ltd. (天津正在視覺有限公司)(iii)	Costume, props and make up services	PRC	100	100
Huahuo Entertainment (Tianjin) Culture & Management Co., Ltd. (花火樂娛(天津)文化經紀有限公司)(iii)	Talent management services	PRC	100	100
Beijing Xinyuan Culture & Broadcast Co., Ltd. (北京信遠文化傳播有限公司)(iii)	Consultancy services	PRC	100	100
Tianjin Xinyuan Culture & Broadcast Co., Ltd. (天津信遠文化傳播有限公司)(iii)	Consultancy services	PRC	100	100
Shanghai Xincheng Culture & Broadcast Co., Ltd. (上海信澄文化傳播有限公司)(iii), (vi)	Talent management services, costume, props and make up services and consultancy services	PRC	100	–
Shanghai Senwu Culture & Management Co., Ltd. (上海森梧文化傳播有限公司)(iii), (vi)	Talent management services	PRC	100	–
PT. Creative Ocean Pictures(iii), (vi)	TV program and film production, distribution, and post-production	Indonesia	100	–

The English names of certain subsidiaries and associates referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

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20A INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Effective percentage of equity interest and voting power held 2021 %	2020 %
Structured entities controlled via the Contractual Arrangements[iii] (Note A):				
Tianjin Changxin Film & Media Co., Ltd. (天津長信影視傳媒有限公司) (the "PRC Affiliated Holdco")	TV program and film production and operation	PRC	100	100
Beijing Changxin Film & Media Co., Ltd. (北京長信影視傳媒有限公司)	TV program and film production and operation	PRC	100	100
Tianjin Ruyang Film & Media Co., Ltd. (天津如陽影視傳媒有限公司)	TV program and film production and operation	PRC	100	100
Beijing Yizhongdao Film & Media Co., Ltd. (北京易中道影視傳媒有限公司)[v]	TV program and film production and operation	PRC	100	100
Guangzhou Fengye Culture & Co., Ltd. (廣州風也文化傳媒有限公司)[vi]	TV program and film production	PRC	60	–
Xiamen Jinzhao Film Culture & Media Co., Ltd. (廈門金朝映畫文化傳媒有限公司)[vii]	TV program and film production	PRC	51	–

i) Audited by Deloitte & Touche LLP, Singapore for group consolidation purpose.

(ii) Audited by overseas practices of Deloitte Touche Tohmatsu Limited for group consolidation purpose.

(iii) The consolidated financials of the WFOEs and their subsidiaries (including PRC Affiliated Entities) is audited by overseas practices of Deloitte Touche Tohmatsu Limited for group consolidation purpose.

(iv) Not material to the results of the Group.

(v) On 26 May 2020, Tianjin Changxin acquired 70% of the equity interest in Beijing Yizhongdao, subsequent to such acquisition, Beijing Yizhongdao became a wholly-owned subsidiary of Tianjin Changxin (Note 19(a)).

(vi) Newly incorporated during the year.

(vii) On 6 May 2021, Tianjin Changxin acquired 51% of the equity interest in Xiamen Jinzhao Film Culture & Media Co. Ltd ("Xiamen Jinzhao") which was incorporated in March 2021. The non-controlling interest of 49% ownership interest recognised at the acquisition date of $11,000 was measured by reference to the net asset value of Xiamen Jinzhao.

The English names of certain subsidiaries, associates and joint ventures referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

20A INVESTMENT IN SUBSIDIARIES (CONTINUED)

Note A:

Contractual Arrangements

On 1 November 2020, the Company, through the wholly-foreign owned enterprises ("WFOEs"), namely Tianjin Xinyuan and Beijing Xinyuan, entered into the contractual arrangements with the ultimate controlling shareholder and Mr. Xue Xin ("Individual Shareholders") and each of the structured entities controlled ("PRC Affiliated Entities"). During the financial year ended 31 December 2021, there are new subsidiaries incorporated by PRC Affiliated Entities, being Guangzhou Fengye Culture & Media Co., Ltd. and Xiamen Jinzhao Film Culture & Media Co., Ltd.. These 2 new subsidiaries are controlled by Tianjin Changxin and both subsidiaries have entered into supplemental agreements with WFOEs, PRC Affiliated Entities, Individual Shareholders and each of the spouse of the Individual Shareholders dated 30 December 2021 (collectively known as "Contractual Arrangements").

The Contractual Arrangements confer operational control and economic rights over the PRC Affiliated Entities are conferred to the Group, which enables the Group to exercise control over the business operations of each of the PRC Affiliated Entities and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities; and to have the ability to use its power to affect its return. Further details of Contractual Arrangements are set out below.

Following the completion of the Corporate Reorganisation Exercise of the Group in 2020, the Company became the holding company of the subsidiaries and the PRC Affiliated Entities. The Company together with subsidiaries and the PRC Affiliated Entities are known as the Group.

To comply with the PRC laws, rules and regulations that prohibit foreign ownership of companies that are engaged in television program and film production and operation (including distribution of television programs and films produced overseas), and restrict foreign ownership of companies that are engaged in the business of concert organisation in the PRC, the Company engages in prohibited and restricted businesses in the PRC through certain PRC Affiliated Entities, whose equity interests are held by the Individual Shareholders.

The Company through wholly-foreign owned enterprises ("WFOEs") has entered into Contractual Arrangements with the Individual Shareholders and the PRC Affiliated Entities, which provide the Company the power to control and the ability to enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities.

The following is a summary of the Contractual Arrangements:

Exclusive Business Cooperation Agreement

Pursuant to the Exclusive Business Cooperation Agreement, the WFOEs will provide, as the exclusive service providers, management, consultation, technical and business support to the PRC Affiliated Entities and comprehensive services related to its business activities to the extent permitted under relevant laws and regulations, including but not limited to, assisting in formulating management modes and business plans and market development plans, establishing sound business process management, providing management and consulting services in daily operation, finance, investment, assets, creditor's rights and liabilities, human resources services, providing technical research and development, software development, technical upgrading services, and such other service matters specified by the WFOEs through negotiation, from time to time, according to actual business needs and ability to provide services.

NOTES TO **FINANCIAL STATEMENTS**

20A INVESTMENT IN SUBSIDIARIES (CONTINUED)

Note A: (Continued)

Contractual Arrangements (Continued)

With respect to the services provided by the WFOEs, the PRC Affiliated Entities and the Individual Shareholders will irrevocably ensure that the PRC Affiliated Entities will pay the services fees to the WFOEs, which shall be 100% of the remaining amount of the pre-tax profit of each of the PRC Affiliated Entities, after deducting related costs and reasonable expenses, to the extent permitted under the applicable PRC laws and regulations. The service agreements are effective from financial year ended 31 December 2021 and the PRC Affiliated Entities will make payment of service fees to the WFOEs when the service fees are due.

In addition, the WFOEs are granted certain rights under the terms of the Exclusive Business Cooperation Agreement, including but not limited to (i) the sole responsibility for the selection of the senior executives and employees of the PRC Affiliated Entities, and the finance, management and daily operations of the PRC Affiliated Entities; (ii) the right to enjoy and bear all economic benefits and risks arising out of the business of the PRC Affiliated Entities; and (iii) the right to consolidate the financial results of the PRC Affiliated Entities, each as a wholly-owned subsidiary of Tianjin Xinyuan or Beijing Xinyuan, as the case may be, in accordance with the applicable accounting standards.

Equity Pledge Agreement

Pursuant to the Equity Pledge Agreement, the Individual Shareholders and Tianjin Changxin which is the PRC Affiliated Holdco, as the case may be, irrevocably pledge 100% of their equity in the relevant PRC Affiliated Entities and all rights and benefits related thereto to the WFOEs as a guarantee for the PRC Affiliated Entities and the Individual Shareholders to fulfil all obligations under the Contractual Arrangements.

The WFOEs have the right to dispose of the pledged equity in the event of breach of contract under the Equity Pledge Agreement.

The Individual Shareholders and Tianjin Changxin, as the case may be, further undertake to the WFOEs, including but not limited to, that the Individual Shareholders and Tianjin Changxin, as the case may be, will not sell, lease, lend, transfer, assign, gift, re-mortgage, trust, make capital contribution with the pledged equity or otherwise dispose of all or part of the pledge equity, agree to make resolutions to increase or decrease the registered capital of the PRC Affiliated Entities, or agree to any form of initial public offering, backdoor listing and/or asset restructuring, without the prior written consent of the WFOEs. The aforementioned undertakings would restrict the Individual Shareholders from pledging their interests in the PRC Affiliated Entities and/or Tianjin Changxin's interests in the PRC Affiliated Entities, as collateral and/or encumbrance for any loans undertaken by the Individual Shareholders.

Agreement on Exclusive Purchasing Power

Pursuant to the Agreement on Exclusive Purchasing Power, the PRC Affiliated Entities and the Individual Shareholders exclusively, irrevocably and freely grant the WFOEs or their respective designated third party an option to purchase all or part of the PRC Affiliated Entities' equities which the Individual Shareholders hold and/or all or part of the businesses or assets of the PRC Affiliated Entities at a nominal consideration of RMB1 or such other minimum price allowed by PRC laws and regulations.

Once the PRC laws and regulations permit the WFOEs to directly hold and the WFOEs decide to hold the equity interest of the PRC Affiliated Entities, and the WFOEs and/or its subsidiaries and branches can legally engage in the business of the PRC Affiliated Entities, the parties will immediately terminate the Agreement on Exclusive Purchasing Power and the WFOEs will have the right to immediately exercise all exclusive rights to purchase under the Agreement on Exclusive Purchasing Power.

20A INVESTMENT IN SUBSIDIARIES (CONTINUED)

Note A: (Continued)

Contractual Arrangements (Continued)

Powers of Attorney

Pursuant to the Powers of Attorney granted by each of the Individual Shareholders and Tianjin Changxin in favour of the WFOEs, the Individual Shareholders and Tianjin Changxin appointed the WFOEs and their designated third parties as trustees and as their sole, comprehensive and exclusive agents, and in the name of the Individual Shareholders and Tianjin Changxin, to exercise all shareholder rights the Individual Shareholders and Tianjin Changxin enjoy in accordance with laws and the articles of association of the PRC Affiliated Entities for and on behalf of the Individual Shareholders and Tianjin Changxin, including the rights to attend and vote at shareholders' meetings and appoint directors.

The Contractual Arrangements confer operational control and economic rights arising from the business of PRC Affiliated Entities to the Group, which enables the Group to exercise power over the business operations of PRC Affiliated Entities, and enjoy substantially all the economic rights arising from the business of the PRC Affiliated Entities, and enables the Company, through the WFOEs, to have rights to variable return from its involvement with the PRC Affiliated Entities; and to have the ability to use its power to affect its return. Therefore, the Company is considered to control the PRC Affiliated Entities. Consequently, the Company regards PRC Affiliated Entities as controlled structured entities and consolidates the financial positions and results of operations of these entities in the financial statements of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Affiliated Entities and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Affiliated Entities. The directors are of the view that the Contractual Arrangements confer operational control and economic benefits from PRC Affiliated Entities to the Group and the Contractual Arrangements are legal, valid and enforceable under the applicable PRC laws and regulations. However, there is no assurance that the PRC government and regulatory authorities will not take a view that is contrary to or otherwise different from the advice of the legal adviser, or adopt new laws and regulations in the future which may invalidate the Contractual Arrangements.

If the PRC government finds that the Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that the Group or the PRC Affiliated Entities are in violation of PRC laws or regulations or lack the necessary permits or licences to operate its business, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with these violations or failures, including but not limited to, revoking the business and operating licences of the PRC Affiliated Entities, requiring the Group to discontinue or restrict its operations, imposing fines or confiscating any of its income that they deem to have been obtained through illegal operations, imposing conditions or requirements with which the Group and the PRC Affiliated Entities may not be able to comply, requiring the Group to restructure the relevant corporate entities and their operations or taking further actions in order to comply with these laws, regulations and rules or taking other regulatory or enforcement actions against the Group. The imposition of any of these measures could significantly disrupt the Group's business operations and may result in a material and adverse effect on the Group's ability to conduct all or any portion of its business and operations in the PRC. If the imposition of any of these government actions causes the Group to lose its right to direct the activities of any of the PRC Affiliated Entities or otherwise separate from any of these entities and if the Group is not able to restructure its corporate structure and operations in a satisfactory manner, the Company would no longer be able to consolidate the financial results of the PRC Affiliated Entities in the consolidated financial statements of the Group.

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YEAR ENDED 31 DECEMBER 2021

20B INVESTMENT IN ASSOCIATE

	Group	
	2021	**2020**
	$'000	**$'000**
Cost of investment in associate	**1,071**	–
Share of post-acquisition loss	**(8)**	–
	1,063	–

Details of the Group's associate at the end of the financial year is as follows:

Name of associate	**Principal activities**	**Country of incorporation/ place of business**	**Effective percentage of equity interest and voting power held 2021 %**	**2020 %**
Xiamen Kaimen Jianjun Film & Television Industry Investment Partnership (廈門開門見君影視產業投資合夥企業 (有限合夥))[(i)]	TV program and film production and operation; Talent management	PRC	**48.92**	–

(i) Newly incorporated during the year. Immaterial to the Group.

The associate is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I)s.

	Group	
	2021	**2020**
	$'000	**$'000**
Current assets	**2,172**	–
Non-current assets	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**–**	–
	2,172	–
Post-acquisition revenue	**–**	–
Post-acquisition loss for the year	**(16)**	(42)[(i)]
Total post-acquisition comprehensive loss for the year	**(16)**	(42)[(i)]

(i) On 18 June 2020, Tianjin Changxin disposed 27.6% of equity interest in Beijing Honghaier to an entity connected a shareholder of the Company, for a consideration of approximately $3,572,000 (equivalent to RMB17,940,000). The difference between consideration receivable and fair value of equity interest in Beijing Honghaier as at date of disposal of $419,000 (equivalent to RMB2,106,000) resulted in a gain of $3,153,000 (equivalent to RMB15,834,000) recognised as other income in profit or loss.

20B INVESTMENT IN ASSOCIATE (CONTINUED)

The share of loss from associate for the financial year ended 31 December 2021 is $8,000 (2020: $11,000).

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in these consolidated financial statements:

	Group	
	2021	**2020**
	$'000	**$'000**
Net assets of the associate	**2,172**	–
Proportion of the group's ownership interest in the associate	**48.92%**	–
Carrying amount of the Group's interest in the associate	**1,063**	–

20C INVESTMENT IN JOINT VENTURE

	Group	
	2021	**2020**
	$'000	**$'000**
Cost of investment in joint venture	**950**	–
Share of post-acquisition loss	**(285)**	–
	665	–

Details of the Group's joint venture at the end of the financial year is as follows:

Name of joint venture	Principal activities	Country of incorporation/ place of business	Effective percentage of equity interest and voting power held 2021 %	2020 %
Uni-Icon Entertainment Pte. Ltd.[(i),(ii)]	Talent management	Singapore	**70**	–

(i) Newly incorporated during the year and not material to the results of the Group.

(ii) Although the Group has 70% shareholding interest and majority board seats, the Group only carries out routine business operations based on resolutions/decisions jointly decided by both the Group and joint venture partner.

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20C INVESTMENT IN JOINT VENTURE (CONTINUED)

The joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with FRSs.

	Uni-Icon Entertainment Pte. Ltd. 2021 $'000
Current assets	**1,053**
Non-current assets	**–**
Current liabilities	**(103)**
Non-current liabilities	**–**
	950
Post-acquisition revenue	**–**
Post-acquisition loss for the year	**(407)**
Total post-acquisition comprehensive loss for the year	**(407)**

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in these consolidated financial statements:

	Uni-Icon Entertainment Pte. Ltd. 2021 $'000
Net assets of the joint venture	**950**
Proportion of the Group's ownership interest in the joint venture	**70%**
Carrying amount of the Group's interest in the joint venture	**665**

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Outside parties	**978**	5,699	**–**	–
With entities connected to a shareholder of the Company	**1,804**	7,323	**–**	–
Other payables:				
Outside parties	**643**	756	**8**	3
Subsidiaries	**–**	–	**5,870**	2,709
Joint operators[(i)]	**1,201**	641	**–**	–
With an entity connected to a shareholder of the Company[(ii)]	**269**	777	**–**	–
Advance receipts from joint operators:				
With entities connected to a shareholder of the Company	**9,371**	8,908	**–**	–
Accruals:				
Outside parties	**2,371**	3,604	**246**	270
With an entity connected to a shareholder of the Company	**192**	70	**–**	–
Accrued interest	**129**	197	**–**	–
Provision	**79**	79	**–**	–
Deferred income[(iii)]	**21**	1,103	**–**	–
Listing expense payable	**10**	1,722	**10**	429
Accrued listing expenses	**–**	1,578	**–**	1,578
Refund liabilities[(iv)]	**646**	721	**–**	–
Value added tax payable	**5,266**	4,450	**–**	–
	22,980	37,628	**6,134**	4,989

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period on purchases of goods is 30 days (2020: 30 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

(i) As at 31 December 2021, $1,201,000 (2020: $641,000) is payable to joint operators, which pertains to the proportionate share of revenue from sale of drama production attributable to the joint operators.

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

As at 31 December 2020, $197,000 is payable to a joint operator, an entity connected to a shareholder of the Company, which pertains to over contribution for a joint operation arising from the subsequent decrease in investment proportion by the joint operator based on the agreement between the Group and the joint operator and $580,000 is payable to the joint operator for the proportionate share of revenue from sale of drama production.

(iii) As at 31 December 2021, deferred income of $Nil and $21,000 (2020: $76,000 and $1,027,000) represented Jobs Support Scheme and government grant received for drama production in progress, respectively. The deferred income is recognised in profit or loss when the Group recognised as expenses the related cost for which the grants are intended to compensate.

(iv) As at 31 December 2020 and 2021, refund liabilities relate to the estimated concert ticket refund to customers due to postponement of concerts in Malaysia and Australia arising from travel restrictions and concerns over the COVID-19 outbreak (Note 40).

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22 FILM INVESTMENT FUNDS FROM INVESTORS

	Group	
	2021	**2020**
	$'000	**$'000**
At amortised cost:		
Balance at beginning of year	**4,072**	2,708
Additions	**–**	4,381
Settlement	**(4,153)**	(3,186)
Currency translation differences	**81**	169
Balance at end of year	**–**	4,072
Total losses for the year included in:		
Profit or loss		
Fair value increase in amount due to an external investor (Note 31)	**–**	299
Other comprehensive loss		
Currency translation differences arising from consolidation	**81**	169

As at 31 December 2020, the film investment funds from two investors two dramas and film productions is carried at amortised cost, bore interest ranging from 8% to 15% per annum and is repayable within 12 months. As at 31 December 2021, the funds have been repaid.

23 CONTRACT LIABILITIES

	Group	
	2021	**2020**
	$'000	**$'000**
Contract liabilities	**5,130**	6,894

As at 1 January 2020, contract liabilities amounted to $21,629,000.

Contract liabilities related to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfils its performance obligation under the contract with the customers which generally does not exceed one year.

The balances are classified as current as the performance obligations are expected to be fulfilled within the Group's normal operating cycle.

Revenue recognised in the financial year ended 31 December 2021 amounting to $2,425,000 (2020: $16,023,000) was included in contract liabilities at the beginning of the financial year.

24A AMOUNT DUE FROM (TO) RELATED PARTIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
AMOUNT DUE FROM RELATED PARTIES				
Trade				
(a) With entities associated to a shareholder of the Company and non-executive director – prepayment of grant of rights for concert production	**1,240**	1,257	**–**	–
(b) With a key management personnel and shareholder of PRC Affiliated entities – advances paid in respect of the expenditure for an ongoing drama project	**107**	–	**–**	–
	1,347	1,257	**–**	–

The credit period for balances is 30 days (2020: 30 days) and will be settled under normal credit terms. Management estimates the loss allowance on trade-related balances at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry.

None of the amounts due from related parties at the end of the reporting period are past due.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
AMOUNT DUE TO RELATED PARTIES:				
Non-trade				
(a) With family members of ultimate controlling shareholder and director	**–**	3	**–**	–
(b) With directors of the Company	**201**	11	**130**	11
Trade				
(c) With a company controlled by a shareholder of the Company and non-executive director – artiste fees	**980**	–	**–**	–
(d) With an entity controlled by a family member of ultimate controlling shareholder and director – artiste fees	**–**	1,044	**–**	–
(e) With director of the Company – talent management fees	**21**	–	**–**	–
	1,202	1,058	**130**	11

NOTES TO **FINANCIAL STATEMENTS**

24A AMOUNT DUE FROM (TO) RELATED PARTIES (CONTINUED)

Trade payables principally comprise amounts outstanding for trade-related services received from related parties. The credit period taken for trade purchases is 30 days (2020: 30 days).

The non-trade payables are unsecured, interest-free and repayable on demand unless otherwise stated.

24B AMOUNT DUE FROM JOINT VENTURE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Non-trade				
(a) With a joint venture				
– payment on behalf for trademark registration	**77**	–	**–**	–

The credit period for balances is 30 days (2020: 30 days) and will be settled under normal credit terms. None of the amounts due from joint venture at the end of the reporting period are past due.

25 LEASE LIABILITIES (THE GROUP AS LESSEE)

	Group	
	2021	**2020**
	$'000	**$'000**
Maturity analysis:		
Year 1	**2,228**	1,686
Year 2	**1,205**	1,093
Year 3	**639**	791
Year 4	**604**	528
Year 5	**530**	504
Year 6 onwards	**265**	756
	5,471	5,358
Less: Unearned interest	**(547)**	(668)
	4,924	4,690
Analysed as:		
Current	**2,013**	1,469
Non-current	**2,911**	3,221
	4,924	4,690

The Group does not face a significant liquidity risk regarding its lease liabilities.

As at 31 December 2021, the weighted average incremental borrowing rate applied to the lease liabilities is 5.46% (2020: 5.53%) per annum.

25 LEASE LIABILITIES (THE GROUP AS LESSEE) (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes				
	1 January 2021 $'000	Financing cash flows[i] $'000	New lease liabilities $'000	Foreign exchange movement $'000	Dividends declared $'000	Other changes[ii] $'000	31 December 2021 $'000
Film investment funds from investors (Note 22)	**4,072**	(4,153)	–	81	–	–	**–**
Lease liabilities (Note 25)	**4,690**	(1,925)	2,133	198	–	(172)	**4,924**
Borrowings (Note 26)	**7,125**	6,654	–	573	–	–	**14,352**
Dividend payable	**5,000**	(16,490)	–	–	11,490	–	**–**
	20,887	(15,914)	2,133	852	11,490	(172)	**19,276**

			Non-cash changes				
	1 January 2020 $'000	Financing cash flows[i] $'000	New lease liabilities $'000	Foreign exchange movement $'000	Dividends declared $'000	Other changes[ii] $'000	31 December 2020 $'000
Film investment funds from investors (Note 22)	2,708	1,195	–	169	–	–	4,072
Lease liabilities (Note 25)	2,479	(1,493)	3,848	126	–	(270)	4,690
Borrowings (Note 26)	4,825	2,001	–	299	–	–	7,125
Loan from an entity connected to a shareholder of the Company	410	–	–	–	–	(410)	–
Loan due to director of a subsidiary	1,631	(1,631)	–	–	–	–	–
Amount due to related parties	16,298	(16,780)	–	482	–	–	–
Other payables	7,600	–	–	–	–	(7,600)	–
Amount due to a shareholder of the Company	2,800	(2,800)	–	–	–	–	–
Dividend payable	–	(5,000)	–	–	10,000	–	5,000
	38,751	(24,508)	3,848	1,076	10,000	(8,280)	20,887

(i) The cash flows make up the net amount of proceeds from film investment funds from investors and borrowings and repayments of film investment funds from investors and borrowings in the statement of cash flows.

(ii) Other changes include conversion of loan to share capital (Note 27), interest accruals and payments and fair value increase in amount due to an external investor and its corresponding VAT payable, and prepaid lease payments.

NOTES TO **FINANCIAL STATEMENTS**

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26 BORROWINGS

As at the end of the reporting period, the Group have the following borrowings:

	Group	
	2021	**2020**
	$'000	**$'000**
Short-term bank loans	**14,352**	7,125

Bank borrowings bore interest rate at 5.46% per annum (2020: 6.73%) and are repayable within 12 months from the financial year end.

For the financial year ended 31 December 2021, the short-term bank loans amounting to $14,352,000 are guaranteed by the ultimate controlling shareholder and are secured by restricted bank deposits and assignment of sales contract and sales proceeds related to a drama production in progress and a completed drama product.

For the financial year ended 31 December 2020, the short-term bank loans amounting to $7,125,000 (2019: $4,825,000) is jointly guaranteed by an ultimate controlling shareholder, a director, structured entities controlled via the Contractual Arrangements and third parties.

The Group has access to financing facilities of which $22,500,000 (2020: $Nil) were unused at the reporting date. The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

27 SHARE CAPITAL

	Number of shares	Par value US$	Share capital US$
Authorised share capital of the Company:			
At 1 January 2020, 31 December 2020 and 31 December 2021	500,000,000	0.0001	50,000

The share capital as at 31 December 2021 and 2020 represented the issued share capital of the Company.

	Number of shares	
	2021	**2020**
Company		
Issued and fully paid:		
At beginning of year	**1,073,792,000**	90,000,000
Capitalisation of amount due to Mr. Ong Pang Aik[(i)]	**–**	1,093,000
Share split[(ii)]	**–**	819,837,000
Issue of shares during the year	**–**	162,862,000
Deemed capital contribution[(iii)]	**–**	–
At end of year	**1,073,792,000**	1,073,792,000

27 SHARE CAPITAL (CONTINUED)

	Share capital			
	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Issued and fully paid:				
At beginning of year	**14**	641	**14**	12
Capitalisation of amount due to Mr. Ong Pang Aik(i)	**–**	*	**–**	*
Issue of shares during the year	**–**	2	**–**	2
Deemed capital contribution(iii)	**–**	(629)	**–**	–
At end of year	**14**	14	**14**	14

(i) On 24 March 2020, 1,093,000 shares of the Company were issued to Mr. Ong Pang Aik as repayment of the outstanding loan and accrued interest from the Company to Mr. Ong Pang Aik. Following the completion of the subscription, Mr. Ong Pang Aik held approximately 1.20% of the issued and paid-up share capital of the Company.

Management engaged an independent valuer to perform valuation to determine the fair value of the newly issued shares by the Company with respect to the conversion of loan from Mr. Ong Pang Aik as at 24 March 2020. The independent valuer has an appropriate professional qualification and relevant experience and is not related to the Group.

Based on the independent report dated 27 August 2020, the fair value of the newly issued shares by the Company was estimated by the independent valuer based on income approach as a primary approach and market approach as a secondary cross check to the value derived under income approach. The fair value of the newly issued shares estimated by the independent valuer approximates the carrying amount of amount due to Mr. Ong Pang Aik. The difference between the fair value and par value of the newly issued shares to Mr. Ong Pang Aik of $7,736,000 is recorded as share premium (Note 28A).

(ii) On 25 November 2020, the Company sub-divided each share into 10 shares and the total number of shares in issue increased from 91,093,000 to 910,930,000.

(iii) The paid-in capital of $629,000 of Tianjin Changxin injected by the nominal equity holders is accounted for as a capital contribution to the Group following the completion of the Corporate Reorganisation Exercise of the Group.

28A SHARE PREMIUM

	Group and Company	
	2021	**2020**
	$'000	**$'000**
At beginning of year	**117,889**	5,713
Issue of shares during the year	**–**	107,487
IPO listing expenses	**–**	(3,047)
Capitalisation of amount due to Mr. Ong Pang Aik (Note 27)	**–**	7,736
Dividends (Note 39)	**(3,771)**	–
At end of year	**114,118**	117,889

NOTES TO **FINANCIAL STATEMENTS**

28B TREASURY SHARES

	Group and Company		Group and Company	
	2021	2020	2021	2020
	Number of shares ('000)		$'000	$'000
At beginning of year	**–**	–	**–**	–
Repurchased during the year	**672**	–	**367**	–
At end of year	**672**	–	**367**	–

During the year, the Company acquired 672,000 (2020: Nil) of its own shares through purchases on the SGX-ST. The total amount paid to acquire the shares was $367,000 (2020: Nil) and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

29 REVENUE

	Group	
	2021	2020
	$'000	$'000
Sale of television, drama and film production	**75,730**	108,528
Revenue from artistic performance and sponsorship revenue		
– Revenue as Concert Organiser	**–**	14,790
Talent management service income	**1,522**	1,441
Costume, make-up and props services	**4,693**	666
Others	**1,374**	1,670
	83,319	127,095

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2021	2020
	$'000	$'000
Timing of revenue recognition:		
At a point in time	**43,658**	49,534
Over time	**39,661**	77,561
	83,319	127,095

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

29 REVENUE (CONTINUED)

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for sale of television, drama and film production and concert as at the end of the reporting period is:

	Group	
	2021	2020
	$'000	$'000
Performance obligations that are unsatisfied (or partially unsatisfied)	**5,130**	6,894

Management expects that full amount will be recognised as revenue during the next operating cycle.

As disclosed in Note 8, in 2021, the Group entered into a three-party arrangement with the major customer and the new debtor and the rights and obligations in the revenue contract for the sale of a drama production were novated from the new debtor to the Group. The key contract terms for the revenue contract have been principally agreed before year end and the contract was physically signed off by the major customer in January 2022. The Group obtained a legal opinion from the PRC legal adviser that the Group has enforceable legal rights over the revenue contract as at year end. Accordingly, the Group has recognised revenue of $28,207,000 and gross profit of $8,542,000 arising from the sale transaction.

30 OTHER INCOME

	Group	
	2021	2020
	$'000	$'000
Interest income	**307**	83
Government grant[(i)]	**3,201**	5,783
Gain on structured deposits	**20**	27
Net foreign currency exchange gain	**2,111**	367
Gain on early termination of right-of-use assets	**20**	34
Gain from bargain purchase of investment in a subsidiary (Note 19(a))	**–**	154
Fair value gain on financial assets through FVTPL (Note 12)	**95**	–
Fair value gain on previously held interest in an associate (Note 19(a))	**–**	61
Rental income from film set	**153**	–
Gain on disposal of associate (Note 20B)	**–**	3,153
Others	**54**	6
	5,961	9,668

(i) The government grants received by the Group mainly relate to 1) grants for production of dramas under the TV program and film production business segment and 2) Jobs Support Scheme provided by government during COVID-19 outbreak.

NOTES TO **FINANCIAL STATEMENTS**

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31 OTHER EXPENSES

	Group	
	2021	**2020**
	$'000	**$'000**
Fair value increase in amount due to an external investor (Note 22)	**–**	299
Allowance for expected credit losses	**1,741**	82
Donation	**308**	187
Written-off of plant and equipment	**–**	8
Film set operating expenses (Note 17)	**153**	–
Others	**61**	47
	2,263	623

32 FINANCE COSTS

	Group	
	2021	**2020**
	$'000	**$'000**
Interest expense on:		
Lease liabilities	**283**	256
Amount due to third party (Note 27)	**–**	136
Bank guarantee fee	**130**	41
Borrowings	**342**	132
Film investment funds from external investors (Note 22)	**293**	420
	1,048	985

33 INCOME TAX EXPENSE

	Group	
	2021	**2020**
	$'000	**$'000**
Tax expense comprises:		
Current tax		
– Current year	**9,785**	5,008
– (Over) Under provision of prior year tax	**(58)**	55
Deferred tax (Note 18)	**(6,554)**	2,877
Withholding tax	**–**	69
Total	**3,173**	8,009

Under the current laws of the Cayman Islands, there is no corporate income tax or capital gains tax. Accordingly, the Company is not subject to tax on its income or capital gains. In addition, there is no withholding tax on dividends in the Cayman Islands. Therefore, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed. The Company is regarded as a tax resident in Singapore for the current year on the basis that its control and management for the financial year 2021 was exercised in Singapore.

The Company's subsidiaries incorporated in other jurisdictions were subject to income tax charges calculated according to the tax laws enacted or substantially enacted in the countries where they operate and generate income.

33 INCOME TAX EXPENSE (CONTINUED)

On 11 May 2018, the Company's subsidiary incorporated in Singapore was granted incentives under the Development and Expansion incentive. The status was granted for a period of 5 years from 1 July 2018 to 30 June 2023. As such, for the period beginning 1 July 2018, the income tax expense on the qualifying profits of the subsidiary will be determined by applying the concessionary income tax rate of 5%.

The statutory tax rates for subsidiaries in Malaysia, Australia and the PRC were 24%, 30% and 25%, respectively.

The total charge for the year can be reconciled to the accounting profit by applying the Singapore income tax rate of 17% as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit before income tax	**6,641**	46,075
Income tax expenses calculated at 17%	**1,129**	7,833
Effect of expenses that are not deductible in determining taxable profit	**750**	601
Effect of income not taxable in determining taxable profit	**(57)**	(4)
Stepped income exemption	**–**	(17)
Effect of applying 5% tax rate under Development and Expansion incentive	**368**	(2,714)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**26**	11
Effect of previously unrecognised tax losses and capital allowance now recognised as deferred tax assets	**(11)**	–
Effects of different tax rate of subsidiaries operating in other jurisdictions	**1,027**	2,177
Others	**(1)**	(2)
Withholding tax	**–**	69
	3,231	7,954
(Over) Under provision of prior year tax	**(58)**	55
Income tax expenses	**3,173**	8,009

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YEAR ENDED 31 DECEMBER 2021

34 PROFIT FOR THE YEAR

Profit for the year has been arrived at after (crediting) charging:

	Group	
	2021	**2020**
	$'000	**$'000**
Fair value gain on financial assets at FVTPL	**(95)**	–
Fair value gain on previously held interest in associate	**–**	(61)
Gain from bargain purchase of investment in subsidiary	**–**	(154)
Gain on structured deposits	**(20)**	(27)
Gain on early termination of right-of-use assets	**(20)**	(34)
Gain on disposal of investment in associate	**–**	(3,153)
Government grants	**(3,201)**	(5,783)
Interest income	**(307)**	(83)
Net foreign currency exchange gain	**(2,111)**	(367)
Rent concession	**–**	(24)
Allowance for expected credit losses	**1,741**	82
Amortisation of films and drama products included in the cost of television, drama and film production recognised as cost of sales	**6,892**	9,439
Amortisation of intangible assets	**373**	62
Cost of concert organisation recognised as cost of sales	**–**	6,953
Cost of defined contribution plans included in employee benefits expense	**751**	277
Cost of television, drama and film production recognised as cost of sales	**55,915**	62,398
Depreciation of plant and equipment included in the cost of concert organisation recognised in cost of sales	**408**	392
Depreciation of plant and equipment recognised in administrative expenses, selling and general expenses and other expenses	**516**	337
Depreciation of right-of-use assets	**2,013**	1,634
Employee benefits expense	**8,967**	6,802
Expenses relating to leases of low value assets	**1**	1
Expenses relating to short-term leases	**154**	392
Fair value increase in amount due to an external investor	**–**	299
Impairment loss of contract costs	**219**	728
Listing expenses[(i)]	**17**	4,666
Interest expense	**1,048**	985
Written-off of plant and equipment	**18**	8
Audit/non-audit fees to auditors of the Company:		
– Annual audit fees	**428**	350
– Audit fees in connection with the listing of the Company[(i)]	**–**	451
– Annual non-audit fees	**159**	61
– Non-audit fees in connection with the listing of the Company[(i)]	**–**	336
Audit/non-audit fees to other auditors:		
– Annual audit fees	**232**	130
– Audit fees in connection with the listing of the Company[(i)]	**–**	255
– Annual non-audit fees	**34**	85

(i) In 2020, included in listing expenses are audit fees $451,000 and $255,000 paid to auditors of the Company and other auditors of the Group respectively, and non-audit fees of $336,000 paid to auditors of the Company.

In 2020, included in IPO listing expenses taken to equity are audit fees of $79,000 and $45,000 paid to auditors of the Company and other auditors of the Group respectively, and non-audit fees of $59,000 paid to auditors of the Company.

34 PROFIT FOR THE YEAR (CONTINUED)

The total cash outflow for leases amount to $2,202,000 (2020: $1,618,000) for the financial year ended 31 December 2021.

During the financial year, the total employee benefits expense incurred of $9,977,000 (2020: $6,802,000) and recognised in profit or loss is $8,967,000 (2020: $6,802,000). During the financial year, total employee benefit expenses incurred of $1,010,000 (2020: $Nil) is capitalised in the line item 'films and drama productions in progress'.

35 DEFINED CONTRIBUTION PLANS

The employees of the Group are members of state-managed retirement benefit plans, operated by relevant governmental authorities in those countries. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

During the financial year, the total expense of $869,000 (2020: $277,000) was incurred and expense of $751,000 (2020: $277,000) was recognised in the profit or loss. At the end of reporting period, total expense incurred of $118,000 (2020: $Nil) was capitalised in the line item 'films and drama productions in progress' represents contributions payable to those plans by the Group at rates specified in the rules of the plans. As at 31 December 2021, contributions of $84,000 (2020: $88,000) due in respect of current financial year had not been paid over to the plans, which was included in the "trade and other payables" line item in the consolidated statement of financial position. The amounts were paid subsequent to the end of the reporting period.

36 SEGMENT INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Chief Executive Officer, Executive Directors, 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 has 4 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CODM reviews the internal management report on periodic basis.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

36 SEGMENT INFORMATION (CONTINUED)

The following describes the operations in each of the Group's reportable 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 which are produced by the Group as their talent management agency on a project basis.
Costumes, Props and Make-up Services	Provision of costumes, props and make up services to artists and third-party production companies.

Segment revenue and results

	Group For the year ended 31 December 2021			
	Television Program and Film Production $'000	Concert Production $'000	All Other Segments $'000	Total $'000
Revenue	84,651	–	11,361	96,012
Inter-segment elimination	(8,921)	–	(3,772)	(12,693)
	75,730	–	7,589	83,319
Gross profit	20,205	(408)	4,200	23,997
Inter-segment elimination	174	–	(2,416)	(2,242)
	20,379	(408)	1,784	21,755
Other income				5,961
Share of result from associate				(8)
Share of result from joint venture				(285)
Administrative expenses				(11,514)
Selling and distribution expenses				(5,957)
Other expenses				(2,263)
Finance costs				(1,048)
Profit before tax				6,641
Income tax expense				(3,173)
Profit for the year				3,468

36 SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

	Group For the year ended 31 December 2020			
	Television Program and Film Production $'000	**Concert Production $'000**	**All Other Segments $'000**	**Total $'000**
Revenue	108,938	14,790	3,986	127,714
Inter-segment elimination	(410)	–	(209)	(619)
	108,528	14,790	3,777	127,095
Gross profit	45,295	7,837	1,889	55,021
Inter-segment elimination	835	–	(187)	648
	46,130	7,837	1,702	55,669
Other income				9,668
Share of result from associate				(11)
Administrative expenses				(10,942)
Selling and distribution expenses				(6,701)
Other expenses				(623)
Finance costs				(985)
Profit before tax				46,075
Income tax expense				(8,009)
Profit for the year				38,066

Segment assets and liabilities are not regularly reported to the board of directors of the Company and is not reported.

All other segments include but not limited to talent management services, and costumes, props and make-up Services.

Revenue reported above represents revenue generated from external customers. There were inter-segment sales for the financial year ended 31 December 2021 and 2020 of $12,693,000 and $619,000.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of other income, share of result from associate, administrative expenses, selling and distribution expenses, other expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

36 SEGMENT INFORMATION (CONTINUED)

Revenue from major products and services

The Group's revenue from its major products and services are disclosed in Note 29.

Geographical information

Geographically, management reviews the performance of the businesses in Singapore, Australia, China and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of external customers' operations. Non-current assets other than goodwill, investment in associate, investment in joint venture, and deferred tax assets are based on the geographical location of the assets.

	Revenue from external customers	
	2021	**2020**
	$'000	**$'000**
Singapore	**4**	38,783
China	**83,315**	88,312
	83,319	127,095

	Non-current assets	
	2021	**2020**
	$'000	**$'000**
Singapore	**1,567**	2,123
China	**9,466**	6,838
Malaysia	**1,729**	1,943
	12,762	10,904

Information on major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the periods are as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Customer A	**61,837**	72,860
Customer B	**–**	13,151

37 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Group	
	2021	**2020**
	$'000	**$'000**
Profit for the year attributable to the owners of the Company	**3,901**	38,066
Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share	**1,073,758**	916,731
Basic and diluted earnings per share (cents)	**0.36**	4.15

The fully diluted earnings per share and basic earnings per share for the years ended 31 December 2020 and 31 December 2021 are the same because there is no dilutive share.

38 LEASE ARRANGEMENTS

The Group is committed to $159,000 for short-term leases as at 31 December 2021 (2020: $88,000).

39 DIVIDENDS

On 18 November 2020, the Company declared interim dividends of $10,000,000 (a dividend of $0.011 per share) in respect of financial year ended 31 December 2020 to be paid to the persons who were registered shareholders of the Company as at 30 September 2020 ("Existing Shareholders"), which were determined based on the available profits of the Group as at 30 June 2020. The payment of the interim dividends is conditional upon the fulfilment of certain conditions, including the entry into the Contractual Arrangements, the receipt by the Company of dividend payment(s) from the relevant subsidiaries and PRC Affiliated Entities for distribution to the Existing Shareholders and the Listing of the Company on the Mainboard of the SGX-ST. Amounts of $5,000,000 and $5,000,000 was paid out to the Existing Shareholders during the year ended 31 December 2020 and 2021 respectively.

During the year ended 31 December 2021, the Company declared and paid a tax-exempt final dividend of 1.07 Singapore cents per share in respect of the financial year ended 31 December 2020 amounting approximately $11,490,000 representing approximately 30% of the Group's net profit after tax for the financial year ended 31 December 2020.

The directors propose the payment of a tax-exempt final dividend of 0.10 Singapore cents per share in respect of the financial year ended 31 December 2021 amounting approximately $1.1 million representing approximately 30% of the Group's net profit after tax for the financial year ended 31 December 2021, subject to the approval of Shareholders at the forthcoming annual general meeting and determined based on the retained earnings and share premium of the Company as at 31 December 2021. As at the date of these consolidated financial statements, the final dividends have not yet been paid. The dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

NOTES TO **FINANCIAL STATEMENTS**

YEAR ENDED 31 DECEMBER 2021

40 IMPACT OF THE CORONAVIRUS DISEASE 2019 (“COVID-19”)

The global pandemic outbreak of the COVID-19 announced by the World Health Organisation has disrupted the Group’s operations, as well as the operations of the customers and suppliers, globally, including in Singapore, Australia, Malaysia and the PRC. Due to the COVID-19 outbreak, a number of governments around the world have imposed nationwide restrictions to curb the spread of COVID-19, including quarantine measures, travel restrictions and the closure of workplaces, schools, shops and other public venues, including entertainment venues.

Due to such measures requiring the closure of workplaces and suspension of business activities, certain filming and production activities in Malaysia were disrupted by the movement control order in Malaysia. This resulted in delay of schedule for one drama production and the Group had relocated certain filming and production activities to PRC in May 2021. This affected margins as certain set-up costs had to be incurred again in the PRC, resulting in duplicate costs. Despite the increase in production costs expected, the drama production remains profitable. The Group is on track to complete the filming and production activities for the drama production within the revised production and release timeline agreed with the customer.

While the Group has agreed on a revised production schedule for such projects with the customers and suppliers, as well as the crew and personnel involved, the Group is unable to predict if the impact of the COVID-19 outbreak will be short-lived or long-lasting, or if there will be delays to the production schedules of future drama and film projects and/or further disruptions to the business and operations. Furthermore, if the development of the COVID-19 outbreak becomes more severe or if the customers, suppliers and/or subcontractors are forced to close down their businesses after prolonged disruptions to their operations, the Group may experience a delay or shortage of suppliers and/or services by the suppliers, or termination of contracts by the customers. In such event, the operations of the Group may be severely disrupted and may have a material and adverse effect on the business, financial conditions, results of operations and prospects.

In addition, due to the imposition of such travel restrictions and concerns over the COVID-19 outbreak, the Group had to postpone the concerts in Malaysia and Australia which were slated for 19 February 2022 and 30 October 2021 to 7 January 2023 and 4 March 2023, respectively, for the safety of the concertgoers and crew. As a result, the Group had incurred administrative fees charged by the ticketing agent for the cancellation and refund of the concert tickets, cancellation of the venue and additional logistics costs due to transportation of the concert equipment, costumes, site management and storage fees. Accordingly, the Group had recorded impairment loss of $219,000 (2020: $728,000) of contract cost (Note 11) and refund liabilities of $646,000 (2020: $721,000) (Note 21) as at 31 December 2021.

CORPORATE **GOVERNANCE REPORT**

G.H.Y Culture & Media Holding Co., Limited (the "**Company**" and together with its subsidiaries and its PRC Affiliated Entities[1], the "**Group**") and the Board of Directors (the "**Board**") and management of the Company strive to maintain high standards of corporate governance, to promote greater transparency and to protect the interests of shareholders. The Board's commitment to good corporate governance practices is essential for Directors to discharge their corporate and fiduciary responsibilities, and is fundamental to the enhancement of long-term shareholders' value.

The Board has taken steps to align the Group's corporate governance framework with the principles and provisions set out in the Code of Corporate Governance 2018 (the "**Code**") since the listing of the Company on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 18 December 2020. Where there are deviations from the provisions of the Code, an explanation has been provided in this Report, which includes the reason for the variation, as well as the practices adopted which are consistent with the relevant principle of the Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board is responsible for the overall performance of the Group. The Board sets the strategic direction and vision of the Group and directs the overall strategy, policies, and business plans of the Group, as well as oversees the stewardship and allocation of the Group's resources.

Provision 1.1 – Principal functions of the Board

As at the date of this Report, the Board is made up of the following members:

Executive Directors:
Mr. Guo Jingyu (Executive Chairman and Group Chief Executive Officer ("**CEO**"))
Ms. Yue Lina
Ms. Wang Qing

Non-Executive Directors:
Mr. Yang Jun Rong
Ms. Zeng Yingxue

Independent Directors:
Mr. Yeo Guat Kwang (Lead Independent Director)
Mr. Ang Chun Giap
Mr. Chen Mingyu
Dr. Jiang Minghua
Mr. Li Qi
Mr. Shamsul Kamar Bin Mohamed Razali

[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.

CORPORATE **GOVERNANCE REPORT**

The Board comprises Directors from diverse business, industry, management, and financial backgrounds. The Directors bring with them a wide spectrum of skills, experience, expertise and perspectives to effectively lead and direct the Group. The diversity of the Directors' experience enables meaningful exchange of ideas and views in the development of the Group's strategy and performance. The profiles of the Directors are set out under Board of Directors section of this Annual Report.

The principal functions of the Board include, but are not limited to, the following:

- reviewing and approving Board policies, strategies and financial objectives for the Group and supervising, monitoring and reviewing the performance of the management team;

- overseeing the processes for evaluating and assessing the adequacy of internal controls and risk management (including financial, operational and compliance risk areas identified by the Audit and Risk Management Committee that need to be strengthened), recommending actions to be taken to address and monitor areas of concern, and establishing and maintaining a sound risk management framework to effectively monitor and manage risks;

- deciding on matters in relation to the Group's activities which are of a significant nature, including approving major funding proposals, investment and divestment proposals including merger and acquisition transactions, and timely announcements of material transactions;

- approving matters such as half-year and full year financial results announcements, appointment of directors and key management personnel, and recommending the declaration of dividends;

- setting of the Group's value and standards (including ethical standards), and ensuring transparency and accountability to shareholders and other stakeholders; and

- assuming responsibility for corporate governance and considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy.

All Directors are expected to objectively discharge their duties and responsibilities as fiduciaries, make decisions in the best interests of the Company at all times and ensure proper accountability within the Group. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction contemplated by the Group. Where a potential conflict of interest arises, the Director concerned does not participate in discussion and refrains from exercising any influence over other members of the Board.

The Board has implemented a code of conduct and ethics which the Group's employees are required to observe. The code of conduct and ethics embodies the Group's commitment to conduct its businesses in accordance with all applicable laws, rules and regulations and the ethical standards and provides a communicable and understandable framework for all Directors and the Group's employees to observe the principles of honesty, integrity, responsibility and accountability at all levels of the organisation and in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflict of interests.

Provision 1.2 – Directors' orientation and training

The Group encourages Directors to receive regular training and updates on relevant laws and regulations and to participate in conferences, seminars or any training programmes to equip themselves with the relevant knowledge to discharge their responsibilities in an effective and efficient manner.

CORPORATE **GOVERNANCE REPORT**

Newly appointed Directors receive orientation and training, if necessary, to familiarise themselves with the Group's business activities, strategic direction and the regulatory environment in which the Group operates in, as well as their statutory and other duties and responsibilities as Directors. Directors are provided with extensive background information on the Group's corporate structure, history, industry-specific knowledge, mission, and values. Directors are also be briefed on the key audit matters in the auditors' report and receive quarterly updates on the strategic development of the Group.

The Board is also kept updated on the relevant amendments and/or requirements of the SGX-ST, including the SGX-ST Listing Manual and the Code, and other statutory and regulatory requirements and key changes in financial reporting standards from time to time. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board.

In FY2021, Mr. Guo Jingyu, Ms. Yue Lina, Ms. Wang Qing, Mr. Yang Jun Rong, Mr. Chen Mingyu and Dr. Jiang Minghua have completed the prescribed mandatory training as specified under Practice Note 2.3 of the SGX-ST Listing Manual within one year from the date of their respective appointments to the Board.

Newly appointed Directors are given letters explaining the terms of their appointment as well as their duties and obligations. The Company arranges for any new Director with no prior experience of serving as a director in a public-listed company ("**First-time Director**") to attend appropriate courses, conferences or seminars, including the mandatory training conducted by the Singapore Institute of Directors in accordance with the SGX-ST Listing Manual or other training institutions in areas such as accounting, legal and industry-specific knowledge, at the expense of the Company, unless the First-time Director has been assessed by the Nominating Committee to possess relevant experience. In assessing whether the First-time Director has the relevant experience, the Nominating Committee will consider whether the experience is comparable to the experience of a person who has served as a director of an issuer listed on the SGX-ST, and the Nominating Committee will disclose the reasons for such assessment in the Company's announcement of the First-time Director's appointment as director of the Company.

Mr. Shamsul Kamar Bin Mohamed Razali has completed the prescribed mandatory training as specified under Practice Note 2.3 of the SGX-ST Listing Manual. Mr. Li Qi and Ms. Zeng Yingxue do not have prior experience as directors of public-listed companies in Singapore but have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore. The Company will arrange for Mr. Li Qi and Ms. Zeng Yingxue to complete the said mandatory training as specified under Practice Note 2.3 of the SGX-ST Listing Manual within one year from the date of their respective appointments to the Board.

Provision 1.3 – Matters for Board Approval

The Group has formalised a set of internal guidelines for matters reserved for the Board's approval and which have been clearly communicated to the management in writing. Such matters include: corporate restructuring, mergers and acquisitions, investments and divestments, acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptance of bank facilities, the Group's half-yearly and full year results announcements, recommendation and declaration of dividends, convening of general meetings, material regulatory matters or litigation, appointment of Directors and key management personnel, compliance matters associated with the SGX-ST Listing Manual and other relevant laws and regulations, and interested person transactions.

CORPORATE **GOVERNANCE REPORT**

In addition, there is a formalised delegation of authority matrix that sets out financial approval limits for the Board and the management team of the Group regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements.

Provision 1.4 – Board Committees

The Board is supported by 3 Board Committees: the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). The Board Committees function within clearly defined and written terms of reference (which sets out their respective duties, authority, responsibilities and accountability to the Board) and operating procedures, and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board on a regular basis to enhance the effectiveness of the Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections of this Corporate Governance Report.

All committees are chaired by an Independent Director. The ultimate responsibility for the final decision on all matters, however, lies with the Board, and all matters discussed at the Board Committees' meetings are presented and reported to the Board for approval prior to its implementation.

The compositions of the Board Committees are as follows:

Designation	**Audit and Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
Chairman	Mr. Ang Chun Giap	Mr. Yeo Guat Kwang (Lead Independent Director)	Mr. Chen Mingyu
Member	Dr. Jiang Minghua	Mr. Guo Jingyu	Mr. Yeo Guat Kwang
Member	Mr. Chen Mingyu	Dr. Jiang Minghua	Mr. Shamsul Kamar Bin Mohamed Razali
Member	–	–	Mr. Li Qi

Provision 1.5 – Board meetings, attendance, and multiple commitments

The Board schedules at least 2 meetings a year to coincide with the announcements of the Group's half-year and full year financial results. Additional meetings are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. The Board is free to seek clarification and information from the management on all matters within their purview. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company.

CORPORATE **GOVERNANCE REPORT**

Where a physical Board meeting is not possible, the Company's Articles of Association and the terms of reference for each Board Committee provide for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in meetings to communicate with each other simultaneously and instantaneously. Matters concerning the Group requiring approval of the Board are also put to the Board for its decision by way of written resolutions.

In FY2021, the Board convened 2 meetings and the ARMC, NC and RC convened 3, 3 and 1 meeting(s), respectively. The Board members were present at the meetings either in person or via teleconference. The table below shows the attendance of the Directors at the Board and the respective Board Committee meetings during FY2021[1].

Name of Director	**Board**		**Audit and Risk Management Committee**		**Nominating Committee**		**Remuneration Committee**	
	Number of Meetings		**Number of Meetings**		**Number of Meetings**		**Number of Meetings**	
	Held	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Guo Jingyu	2	2	3	1*	3	2	1	1*
Yue Lina	2	2	3	0	3	0	1	0
Wang Qing	2	2	3	3*	3	1*	1	1*
Yang Chun-Jung	2	1	3	0	3	0	1	0
Yeo Guat Kwang	2	2	3	0	3	3	1	1
Ang Chun Giap	2	2	3	3	3	0	1	0
Chen Mingyu	2	2	3	3	3	0	1	1
Jiang Minghua	2	2	3	0[6]	3	3	1	0
Sng Peng Chye[2]	2	1	3	2	2	0	1	1
Shamsul Kamar Bin Mohamed Razali[3]	0	0	0	0	0	0	0	0
Li Qi[4]	0	0	0	0	0	0	0	0
Zeng Yingxue[5]	0	0	0	0	0	0	0	0

Notes:

(1) Refers to the number of meetings held/attended while each Director was in office.

(2) Mr. Sng Peng Chye ceased to be a Director of the Company on 15 August 2021.

(3) Mr. Shamsul Kamar Bin Mohamed Razali was appointed as an Independent and Non-Executive Director of the Company with effect from 1 February 2022.

(4) Mr. Li Qi was appointed as an Independent and Non-Executive Director of the Company with effect from 1 February 2022.

(5) Ms. Zeng Yingxue was appointed as a Non-Independent and Non-Executive Director of the Company with effect from 1 February 2022.

(6) Dr. Jiang Minghua was appointed a member of the ARMC with effect from 1 November 2021.

** By invitation*

The Board meetings and Board Committee meetings were attended by all the Directors and the relevant Board Committee members, respectively, except where the Directors have abstained from attending due to conflict of interests. During the meetings, members of the Board and the respective Board Committees deliberated and approved the new policies to be implemented, the unaudited full year results of the Group and various other matters. The external auditors of the Company, the Company Secretaries and other professional advisers were invited to join the relevant meetings.

CORPORATE **GOVERNANCE REPORT**

Provision 1.6 – Access to information

The Board is furnished with complete, detailed and timely information concerning the Group prior to Board meetings and Board Committee meetings and on an ongoing basis, to enable them to be fully apprised of the conditions and the other factors affecting the Group's operations and to understand the decisions and actions of the management. All Directors have unrestricted access to the Group's management and information. From time to time, the Independent Directors may meet with the management team to conduct ad-hoc discussions on the Group's business and operational matters. The relevant management staff may also be invited to attend Board meetings, as and when appropriate, to provide additional insight to matters raised, and to respond to any queries that the Board members may have.

The management provides Board members with detailed Board papers containing complete and timely information before each meeting of the Board and the Board Committees. Such Board papers and any other relevant documents are circulated to all Board members before the meetings. The management provides periodic financial and corporate information, performance of the individual divisions within each business segment and management proposals to enable the Directors to make informed decisions on issues to be considered at Board meetings.

Directors may request for further explanations, briefings or discussions on any aspect of the Group's operations or business from the management team. When circumstances require, the Board members may also exchange their views outside the formal environment of Board meetings.

Provision 1.7 – Access to Management, Company Secretaries and External Advisers

The Company Secretaries and/or their representatives attend the Board and Board Committee meetings. The role of the Company Secretaries have been formally established in the letter of engagement with the Company. The Company Secretaries are responsible for advising the Board on governance matters, facilitating the orientation of new Directors and keeping the Board updated on any relevant regulatory changes. The Company Secretaries also ensure that established procedures and all relevant rules and regulations that are applicable to the Group are complied with.

The appointment and the removal of the Company Secretaries shall be decided by the Board as a whole.

The Board has separate and independent access to the management team and the Company Secretaries at all times. The Directors are aware that they may direct the Company to appoint external advisers in order for the Board or the Independent Directors to seek independent legal and other professional advice, at the Company's expense, in order to discharge the responsibilities effectively, as and when necessary.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 – Board independence

The Board comprises 11 members, 6 of whom are independent. The Independent Directors make up a majority of the directors.

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The independence of each Director is reviewed annually by the NC. Each Independent Director is required annually to complete a checklist to confirm his or her independence. The checklist is drawn up based on the definitions and guidelines provided in the Code and the SGX-ST Listing Manual, and requires each Director to assess whether he or she considers himself or herself independent despite not having any of the relationships identified in the Code. The Directors are also required to disclose to the Board any such relationships as and when they arise. If the Board determines that a Director is independent notwithstanding the existence of such relationships or circumstances which might suggest otherwise, the Board will provide its reasons.

The NC adopts the Code's definition of what constitutes an "independent" Director in its review. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. Thereafter, the NC reviews the checklist completed by each Independent Director, assesses the independence of the Independent Directors and recommends its assessment to the Board. There is no Independent Director who has served the Board for more than an aggregate period of 9 years.

The NC, with the concurrence of the Board, is of the view that no individual or small group of individuals dominates the Board's decision-making process. The NC has reviewed the independence of the Independent Directors, and is satisfied that the Independent Directors, Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi, are independent in accordance with Provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual. The Independent Directors offer alternative views to the Group's business and corporate activities and bring objective judgement to bear on business activities as well as transactions involving conflicts of interest and other complexities.

Provisions 2.2, 2.3 and 2.4 – Board composition and diversity

The Board comprises a majority of Independent and Non-Executive Directors. The composition of the Board complies with Provision 2.2 of the Code as Independent Directors make up a majority of the Board where the Chairman of the Board is not independent, and complies with Provision 2.3 of the Code as Non-Executive Directors make up a majority of the Board.

The Directors have given due consideration to the size and composition of the Board. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective and informed decision-making. The Board, in concurrence with the NC, considers the present Board size appropriate and effective, taking into the account the size, scope and nature of the Group's operations.

The Company has also adopted the Board Diversity Policy which provides that, in reviewing Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including diversity of skills, professional experience and knowledge, gender, age, ethnicity, culture, educational background, tenure of service and other relevant factors. These differences and additional measurable objectives will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, extensive experience, and knowledge which the Board as a whole requires to be effective. Diversity is a key criterion in the instructions to external search consultants.

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In recognition of the importance and value of gender diversity in the composition of the Board, the Board considered diversity in the appointment of the Directors when it was listed on the Mainboard of the SGX-ST on 18 December 2020 and continues to consider diversity in its subsequent appointments of Directors. The current Board comprises 3 female Directors and 8 male Directors, with Ms. Yue Lina and Ms. Wang Qing appointed as Executive Directors of the Company and Ms. Zeng Yingxue appointed as a Non-Executive Director of the Company. Each Director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board, in concurrence of the NC, is of the view that the Directors possess the necessary competencies to provide the management with diverse and objective perspectives on issues so as to lead and govern the Company effectively.

Provision 2.5 – Non-executive directors and/or independent directors meet regularly without the presence of management

Non-Executive and/or Independent Directors contribute to the Board process by monitoring and reviewing the management's performance against the goals and objectives of the Group. Independent Directors fulfil a pivotal role in corporate accountability and their views and opinions provide alternative perspectives to the Group's business. When challenging the management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

The Independent Directors meet without the presence of the management as and when required. The Chairman of such meetings provides feedback to the Board and/or the Chairman, as appropriate.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO

The Board notes that Provision 3.1 of the Code requires the Chairman and CEO to be separate persons in order to ensure an appropriate balance of power, increased accountability and greater capacity of the Board's independent decision making. Presently, the Chairman of the Board, Mr Guo Jingyu, is also the Group CEO.

Nonetheless, the Board believes that there is a strong independent element on the Board which enables the Board to exercise independent decision-making separate from the management. The Independent Non-Executive Directors are also encouraged to constructively challenge and help develop proposals on strategy. Their views and opinions provide alternative perspectives to the Group's business. As recommended by Provision 3.3 of the Code, a Lead Independent Director, Mr. Yeo Guat Kwang, has been appointed and a majority of the Board's composition is occupied by Independent Directors. In addition, the ARMC, NC and RC comprise either fully or a majority of Independent Directors. Each of the ARMC, NC and RC are also chaired by Independent Directors. The Board believes that the Independent Directors have demonstrated a high level of commitment in their roles as Directors and have ensured that there is a good balance of power and authority on the Board.

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Provision 3.2 – Role of the Chairman and the CEO

As Chairman of the Board, Mr. Guo Jingyu bears primary responsibility for the workings of the Board by ensuring effectiveness in all aspects of its role, including setting the agenda for Board meetings and ensuring that the Directors receive complete and adequate information. Although the roles and responsibilities of the Chairman and the CEO are vested in Mr. Guo Jingyu, the Board believes that the current composition of the Board is able to make an objective and prudent judgment of the Group's corporate affairs separate from the management and that there are sufficient safeguards and checks to ensure that the Board's decision making process is independent and based on collective decisions without any individual or small group of individuals exercising any unfettered or considerable concentration of power or influence.

With the establishment of various Board Committees who have power and authority to perform key functions and put in place internal controls for effective oversight of the Group's business, the Board is of the view that these arrangements enable the Board to exercise objective decision-making in the interests of the Group. The Board, with the concurrence of the NC, believes that Mr. Guo Jingyu's dual role as Executive Chairman and Group CEO allows for more effective planning and execution of long-term business strategies as he is knowledgeable in the business of the Group and provides the Group with strong and consistent leadership. Mr. Guo Jingyu plays an instrumental role as the Group CEO in (i) formulating the overall business and corporate policies and strategies of the Group; (ii) managing the overall business and operations of the Group; and (iii) overseeing the Group's overall business development. Given the foregoing, the Board believes that there is no need for the roles of the Chairman and the CEO to be separated for the Company.

Provision 3.3 – Lead Independent Director

Taking cognisance of the non-separation of the roles of the Chairman of the Board and the CEO, the Board has in the spirit of good corporate governance appointed Mr. Yeo Guat Kwang as the Lead Independent Director to represent the views of Independent Directors and to facilitate a two-way flow of information between shareholders, the Chairman and the Board. He will be available to shareholders in the event their concerns are not resolved through the Chairman, the Executive Directors, or for which contact is inappropriate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 – Composition of the Nominating Committee

The Board has established an NC which consists of 3 members, a majority of whom, including the Chairman of the NC, are Independent Directors. The Lead Independent Director, Mr. Yeo Guat Kwang, is a member and the Chairman of the NC. The members of the NC are as follows:

Mr. Yeo Guat Kwang (Chairman)
Mr. Guo Jingyu
Dr. Jiang Minghua

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The NC meets at least once a year. The NC is responsible for:

(a) making recommendations to the Board on relevant matters relating to:

(i) the review of board succession plans for Directors, in particular, the appointment and/or replacement of the Executive Chairman and Group CEO, and key management personnel;

(ii) the process and objective performance criteria for the evaluation of the performance and effectiveness of the Board as a whole, each Board Committee separately, the contribution by the Executive Chairman and Group CEO, and each individual Director;

(iii) the review of training and professional development programmes for the Board, Board Committees and Directors; and

(iv) the appointment and re-appointment of Directors (including alternate directors, if any), including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates;

(b) reviewing annually whether the Board and the Board Committees are of:

(i) an appropriate size;

(ii) an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company; and

(iii) an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate;

(c) reviewing and determining annually, and as and when circumstances require, if a Director is independent, having regard to the circumstances set out in the SGX-ST Listing Manual, the Code and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented);

(d) ensuring that the Directors disclose their relationships with the Company, the related corporations, the Substantial Shareholders or the officers, if any, which may affect their independence and reviewing such disclosures from the Directors and highlighting these to the Board as required;

(e) reviewing the training and professional development programs for the Board, in particular, ensuring that new Directors are aware of their duties and obligations;

(f) reviewing and determining if a Director is able to and has been adequately carrying out his duties as a Director of the Company. Where a Director holds a significant number of listed company directorships and principal commitments which involve significant time commitment (such as a full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and non-profit organisations), providing a reasoned assessment of the ability of the Director to diligently discharge his or her duties;

[2] Refers to wholly-foreign owned enterprises, Tianjin Xinyuan Culture & Broadcast Co., Ltd. and Beijing Xinyuan Culture & Broadcast Co., Ltd., and each a “GHY WFOE”.

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(g) reviewing the appointment of the relevant persons as the director and legal representative of the Group's WFOE(s)[2];

(h) reviewing any material amendments to the terms and conditions of the service agreement entered into between the Group and Mr. John Ho in respect of his role as the Group Adviser and the scope of the provision of his services for such role;

(i) in the event that any associate of Mr. John Ho proposes to be a Director or Executive Officer of the Company or the Group, assessing that such relevant associate possesses the relevant experience, expertise, qualification, character and integrity to perform in the proposed role as a Director or Executive Officer and ensuring that an announcement is made on the SGXNet, the web-based platform of the SGX-ST, on the proposed appointment of such relevant associate and the NC's views (including bases), in a timely manner;

(j) setting the objectives for achieving board diversity and reviewing the progress towards achieving these objectives;

(k) reviewing the statements relating to the following matters in the annual reports, with a view to achieving clear disclosure of the same:

  (i) the induction, training and development provided to new and existing Directors;

  (ii) the process for selection, appointment and re-appointment of Directors to the Board, criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates;

  (iii) the Directors' relationships with the Company, the related corporations, the Substantial Shareholders or the officers, if any, which may affect their independence and the reasons of the Board in determining that such Directors are independent notwithstanding the existence of such relationships;

  (iv) the listed company directorships and principal commitments of each Director and the Board's and NC's reasoned assessment of the Director's ability to diligently discharge his duties;

  (v) how the assessments of the Board, the Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of the Directors; and

  (vi) the Board Diversity Policy and progress made towards implementing the Board Diversity Policy, including objectives;

(l) taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented) in carrying out its duties;

(m) reviewing the NC's terms of reference annually and recommending any proposed changes to the Board for approval; and

(n) assuming such other duties (if any) that may be required by law or the SGX-ST Listing Manual and/or the Code (as each may be, from time to time, amended, modified or supplemented).

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Provision 4.3: Process for selection, appointment and re-appointment of directors

When reviewing and recommending the appointment and re-appointment of new Directors, the Board takes into consideration the current Board's diversity, size and mix. The NC has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of the Company, as well as the relevant background of the candidates, the key attributes that an incoming director should have and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable. The NC will review and shortlist candidates and provide a recommendation for Board approval.

In accordance with the Listing Manual and the Company's Articles of Association, each Director is required to retire at least once in every 3 years. New Directors who are appointed during the financial year are required to submit themselves for re-election at the next Annual General Meeting ("**AGM**"). Pursuant to Article 85(6) of the Company's Articles of Association, the new Directors, Mr. Shamsul Kamar Bin Mohamed Razali, Ms. Zeng Yingxue and Mr. Li Qi will be retiring at the forthcoming AGM. The retiring Directors have consented to remain in office.

The NC, having considered the attendance and participation of all Directors at the Board and Board Committee meetings thus far, and in particular, their contribution to the business and operations of the Group, has nominated all retiring Directors for re-election at the forthcoming AGM.

Each member of the NC is required to abstain from voting, approving or making a recommendation on any resolutions of the NC in which he has a conflict of interest in the subject matter under consideration, including participating in deliberations in respect of his re-election as Director (if applicable).

Provision 4.4 – Independence review of Directors

The task of assessing the independence of the Directors is delegated to the NC which reviews the independence of each Director annually, and as and when circumstances require, having regard to the provisions of the Code and the SGX-ST Listing Manual. Based on the confirmation of independence checklist submitted by the Independent Directors, the NC is of the view that each Independent Non-Executive Director is independent in accordance with the Listing Rule 210(5)(d) as, *inter alia*, the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past 3 financial years; (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past 3 financial years, and whose remuneration is determined by the RC; or (iii) have not been directors for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an Independent Director has not been sought and approved in separate resolutions by (A) all Shareholders; and (B) all Shareholders, excluding Shareholders who also serve as Directors or CEO of the Company, and associates of such Directors and CEO.

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Annually, each Independent Director is required to complete a confirmation of independence checklist to confirm his independence. At the recent NC meeting held in February 2022 (which does not fall in FY2021), the NC has reviewed and is satisfied that the Independent Directors are independent. As at the date of this report, there is no relationship or circumstance set forth in Provision 2.1 of the Code which puts the independence of the Independent Directors in question.

The Board, after taking into account the views of the NC, determined that Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi are independent.

As at the date of this report, there is no alternate Director on the Board.

Provision 4.5 – Multiple directorships and commitments of Directors

NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors. A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group.

The Board, with the concurrence of the NC, having considered the confirmations received from Mr. Yang Jun Rong, Mr. Yeo Guat Kwang, Dr. Jiang Minghua, Mr. Ang Chun Giap, Mr. Chen Mingyu, Ms. Zeng Yingxue, Mr. Shamsul Kamar Bin Mohamed Razali and Mr. Li Qi, is of the view that their multiple board representations and/or principal commitments do not hinder them from carrying out their duties as Directors of the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The NC is of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each company vary, and time commitment cannot be objectively determined in all situations.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its Board Committees and individual directors.

Provisions 5.1 and 5.2 – Assessment of the Board and the Board Committees

The Board, through the NC, adopts a process to evaluate the effectiveness of the Board as a whole and its Board Committees and the contribution by each individual Director to the effectiveness of the Board. As part of this process, the Directors have completed the respective performance evaluation questionnaires of the Board, the relevant Board Committees and in their capacity as individual directors, and the findings have been analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board, Board Committees and each individual director.

The assessment of the Board's performance focuses on a set of performance criteria for the Board's evaluation which includes Board structure, strategy and performance, governance on Board risk management and internal controls, information to the Board, Board procedures, the CEO and top management and the Directors' standards of conduct. The performance criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the ARMC, NC and RC. The annual assessment of individual Directors considers, among other matters, each Director's attendance as well as generation of constructive debate and participation in meetings of the Board and Board Committees, contribution, initiative, responsiveness of the Director, knowledge of senior management and the Company's business, and the Director's self-assessment.

There was no external facilitator engaged for FY2021. However, the NC will consider such engagement to carry out the evaluation process at the Company's expense if the need arises.

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(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 – Composition of the Remuneration Committee

The Board has established an RC which consists of 4 members, all of whom are Independent and Non-Executive Directors. The members of the RC are as follows:

Mr. Chen Mingyu (Chairman)
Mr. Yeo Guat Kwang
Mr. Shamsul Kamar Bin Mohamed Razali
Mr. Li Qi

The RC meets at least once every year. The RC is responsible for:

(a) reviewing and recommending to the Board a framework of remuneration and guidelines for the remuneration of the Directors and such other persons having authority and responsibility for planning, directing and controlling the activities of the Company, which, for the avoidance of doubt, will only take into consideration the role undertaken by the Directors in their capacity as a director of the Company, and will not take into consideration any other role(s) they may undertake in the Group, such as producer, director, scriptwriter or actor/actress in the drama and film projects;

(b) reviewing and recommending to the Board specific remuneration packages for each Director and key management personnel;

(c) considering all aspects of remuneration (including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments) and termination terms, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives;

(d) ensuring that:

  (i) a significant and appropriate proportion of the remuneration of Executive Directors and key management personnel is structured so as to link rewards to corporate and individual performance and performance-related remuneration is aligned with the interests of Shareholders and other stakeholders and promotes the long-term success of the Company;

  (ii) the remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities; and

  (iii) the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company, and key management personnel to successfully manage the Company for the long term;

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(e) administering any share schemes which may be approved by Shareholders, including the GHY Performance Share Plan and the GHY Employee Share Option Scheme;

(f) reviewing the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in the annual report with a view to achieving clear disclosure of the same;

(g) taking into consideration all factors as may be specified in the Code and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented) in carrying out its duties;

(h) reviewing the RC's terms of reference annually and recommending any proposed changes to the Board for approval; and

(i) assuming such other duties (if any) that may be required by law or the Listing Manual and/or the Code of Corporate Governance (as each may be, from time to time, amended, modified or supplemented).

Provision 6.3 – Remuneration framework

The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors are aligned with that of Shareholders.

Termination clauses are included in the service agreements for key management personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable and are not overly generous. There was no termination of any key management personnel during FY2021.

If a member of the RC has an interest in a matter being reviewed or considered by the RC, he will abstain from voting on the matter.

Provision 6.4 – Remuneration consultant

No external remuneration consultants were appointed for the financial year ended 31 December 2021. The RC will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and Key Management Personnel

As part of its responsibilities, the RC reviews the remuneration of each of the Directors and key management personnel's remuneration packages annually and makes recommendations to the Board for approval. The RC ensures that their remuneration commensurate with their performance, giving due regard to the financial and commercial performance and business needs of the Group and the performance of the individual Director and key management personnel.

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The remuneration packages of Executive Directors and key management personnel consist of fixed and variable components and benefits. The fixed component mainly comprises the basic salary and statutory contributions. To ensure that key management personnel's remuneration is comparable with industry practice, the RC may benchmark remuneration components against those of comparable companies, giving due regard to the performance criteria as set out in the key performance indicators (which are specific, measurable, result oriented and time-bound) and that are linked to pre-agreed financial and non-financial performance targets for variable bonuses and incentives, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements. The variable component is linked to the Group or Company's performance and the individual personnel's performance. Such performance-related remuneration is designed to align the individual with the interests of Shareholders and other stakeholders and promote the long-term success of the Group.

The Company has also adopted the employee share incentive schemes, the GHY Performance Share Plan and GHY Employee Share Option Scheme, which were adopted by the Company on 25 November 2020 (the "**GHY Share Incentive Schemes**"). The GHY Share Incentive Schemes provide eligible participants with an opportunity to participate in the equity of the Company, motivate them towards better performance through increased dedication and loyalty, and align the interests of the Directors and the Group's employees, especially key executives, with those of Shareholders. The GHY Share Incentive Schemes, which form an integral and important component of the Group's compensation plan are designed primarily to reward and retain the Directors (including Independent Directors) and the Group's employees whose services are vital to the Group's well-being and success. The selection of a participant and the number of shares to be granted in accordance with the GHY Share Incentive Schemes is determined in the absolute discretion of the RC, taking into criteria such as his or her rank, job performance during the performance period, potential for future development, and his or her future contribution to the success and development of the Group. Entitled participants will be allotted fully paid-up shares upon satisfactory achievement of pre-determined performance target(s) within the performance period.

The Executive Directors' service agreements are for an initial period of 3 years (the "**Initial Term**") and are automatically renewed yearly. After the Initial Term, the service agreements can be terminated by 6 months' notice by either party. Notwithstanding the foregoing, the Company may also forthwith terminate the Executive Directors' service agreements at any time if they, among other matters, are guilty of any dishonesty, gross misconduct, or material breach of their service agreement, or if the Executive Director acts in a manner that is likely to bring himself or herself and/or any member of the Group into disrepute. The Company is not required to make any termination payments to Executive Director in the event of termination under such circumstances. The Executive Directors do not receive Directors' fees.

The Company does not have any contractual provisions that allow for the reclaiming of incentive components from the key management personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company remunerates key management personnel based on a balanced assessment of each individual's performance and the performance of the Group, taking into account industry benchmarking, without setting excessive bonuses. Furthermore, the Board believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the key management personnel. The Group currently does not offer any termination or retirement benefits to the Directors and key management personnel.

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Provision 7.2 – Remuneration of Non-Executive Directors

The RC is of the view that the current remuneration of the Non-Executive Directors is appropriate, taking into account their level of contribution, as well as factors such as effort and time spent and responsibilities of the Directors, and the fees paid by comparable companies. Other than the Directors' fees, the Non-Executive Directors do not receive any other forms of remuneration from the Company. The Directors' fees are reviewed annually to ensure that the Independent Non-Executive Directors are not overly compensated to the extent that their independence may be compromised.

The RC had recommended to the Board an amount of approximately S$310,000 and S$410,000 as Directors' fees for FY2021 and the financial year ending 31 December 2022 respectively. The Board will table these recommendations at the forthcoming AGM for Shareholders' approval. No Director or a member of the RC is involved in deciding his or her own remuneration.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Remuneration of Directors and Key Management Personnel

The following table sets out the Directors' Remuneration for FY2021:

Name of Directors	Remuneration Band(1)(2)	Salary %	Fees %	Bonus %	Other Benefits(4) %	Total %
Mr. Guo Jingyu(3)	B	79.1	–	–	20.9	100
Ms. Yue Lina	B	91.0	–	–	9.0	100
Ms. Wang Qing	B	78.3	–	11.7	9.9	100
Mr. Yang Jun Rong	A	–	100	–	–	100
Mr. Yeo Guat Kwang	A	–	100	–	–	100
Mr. Ang Chun Giap	A	–	100	–	–	100
Mr. Sng Peng Chye	A	–	67.2	–	32.8	100
Mr. Chen Mingyu	A	–	100	–	–	100
Dr. Jiang Minghua	A	–	100	–	–	100

The aggregate total remuneration paid to the Directors for FY2021 is approximately S$307,000.

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In addition, the Group only has 4 key management personnel who are not Directors or the CEO. A breakdown, showing the level of the 4 key management personnel's remuneration (who are not Directors or the CEO) in bands of S$250,000 for FY2021 is set out below:

Name of Key Management Personnel (who are not Directors or the Chief Executive Officer)	Remuneration Band	Salary %	Fees %	Bonus %	Other Benefit[(4)] %	Total %
Ms. Venessa Lian	A	95.8	–	–	4.2	100
Mr. Xue Xin	A	79.7	–	19.1	1.1	100
Ms. Low Hui Min	A	94.2	–	–	5.8	100
Ms. Chan Pui Yin	A	93.6	–	–	6.4	100

Notes:

(1) Remuneration band "A" refers to remuneration below the equivalent of S$250,000.

(2) Remuneration band "B" refers to remuneration between the equivalent of S$250,000 and S$500,000.

(3) No compensation or remuneration was paid to Mr. Guo Jingyu for his roles or his services rendered in his capacity as executive producer, director and/or scriptwriter in any of the dramas and films produced or co-produced by the Group and no such compensation and/or remuneration will be paid to Mr. Guo Jingyu by the Group.

(4) Other benefits include but not limited to post-employment benefits and benefit-in-kind such as housing allowance.

The aggregate total remuneration paid to the abovenamed 4 key management personnel (who are not Directors or the CEO) for FY2021 is approximately S$727,000.

In considering the disclosure of remuneration of Directors and the key management personnel of the Company, the Board has taken into account the sensitive nature of such information in a niche business environment, the confidential nature and commercial sensitivity of remuneration matters, the relative size of the Group and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board level on a long term basis, and also considered factors such as competitiveness of the industry of key talents and increased risk of poaching by other competitors in the market. The Board believes that full detailed disclosure of the specific remuneration figures of each Director as recommended by the Code would be prejudicial to the interests of the Group. As such, the Board has deviated from complying with Provision 8.1 of the Code and presented such information in remuneration bands no wider than S$250,000.

Having considered the foregoing, the Board believes that there is sufficient transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation are consistent with the intent of Principle 8 of the Code.

As disclosed above, the remuneration packages of Executive Directors and key management personnel consist of fixed and variable components and benefits. The fixed component mainly comprises the basic salary and statutory contributions. The variable component is based on the performance criteria as set out in the key performance indicators (which are specific, measurable, result-oriented and time-bound) and linked to pre-agreed financial and non-financial performance targets for variable bonuses and incentives, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

Provision 8.2 – Remuneration of related employees

Mr. Guo Jingyu, the Executive Chairman and Group CEO, is also a Substantial Shareholder of the Company and his remuneration is disclosed as above, in bands of S$250,000.

Ms. Yue Lina, the Executive Director, is the spouse of Mr. Guo Jingyu and her remuneration is disclosed as above, in bands of S$250,000.

Ms. Venessa Lian, the Group Deputy Chief Executive Officer, is the spouse of Mr. John Ho, a Substantial Shareholder of the Company and her remuneration is disclosed as above, in bands of S$250,000.

Except for Mr. Guo Jingyu, Ms. Yue Lina and Ms. Venessa Lian, there were no employees of the Group who are immediate family members of a Director or the CEO or a Substantial Shareholder, and whose remuneration exceeds S$100,000 during FY2021.

Provision 8.3 – Forms of remuneration and details of employee share schemes

As disclosed above, the GHY Share Incentive Schemes were adopted on 25 November 2020 and disclosed in the Prospectus, comprising the GHY Performance Share Plan and the GHY Employee Share Option Scheme.

The GHY Share Incentive Schemes administered by the RC, provide eligible participants with an opportunity to participate in the equity of the Company, motivate them towards better performance through increased dedication and loyalty, and to align the interests of the Directors and the Group's employees, especially key executives, with those of Shareholders. The GHY Share Incentive Scheme form an integral and important component of the Group's compensation plan designed primarily to reward and retain Directors (including Independent Directors) and the Group's employees whose services are vital to the Group's well-being and success.

Unlike the GHY Employee Share Option Scheme whereby participants are required to pay the exercise price of the Options, the GHY Performance Share Plan allows the Group to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid Shares to participants after these targets have been met. In addition to the common objectives of fostering an ownership culture within the Group and ensuring that the Group is able to retain skilled staff, the GHY Performance Share Plan incorporates an element of stretch targets for senior executives and Directors, which is aimed at delivering long-term shareholder value and sustaining long-term growth. As such, the assessment criteria for granting Options under the GHY Employee Share Option Scheme are more general (such as length of service and general performance of the Group) and do not relate to specific performance targets imposed by the Group. On the other hand, the assessment criteria for granting of Awards under the GHY Performance Share Plan will be based on specific performance targets, time-based service conditions or a combination of both.

Full-time employees of the Company, its subsidiaries and its PRC Affiliated Entities and Directors (including Independent Directors) who have attained the age of 21 years and hold such rank as may be designated by the RC, from time to time, shall be eligible to participate in the GHY Share Incentive Schemes, provided that none shall be an undischarged bankrupt or have entered into a composition with his or her creditors. Associates of such Controlling Shareholders who meet the eligibility criteria are also eligible to participate in the GHY Share Incentive Schemes if their participation and Awards and/or Options are approved by independent Shareholders in separate resolutions for each such person and for each such Award or Option.

The aggregate number of ordinary shares in the issued share capital of the Company which the RC may grant on any date, when added to the number of ordinary shares issued and issuable in respect of all shares granted under the GHY Share Incentive Schemes and any other share schemes to be implemented by the Company, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings from time to time, if any) on the day preceding the relevant date of award.

Since the commencement of the GHY Share Incentive Schemes till the date hereof, no share options or awards have been granted under the GHY Share Incentive Schemes. Accordingly, none of the Directors, Controlling Shareholders or their associates has been awarded any shares under the GHY Share Incentive Schemes and none of the participants was granted 5% or more of the total number of shares available under the GHY Share Incentive Schemes.

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(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1 – Risk management and internal controls

The Board has overall responsibility for the governance of risk and with the support of the ARMC, oversees the design, implementation and monitoring of the risk management and internal control systems. The Group has established adequate and effective risk management and internal control systems addressing financial, operational, compliance and information technology risks.

The Board is of the view that the Group's risk management process and system of internal controls are designed to manage, rather than to eliminate, the risk of failure to achieve the Group's strategic objectives. Action plans to manage the risks are continually being monitored and refined. The Board acknowledges that it is responsible for the overall internal controls framework to safeguard Shareholders' interests and the Group's business and assets, but recognises that no cost-effective internal controls system will preclude all errors and irregularities. The internal controls system provides a reasonable but not absolute assurance against material misstatement or loss. The Board also notes that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The internal controls system stipulates a series of procedures and policies, which the Board believes plays an important role in assisting the Board and the management with respect to risk management. The key elements of the Group's system of internal controls are as follows:

<u>Operating structure</u>

The Group has a well-defined operating structure with clear lines of responsibility and delegated authority, complementing the reporting mechanism to the management and the Board.

<u>Policies, procedures and practices</u>

Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority that sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. Approval sub-limits are also provided at various management levels to facilitate operational efficiency and provide a system of check and balance. The Group's procedures and practices are regularly reviewed as well as revised where necessary to enhance controls and efficiency.

<u>Risk management</u>

Risk management is an integral part of the Group's business strategy. In order to safeguard and create value for stakeholders, the Group proactively manages risks and embeds the risk management process into the Group's planning and decision-making process. On a semi-annual or more frequent basis if required, the ARMC meets with the management team and the external and internal auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. The Group has identified key risks, assessed their likelihood of occurrence and impact on the Group's business, and established corresponding mitigating controls. The information is reviewed and updated regularly. The outsourced internal audit function is also reviewed regularly to ensure that an effective system of internal controls is maintained in the Group.

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Whistleblowing policy

The Company has in place a whistle-blowing policy whereby employees of the Group and any other party may, in confidence, raise concerns about possible improprieties and other reporting matters to the Chairman of the ARMC and Lead Independent Director and at the same time, assure them that they will be protected from victimisation for whistle-blowing in good faith. Whistle-blowing concerns may be reported in writing via electronic mail or through a call. The Group will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. There were no whistle-blowing incidents reported during FY2021.

Information Technology (IT) controls

As part of the risk management process, general IT controls and cyber security measures are reviewed to ensure that IT risks and cybersecurity threats are identified and mitigated. In addition, as part of the Group's business continuity plan, IT disaster recovery planning and tests are conducted to ensure that critical IT systems remain functional during a crisis.

Financial reporting

The Board is updated quarterly on the Group's financial performance whereby explanations for significant variances in financial performance, in comparison with budgets and actual performance of corresponding periods in the preceding year are provided. The Board is also provided with quarterly updates on key operational activities.

Financial management

The management reviews the performance of the various business units monthly to instill financial and operational discipline at all levels of the Group. The key financial risks which the Group is exposed to comprise of interest rate risk, liquidity risk and credit risk. In addition, the management proactively manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations of cash flows. The Group also maintains revolving credit facilities with various banks that can be drawn down to meet short-term financing needs. The Group has in place credit control procedures for managing credit risk and monitoring debt collection.

Regular review

Management regularly reviews the Group's business and operational activities to identify areas of significant financial, operational and compliance risks. Steps have been taken to document the operational procedures to minimise the identified risks in various areas. Any significant matters are reported to the ARMC and the Board.

*Provision 9.2 – Assurance from the CEO, Executive Director and Chief Financial Officer ("**CFO**")*

As required under the Code, the Board had received written assurances from:–

(a) the Executive Chairman and the Group CEO, an Executive Director and CFO of the Company that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Executive Chairman and the Group CEO, an Executive Director and CFO of the Company regarding the effectiveness and adequacy of the Company's risk management and internal control systems.

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Based on the Group's internal controls and risk management framework, the internal control policies and procedures established and maintained by the Group, reviews performed by the management and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks for the year ended 31 December 2021.

Audit and Risk Management Committee

Principle 10: The Board has an Audit Committee which discharge its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the Audit Committee

The Board has established the ARMC which consists of 3 members, all of whom are Independent Directors. The members of the ARMC are as follows:

Mr. Ang Chun Giap (Chairman)
Mr. Chen Mingyu
Dr. Jiang Minghua

The Board is of the opinion that the ARMC Chairman and its members are appropriately qualified, with the necessary accounting, financial, business management and corporate experience to discharge their responsibilities. In compliance with the Code, none of the ARMC members are a former partner or director of the external auditors or hold any financial interest in the auditing firm.

The ARMC met 3 times in FY2021 to carry out its functions. The ARMC works under clearly defined terms of reference adopted by the Board and it is responsible for:

(a) reviewing the external auditor's audit plan and audit report, the external auditor's evaluation of the system of internal accounting controls, the assistance given by the Company's officers to the auditors, the scope and results of the internal audit procedures and consolidated financial statements of the Group (including the PRC Affiliated Entities);

(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group (including the PRC Affiliated Entities), including the classification of film investments in the financial statements of the Group, and any announcements relating to the financial performance of the Group (including the PRC Affiliated Entities);

(c) reviewing at least annually the adequacy and effectiveness of the internal controls of the Group (including the PRC Affiliated Entities) (including financial, operational, compliance and information technology controls) and risk management systems and, where necessary and appropriate, providing a statement on the adequacy and effectiveness of the internal controls;

(d) reviewing and reporting to the Board at least annually the implementation of risk treatment plans in relation to the adequacy and effectiveness of the Group's risk management and internal controls systems (including financial, operational, compliance and information technology controls);

(e) reviewing audit plans and reports of the external auditors and internal auditors in relation to the Group (including the PRC Affiliated Entities), and considering the results, significant findings and recommendations, together with the effectiveness of actions taken by management on the recommendations and observations;

(f) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;

(g) commissioning an independent audit on internal controls and risk management systems for the ARMC's assurance, where necessary or where the ARMC is not satisfied with the systems of internal controls and risk management of the Group (including the PRC Affiliated Entities);

(h) ensuring that the scope of review by the internal auditors includes (i) the internal control policies and procedures with respect to any informal arrangements for the production of dramas and/or films entered into by the Group, as and when such informal arrangements occur in a particular financial year; and (ii) any partially implemented measures recommended by the internal auditors in relation to the internal control policies and procedures, in order to ensure the effectiveness of such internal controls;

(i) reviewing and approving the terms of any proposed informal arrangements with the distributor (with whom the Group has had informal arrangements in the past where the Group had commenced production of a drama or film and handed over the final product thereof, without a formal agreement in place) prior to commencement of production of any drama or film and monitoring ongoing negotiations for the finalisation of the formal agreement with such distributor;

(j) approving the handover of the final product for the drama or film to the customer in the event that the production of the drama or film has been completed but the terms of the formal agreement between the Group and such customer have yet to be finalised;

(k) monitoring and reviewing of the Group's implementation of any recommendations to satisfactorily address any internal control weaknesses highlighted by the Group's external auditor and internal auditor;

(l) reviewing the assurance from the Executive Chairman and Group CEO, an Executive Director and the CFO on the financial records and financial statements of the Group (including the PRC Affiliated Entities);

(m) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

(n) making recommendations to the Board on (i) the proposals to Shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(o) reviewing the adequacy and effectiveness, independence, scope and results of the external audit and the internal audit function;

(p) reviewing the risk profile of the Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board;

(q) reviewing the internal control policies and procedures in place to safeguard the Group's assets which are held through the Contractual Arrangements (including the management of funds and the unwinding of the Contractual Arrangements as soon as the applicable PRC laws and regulations allow the business of the PRC Affiliated Entities to be operated without them) on a regular basis;

(r) commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls or infringement of any law, rule or regulation which has, or is likely to have, a material impact on the Company's operating results and/or financial position and ensuring that appropriate follow-up actions are taken;

(s) reviewing the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(t) reviewing the adequacy of and approving procedures put in place related to any hedging policies to be adopted by the Group;

(u) ensuring that the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

(v) assessing the performance of the CFO, financial director and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his or her suitability for the position;

(w) being the primary reporting line of the internal audit function and ensuring that the internal audit function has direct and unrestricted access to the Chairman of the Board and the ARMC;

(x) ensuring that the internal audit function is independent, effective and adequately resourced. The internal audit function should be staffed with persons with the relevant qualifications and experience;

(y) deciding on the appointment, termination and remuneration of the head of the internal audit function (if any);

(z) approving the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation to which the internal audit function is outsourced (if any);

(aa) meeting with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually and reviewing the co-operation extended to the internal auditors and the external auditors;

(bb) reviewing the nature, extent and costs of non-audit services performed by the external auditors, to ensure their independence and objectivity;

(cc) reviewing interested person transactions (including the Contractual Arrangements and other transactions under any general mandate as may, from time to time, be approved by Shareholders pursuant to Chapter 9 of the SGX-ST Listing Manual) and monitoring the procedures established to regulate interested person transactions and conflicts of interest, including ensuring compliance with the internal control system and the relevant provisions of the SGX-ST Listing Manual and ensuring that proper measures to mitigate conflicts of interest have been put in place, in relation to interested person transactions;

(dd) reviewing and monitoring any potential conflict of interest that may arise in respect of any Director(s) of the Group, and resolving all conflicts of interest matters referred to it;

(ee) reviewing on an annual basis the terms and conditions of the Contractual Arrangements;

(ff) reviewing and approving any new or additional Contractual Arrangements or any material changes to the terms of the Contractual Arrangements;

(gg) reviewing and approving the terms of any loan agreements in respect of the transfer of the net proceeds due to the Company from the initial public offering of the Company and the issuance of the cornerstone shares by the Company and/or funds (if any) raised through secondary fundraising in the future by the Company to the PRC subsidiaries and/or PRC Affiliated Entities or for use to finance their operations;

(hh) proper monitoring of the measures and procedures adopted by the Group in relation to the Contractual Arrangements to ensure the effective operations of the Group with the adoption of the Contractual Arrangements and the Group's compliance with applicable laws and regulations, including procedures to regulate interested person transactions to ensure that the Contractual Arrangements are not prejudicial to the interests of the Group or the minority Shareholders;

(ii) monitoring the undertakings and confirmations provided by the Company to the SGX-ST, in particular where the Company has undertaken that the written consent of the relevant GHY WFOE to be provided to the Individual Shareholders and/or Tianjin Changxin, to sell, lease, lend, transfer, assign, gift, re-mortgage, trust, make capital contribution with the pledged equity or otherwise dispose of all or part of the pledged equity, agree to make resolutions to increase or decrease the registered capital of the relevant PRC Affiliated Entity or agree to any form of initial public offering, backdoor listing and/or asset restructuring, must be unanimously approved by the ARMC;

(jj) monitoring (including making decisions on) the enforcement of the Equity Pledge Agreements and the Agreements on Exclusive Purchasing Power under the Contractual Arrangements;

(kk) reviewing the procedures and terms of any transfer or disposal of the equity interest of the PRC Affiliated Entities, including the appointment of a valuer if applicable and/or any valuation to be conducted on the PRC Affiliated Entities in connection with the sale of equity interests under the Equity Pledge Agreements, in order to ensure that the bases of valuation adopted by the proposed valuer to be appointed will appropriately reflect the value of the Group's business operations conducted through the PRC Affiliated Entities, and considering whether the eventual terms pertaining to the sale of pledged equity, as a whole, is in the interests of the Company;

(ll) reviewing on an annual basis the processes and procedures in relation to the appointment and removal of the legal representative of each of the PRC subsidiaries and PRC Affiliated Entities;

(mm) monitoring and reviewing the adequacy and implementation of measures to safeguard the corporate seal, finance seal, legal seal and cheque books of each of the PRC subsidiaries and PRC Affiliated Entities;

(nn) recommending the appointment of an independent financial adviser (where necessary under the SGX-ST Listing Manual) and its fees in respect of any transaction, matter or any other corporate action taken by the Company where such independent financial adviser is required;

(oo) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems, with a view to achieving clear disclosure of the same and including any material issues arising from the internal auditors' review of the internal control policies and procedures (including those in relation to the informal arrangements for the production of dramas and/or films entered into by the Group, if any, in that particular financial year) and how these material issues have been addressed with the implementation of the mitigating measures;

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(pp) reviewing the half-year and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

(qq) undertaking such other reviews and projects as may be requested by the Board, and report to the Board its findings, from time to time, on matters arising and requiring the attention of the ARMC;

(rr) taking into consideration all factors as may be specified in the Code of Corporate Governance and the accompanying Practice Guidance (as each may, from time to time, be amended, modified or supplemented) in carrying out all its duties;

(ss) reviewing the ARMC's terms of reference annually and recommending any proposed changes to the Board for approval; and

(tt) assuming such other duties (if any) that may be required by law or the SGX-ST Listing Manual and/or the Code of Corporate Governance (as each may be, from time to time, amended, modified or supplemented).

The ARMC has explicit authority to investigate any matters within its terms of reference, with full access to and cooperation by management and full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. The ARMC also generally undertakes such other functions and duties as may be required by statute or the SGX-ST Listing Manual.

External Auditors

The external auditors of the Company and the Group are Deloitte & Touche LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority of Singapore. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual. The ARMC is satisfied that the resources and experience of Deloitte & Touche LLP, the audit engagement partner and the team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

A breakdown of the fees paid to the external auditors for FY2021 is as follows:

	FY2021	
	S$	**% of Total Fees**
Audit/non-audit fees to auditors of the Company:		
– Annual audit fees	428,000	50.2
– Annual non-audit fees	159,000	18.6
Audit/non-audit fees to other auditors:		
– Annual audit fees	232,000	27.2
– Annual non-audit fees	34,000	4.0
Total Fees	853,000	100

The ARMC reviews all non-audit services provided by the external auditors to ensure that the provision of these services does not affect the independence of the external auditors. The ARMC has reviewed the non-audit services provided by Deloitte & Touche LLP for FY2021 and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and accordingly, has recommended the re-appointment of Deloitte & Touche LLP as the external auditors of the Company at the forthcoming annual general meeting.

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Key Audit Matters

The ARMC considered the report from the external auditors, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with the management team and the external auditors have been included as Key Audit Matters ("**KAM**") in the audit report for FY2021 of this Annual Report. In assessing the KAM, the ARMC took into consideration the approach and methodology applied as well as the reasonableness of the estimates and key assumptions used. The ARMC concluded that management's accounting treatment and estimates in the KAM were appropriate.

The ARMC has full access to resources to enable it to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements and to discharge its functions fully. The external auditors have provided updates on accounting standards and issues at the meetings of the ARMC.

Provision 10.4 – Internal audit function

The Group has appointed PricewaterhouseCoopers Risk Services Pte. Ltd. ("**PWC**" or "**Internal Auditors**") as its internal auditors who is independent of the Company's business activities. Accordingly, the Group has outsourced its internal audit function to PWC who reports directly to the ARMC and administratively to the CFO. The Internal Auditors, staffed with persons of relevant qualifications and experience, carry out the internal audit taking guidance from the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, and report directly to the ARMC on internal audit matters. The ARMC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's outsourced internal audit function. The role of the Internal Auditors is to provide independent assurance to the ARMC that the Group maintains adequate and effective risk management and internal control systems. The Internal Auditors have unfettered access to all documents, records, properties and personnel, including access to the ARMC.

PWC is a professional service firm that specialises in the provision of, inter alia, internal audit and risk management services. The PWC internal audit team is led by a partner with significant experience performing internal audit services for companies listed on the SGX-ST. The team members supporting the partner are dedicated internal audit specialists with knowledge and experience. Pursuant to its review, the ARMC is satisfied that PWC has the relevant qualifications and experience and has met the standards established by the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Provision 10.5 – Activities of the Audit and Risk Management Committee

On a semi-annual or more frequent basis if required, the ARMC will meet with the management team and the external and internal auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the outsourced internal audit function to ensure that an effective system of internal controls is maintained in the Group. The ARMC also reviews the interested person transactions and the financial result announcement before their submission to the Board for approval.

The ARMC is kept abreast by management, the external auditors and the Company Secretaries of changes to accounting standards, SGX-ST Listing Manual and other regulations which could have an impact on the Group's business and financial statements. In addition, at least once a year, the ARMC, together with the Board, reviews the effectiveness and adequacy of the Group's system of internal controls put in place to address key financial, operational, compliance and information technology controls and risk management system affecting the operations.

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The ARMC reviews the internal audit findings prepared by the Internal Auditors. Based on risk assessments performed by the internal auditors, greater emphasis and appropriate internal reviews are planned for high-risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. Any material non-compliance and weakness in the risk management and internal control policies and procedures, and recommendations for improvements are reported to the ARMC. The ARMC has also reviewed the effectiveness of actions taken by management on the recommendations made by the Internal Auditors.

The ARMC is satisfied that the Group's internal audit function is independent, effective and adequately resourced.

For each relevant financial year, the ARMC:

(i) holds at least 2 meetings to review the financial results;

(ii) reviews the annual audit plans, including the nature and scope of the internal and external audits before commencement of these audits;

(iii) reviews and approves the consolidated audited financial statements;

(iv) reviews the interested person transactions;

(v) reviews and discusses the reports of the internal auditors and external auditors and consider the effectiveness of responses/actions taken by management on the audit recommendations and observations;

(vi) reviews the adequacy and effectiveness of the Group's internal audit function;

(vii) meets with the internal and external auditors without the presence of management at least annually and shall establish that both the internal and external auditors have the full co-operation of management in carrying out the audit for the relevant financial year end. Both the internal and external auditors have also confirmed that no restrictions were placed on the scope of their audits; and

(viii) undertakes a review of all audit and non-audit services provided by the external auditors to ensure that the nature and provision of such services would not affect the independence and objectivity of the external auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM as the principal forum for dialogue with Shareholders, and is for Shareholders to voice their views, raise issues to and seek clarification from the Board or members of the senior management regarding the Group and its operations. All Shareholders of the Company will be able to access to an electronic copy of the Annual Report including the Notice of AGM on the SGXNet website within the mandatory period.

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All the Directors, in particular the Chairman of the Board and the respective Chairmen of the ARMC, NC and RC, will attend general meetings to address questions raised by the Shareholders. The Company's external auditors will be invited to attend the AGM and are available to assist the Directors, in addressing any relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

To minimise physical interactions and COVID-19 transmission risk, the forthcoming AGM will be convened and held wholly by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means, such as live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions in advance of the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

In accordance with the Company's Articles of Association, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretaries, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the re-election of the retiring Directors. Where the resolutions are bundled, the Company explains the reasons and material implications in the notice of meeting.

At general meetings, all Shareholders are encouraged to attend, participate effectively and vote in person or by proxy. The Articles of Association of the Company provides for a Shareholder or a depositor to appoint not more than two proxies to attend and vote at the general meetings of the Company. Where a member is a relevant intermediary, it may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him or her. Proxies need not be a Shareholder of the Company. Shareholders are informed of such meetings through the annual report or circulars sent to all Shareholders, notices published in the newspapers and announcements released via SGXNet. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings prior to such meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security-related concerns. The Company is of the view that this practice is consistent with the intent of Principle 11 of the Code as Shareholders have opportunities to communicate their views on matters affecting the Company even when they are not in attendance at general meetings.

All votes of the Shareholders at the Shareholders' meeting will be taken by poll. Voting results of all votes cast for or against each resolution at the general meeting with respective percentages and these details will be announced through SGXNet after the meeting.

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Provision 11.5 – Minutes of general meetings

The Company Secretaries prepare the minutes of the Company's general meetings, which will incorporate comments or queries from Shareholders and the corresponding responses from the Board and the management team. The minutes will be made publicly available on SGX-ST and/or the Group's website https://www.ghyculturemedia.com after the general meeting.

Provision 11.6 – Dividend policy

The Group does not have a fixed dividend policy. In considering any declaration of dividends, the Company takes into consideration the Group's profit forecast, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

As disclosed in the full year results announcement on 1 March 2022, the Directors have proposed the payment of a tax-exempt final dividend of 0.10 Singapore cents per share in respect of FY2021 amounting approximately $1.1 million representing approximately 30% of the FY2021 net profit after tax, subject to the approval of Shareholders at the forthcoming AGM and determined based on the retained earnings and share premium of the Company as at 31 December 2021.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provision 12.1 – Communication with Shareholders

The Group recognises the importance of maintaining a constructive and effective communication channel with all Shareholders, stakeholders, investors and the public in general.

The Group does not practice selective disclosure. In line with continuous disclosure obligations of the SGX-ST Listing Manual and the Cayman Islands Companies Law, the Board's policy is that all Shareholders should be informed of all major developments that impact the Group in a timely manner. The Board embraces openness and transparency in the conduct of the Group's affairs. Information will communicate to Shareholders on a timely basis through:

- Annual reports that are prepared and issued to all Shareholders. The Board makes every effort to ensure that the annual report contains all relevant information about the Group, including future developments and other disclosures required by the Cayman Islands Companies Law and Singapore Financial Reporting Standards (International);

- Half-year and full-year results announcements containing a summary of the financial information and affairs of the Group for the period are disseminated through SGXNet and news releases;

- Notices of and explanatory notes for resolutions to be tabled at AGMs and extraordinary general meetings;

- Minutes of AGMs and extraordinary general meetings; and

- Shareholders can access information on the Group's website https://www.ghyculturemedia.com which provides, inter alia, corporate announcements, press releases, annual reports, and profile of the Group

Provisions 12.2 and 12.3 – Investor relations policy

The Company has an outsourced investor relations function which focuses on facilitating communications with Shareholders and analysts on a regular basis, attending to their queries or concerns and keeping them apprised of the Group's corporate developments and financial performance. During such interactions, the Company will solicit and understand the views of Shareholders, the investment community and other stakeholders.

The Company will review the need for analyst briefings, investor roadshows or investor briefings from time to time, depending on the financial performance of the Group. The Company conducts briefings to present its financial results to the media and analysts. After the financial announcement periods, when necessary and appropriate, the investor relations team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Group's website https://www.ghyculturemedia.com, and through which the Company may respond to such questions.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interest of the Company are served.

Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company recognises the importance of maintaining positive stakeholder relationships. It maintains a corporate website (https://www.ghyculturemedia.com) to constantly communicate with stakeholders and welcomes any comment, feedback and query from the stakeholders through the corporate website and strives to engage and manage relationships with the stakeholders. The Group's stakeholders may find such information on the Investor Relations section of the Group's corporate website.

As the Company was listed on 18 December 2020, the SGX-ST Listing Manual provided that sustainability reporting will be required from the Company's first full financial year of listing and the Company's first sustainability report may be done within 12 months of the end of its financial year. The sustainability report has been prepared in accordance with the requirements set out in Practice Note 7.6 of the SGX-ST Listing Manual, setting out its Sustainability Reporting Framework focusing on Economic, Social and Governance impacts and strategy in relation to the management of stakeholder relationships. The Company's first sustainability report is included in this Annual Report.

(F) INTERESTED PERSON TRANSACTIONS

The Group has established controls and reporting procedures for handling Interested Person Transactions ("**IPTs**"). These ensure that such transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Group and its minority Shareholders.

CORPORATE **GOVERNANCE REPORT**

The Group has obtained a general mandate from the Shareholders as at listing date (the "**IPT General Mandate**") and renewed the IPT General Mandate from the Shareholders at the Annual General Meeting held on 29 April 2021. IPTs are executed on fair terms and at arm's length regardless of their nature and size. When a potential conflict of interest arises, the Director concerned neither take part in the discussions nor exercise any influence over other members of the Board. The Group maintains a register to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the CFO and subject to such verifications or declarations as required by the ARMC for such period as determined by them. This list of interested persons is disseminated to any staff of the Group that the Group's finance team considers relevant for the purposes of entering into transactions that fall under the IPT General Mandate.

A review committee has been tasked by the Board to assist the ARMC in reviewing and approving IPTs exceeding S$100,000 but below 3% of the Group's latest audited net tangible assets. A separate register of IPTs carried out pursuant to the IPT General Mandate (including the bases on which the IPTs are entered into, amount and nature) is maintained for such purpose, which is reviewed by the CFO on a monthly basis and circulated to the ARMC and Board for their information.

For IPTs outside the ambit of the IPT General Mandate, a list of IPTs including those less than S$100,000 and their aggregate is submitted quarterly to the ARMC for its review. Any IPT exceeding S$100,000 must get the ARMC's recommendation and the Board's approval before it is entered into. Where an IPT or its aggregate exceeded 3% of the Group's latest audited net tangible assets, an immediate announcement is made after the Board's approval. Where an IPT or its aggregate exceeded 5% of the Group's latest audited net tangible assets, Shareholders' approval will be sought through a general meeting, while the interested Shareholder will abstain from voting.

The ARMC shall review all Mandated Transactions (except where Mandated Transactions are required under the review procedures to be approved by the ARMC prior to the entry thereof) at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the ARMC. The ARMC shall, when it deems fit, request for sources, advisers or valuers, or require the appointment of internal auditors to provide additional review of the internal control procedures and review procedures and their implementation pertaining to IPTs (including the Mandated Transactions) under review.

The ARMC will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and its interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the ARMC, the ARMC is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders, and the Group will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that the Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders. In the interim, the ARMC will review every Mandated Transaction pending the grant of the fresh mandate, which will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the SGX-ST Listing Manual (as from time to time amended).

CORPORATE **GOVERNANCE REPORT**

Contractual Arrangements

The ARMC will carry out periodic review of the terms of the Contractual Arrangements on an annual basis and will monitor the procedures established to regulate such interested person transactions in order to ensure that the Contractual Arrangements are not prejudicial to the interest of the Group and its minority Shareholders, and to ensure that proper measures to mitigate conflicts of interest have been put in place. In particular, where the prior written consent of the GHY WFOEs is required under the Contractual Arrangements for any transactions, the ARMC will first review such transactions and the terms of the Contractual Arrangements and any consent to be provided by the GHY WFOEs under the Contractual Arrangements will be subject to the prior unanimous consent of the ARMC having first been obtained. In the event that the ARMC is of the view that the Contractual Arrangements are prejudicial to the interests of the Group and its minority Shareholders and/or if there are any material changes to the terms of the Contractual Arrangements (even where such changes would not be considered as interested person transactions under Chapter 9 of the SGX-ST Listing Manual), an independent financial adviser will be appointed to review the terms of the Contractual Arrangements and to provide an opinion on whether the Contractual Arrangements are carried out on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders.

Any material changes to the terms of the Contractual Arrangements will also be subject to review and approval by the ARMC and the requirements under Chapter 9 of the SGX-ST Listing Manual. Any amendments to the Contractual Arrangements which do not constitute material changes to the terms of the Contractual Arrangements, and will thus not be subject to the approval by Shareholders, will nonetheless be subject to review and approval by the ARMC and will be subject to the prior unanimous consent of the ARMC having first been obtained. In addition, where the Group intends to enter into new contractual arrangements with terms similar to the Contractual Arrangements and/or acquire the equity interest of the PRC Affiliated Entities to the extent permissible under the applicable PRC laws and regulations, such transactions will be subject to review and approval by the ARMC and the requirements under Chapter 9 of the SGX-ST Listing Manual. This is to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders.

The Board also ensures that all disclosures, approvals and other requirements on IPTs, including those required by prevailing legislation, the SGX-ST Listing Manual (in particular, Chapter 9 thereof), recommendations set out in the Code and relevant accounting standards, are complied with.

All other existing and future IPTs not subject to the IPT General Mandate will be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the SGX-ST Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its minority Shareholders. In the event that such IPTs require the approval of the ARMC, the relevant information will be submitted to the ARMC for review. In the event that such IPTs require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

The ARMC will also review all IPTs to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the SGX-ST Listing Manual) are complied with.

CORPORATE **GOVERNANCE REPORT**

Details of IPTs for FY2021 are presented below:

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)
JVR Music International Ltd(1)	638	–
Taiho Holding Limited(2)	1,255	–
Kang Ru Investments Limited(3)	10,361	–
Mr. Guo Jingyu(4)(5)	20	–
Ms. Yue Lina(6)	–	209
Mr. Yang Zhigang(7)	–	1,476

Notes:

(1) 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.

(2) Related to the outstanding amount of 50% of the interim dividends and the final dividends in respect of FY2020 paid to Taiho Holding Limited, which is 50.0% owned by Mr. Yang Jun Rong, a Non-Executive Director and non-controlling shareholder.

(3) Related to the outstanding amount of 50% of the interim dividends and the final dividends in respect of FY2020 paid to Kang Ru Investments Limited, which is 100% owned by Mr. Guo Jingyu, the ultimate controlling shareholder and Executive Chairman and Group CEO.

(4) Related to the final dividends in respect of FY2020 paid to Mr. Guo Jingyu, the ultimate controlling shareholder and Executive Chairman and Group CEO.

(5) As at date of this Annual Report, credit line facilities of up to RMB65 million are secured by personal guarantee provided by Mr. Guo Jingyu, the ultimate Controlling Shareholder and Executive Chairman and Group CEO as well as fixed deposit of not less than RMB30 million and assignment of sale contracts and sale proceeds.

(6) 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.

(7) Related to (a) amounts received by the Group for provision of talent management services to Mr. Yang Zhigang; and (b) 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. In relation to the fees for acting services paid by the Group to Mr. Yang Zhigang, payment of such fees was made to Xiamen Lubing Film and Television Culture Studio as directed by Mr. Yang Zhigang for his tax planning reasons. As at date of this Annual Report, Xiamen Lubing Film and Television Culture Studio has no active business operations and is held entirely by Mr. Yang Zhigang.

(G) MATERIAL CONTRACTS

Other than those disclosed under IPTs for FY2021, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO, Directors or Controlling Shareholders either still subsisting as at 31 December 2021 or if not then subsisting, entered into since the end of the previous financial year.

(H) DEALINGS IN SECURITIES

The Group has adopted an internal compliance code of conduct to provide guidance to the Group, its officers regarding dealings in the securities of the Company and the implications of insider trading, in compliance with the principles of Rule 1207(19) of the SGX-ST Listing Manual. The implications of insider trading are set out in the internal compliance code of conduct, which prohibits the Company, its Directors and officers from dealing in the Company's securities (i) during the periods commencing 1 month before the announcement of the Company's financial results for its half-year and full year financial statements, ending on the date of the announcement of the relevant results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

CORPORATE **GOVERNANCE REPORT**

(I) RISK MANAGEMENT POLICIES AND PROCESSES

The Board regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks as follows:

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis.

The Board, with assistance from PWC and the ARMC, is responsible for the governance of risk by ensuring the management maintains a sound system of risk management and internal controls to safeguard Shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather to eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The external auditors, during the conduct of their annual audit procedures on the statutory financial statements, considered the system of internal financial control as required by Singapore Standards on Auditing and may also report on matters relating to internal financial controls that are relevant to the audit of Group's financial statements as specified by their scope of work as stated in their audit plan. Any material non-compliance and internal control weaknesses noted by the external auditors and recommendation for improvement will be reported to the ARMC. The management will then take corrective measures to strengthen the internal financial controls.

Based on the Group's framework of internal controls and risk management, the internal control policies and procedures established and maintained by the Group, reviews performed by management and the regular audits, monitoring and reviews performed by internal and external auditors, the Board, with the concurrence of the ARMC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective to address the financial, operational, compliance and information technology risks for FY2021.

For FY2021, the Board has received assurances from the CEO, an Executive Director and the CFO of the Company that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are operating effectively.

The Group's financial risk and capital management is discussed under Note 5 to the Financial Statements of the Annual Report.

CORPORATE **GOVERNANCE REPORT**

(J) USE OF IPO PROCEEDS

As at the date of this Annual Report, the net proceeds from the initial public offering of the Company ("**IPO**") have been utilised and described in the table below:

	Amount allocated S$'million	Amount utilised S$'million	Balance as at 13 April 2022 S$'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	(64.3)	0.2
Expansion of the Concert Production business via investment in production[(2)], acquisitions, joint ventures and/or strategic alliances[(3)]	21.5	(2.5)	19.0
General working capital purposes	15.0	(8.2)[(4)]	6.8
Total	101.0	(75.0)	26.0

Notes:

(1) Such investments 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 artistes in the region including Singapore.

(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% will be used for the expansion of the TV program and film production business in the PRC and 30.0% will be used for the expansion of the TV program and film production business in other countries.

(4) Approximately S$8.2 million for general working capital purposes was used for: (a) payment for professional fees of approximately S$0.9 million, payment for employees' salaries of approximately S$5.0 million and payment for office rental expenses of approximately S$0.6 million for FY2021 and (b) payment for income tax of approximately S$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 net IPO proceeds as and when such proceeds are materially disbursed.

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(K) ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

All Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2022 under Ordinary Resolutions 3 to 5 as set out in the Notice of AGM dated 13 April 2022 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the SGX-ST Listing Manual is set out below:

Name of Director	**Mr Shamsul Kamar Bin Mohamed Razali**	**Ms Zeng Yingxue**	**Mr Li Qi**
Date of Appointment	1 February 2022	1 February 2022	1 February 2022
Date of Last Re-Appointment	N.A.	N.A.	N.A.
Age	50	52	61
Country of principal residence	Singapore	China	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company, having reviewed Mr Shamsul Kamar Bin Mohamed Razali's curriculum vitae, and taking into consideration the recommendation of the members of the Nominating Committee, is satisfied that he possesses the relevant experience, expertise, qualification, character and integrity to be an Independent and Non-Executive Director of the Company and a member of the Remuneration Committee. The Board considers Mr Shamsul to be independent for the purposes of Rule 704(8) of the Listing Manual.	The Board of the Company, having reviewed and considered the Nominating Committee's assessment of Ms Zeng's qualifications and work experience, is of the view that Ms Zeng possesses the requisite experience and capabilities to assume the responsibilities as a Non-Executive Director of the Company. Ms Zeng has more than 17 years of experience in media and entertainment industry, mainly specialised in gaming publishing and film production and distribution, and has a core competency in accounting and/or finance. It was also taken into consideration that her experience in business development and familiarity with the nature of the businesses of the Group would likely contribute positively to the growth and business strategies of the Group. Her appointment will also enhance the gender diversity on the Board which optimises performance and long-term value.	The Board of the Company, having reviewed and considered the Nominating Committee's assessment of Mr Li's qualifications and work experience, is of the view that Mr Li possesses the requisite experience and capabilities to assume the responsibilities as an Independent and Non-Executive Director of the Company and a member of the Remuneration Committee. The Board considers Mr Li to be independent for the purposes of Rule 704(8) of the Listing Manual.

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Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and Member of the Remuneration Committee	Non-Independent Director	Independent Director and Member of Remuneration Committee
Professional qualifications	Bachelor of Arts (Diploma in Education), Nanyang Technological University (NTU/NIE) Master of Arts (Southeast Asian Studies), National University of Singapore (NUS)	Master of Business Administration of the National University of Singapore China CPA (Certified Public Accountant) China CTA (Certified Tax Agents)	Bachelor of Economics, Peking University Doctor in Social and Economic Sciences, Vienna University of Economics and Business, Austria, Wirtschaftsuniversitat Wien, Osterreich
Working experience and occupation(s) during the past 10 years	2006 to 2015: Member, Kaki Bukit & Nee Soon Central CCC 2006 to 2017: Chairman of the Ministry of Social and Family Development (MSF), Review Board, Committee 6, Board of Visitors (Children and Young Persons Homes) 2007 to 2016: Chairman, Board of Visitors (MSF, Children's Young & Persons Act) 2019 to 2020: Member, Mendaki Tuition Scheme (MTS) Review Panel 2015 to present: Adviser to Aljunied GRC GROs (Kaki Bukit) 2015 to present: Chairman, PAP Community Foundation (PCF Kaki Bukit) 2020 to present: Member, M3 FA4 Taskforce Workgroup Panel	2015 to present: Executive Director and Chief Financial Officer, Perfect World Holding Co., Ltd. and its subsidiaries 2015 to present: Senior Vice President, Perfect World Co., Ltd (A company listed on Shenzhen Stock Exchange) and its subsidiaries (Perfect World Group) 2013 to present: Director, General Manager, Deputy General Manager and Finance Director, Perfect World Pictures Co., Ltd and its subsidiaries 2012 to 2013: Vice President, Perfect World Pictures Co., Ltd. and its subsidiaries	December 1999 to December 2020: Associate Professor, Guanghua School of Management, Peking University May 2009 to November 2018: Dean of Guanghua School of Management Shenzhen Campus December 2014 to November 2018: Dean of Guanghua School of Management Shanghai Campus January 2015 to January 2020: Associate Dean of Guanghua School of Management, Peking University January 2017 to November 2018: Head of EMBA Program of Guanghua School of Management January 2021 to present: Associate Professor, Guanghua School of Management, Peking University

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Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
Shareholding interest in the listed issuer and its subsidiaries	No	Yes. Epical Entertainment Limited holds 4.86% interest in the Company and is a wholly-owned subsidiary of Perfect Credit Pictures (Singapore) Pte. Ltd., which the ultimate holding company is Perfect World Co., Ltd. Ms. Zeng is also currently a director of Epical Entertainment Limited.	No
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	As above.	No
Conflict of interest (including any competing business)	No	Perfect World Group's business includes the drama and film production business in the PRC. Ms Zeng has a duty to disclose the interests of Perfect World Group in respect of any contract, proposal, transaction or any other matter whatsoever in which Perfect World Group has any material interest, directly or indirectly, or any actual or potential conflicts of interest, including conflicts of interest that may arise from her directorship in any other any entity carrying on the same business or dealing in similar products and/or services as the Group or any other corporation(s) that may involve them.	No

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Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
		Upon such disclosure, Ms Zeng shall not participate in any proceedings of the Company's Board of Directors and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the Company's Audit and Risk Management Committee has determined that no such conflict of interest exists. Hence, Ms Zeng will abstain from deliberating and participating in any proceedings involving, as well as abstain from voting on, any transactions with the Perfect World Group and/or relating to the drama and film production business of the Group.	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

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Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
Other principal commitments* including Directorships# * Principal commitments has the same meaning as defined in the Code. #These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9).			
Past (for the last 5 years)	2015 to 2021: Executive Director, Centre for Domestic Employees, NTUC & Deputy Executive Secretary, Education Services Union 2006 to 2017: Chairman of the Ministry of Social and Family Development (MSF), Review Board, Committee 6, Board of Visitors (Children and Young Persons Homes) 2007 to 2016: Chairman, Board of Visitors (MSF, Children's Young & Persons Act) 2019 to 2020: Member, Mendaki Tuition Scheme (MTS) Review Panel	Please refer to the disclosures in "Working experience and occupation(s) during the past 10 years" above.	Please refer to the disclosures in "Working experience and occupation(s) during the past 10 years" above.
Present	Independent Non-Executive Director, Advancer Global Limited Member, M3 FA4 Taskforce Workgroup Panel Adviser to Aljunied GRC GROs (Kaki Bukit) Chairman, PAP Community Foundation (PCF Kaki Bukit)	Please refer to the disclosures in "Working experience and occupation(s) during the past 10 years" above.	Please refer to the disclosures in "Working experience and occupation(s) during the past 10 years" above.

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Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

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Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

CORPORATE **GOVERNANCE REPORT**

Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

CORPORATE **GOVERNANCE REPORT**

Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

CORPORATE **GOVERNANCE REPORT**

Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

CORPORATE **GOVERNANCE REPORT**

Name of Director	Mr Shamsul Kamar Bin Mohamed Razali	Ms Zeng Yingxue	Mr Li Qi
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Prior Experience as a Director of a Listed Company on the Exchange			
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
If yes, please provide details of prior experience.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable	Not Applicable	Not Applicable

SUSTAINABILITY **REPORT**

MESSAGE FROM THE EXECUTIVE CHAIRMAN AND GROUP CEO

Dear Stakeholders,

We are pleased to present to you the inaugural Sustainability Report (the "**Report**") for G.H.Y Culture & Media Co., Holding Limited ("**GHY**" or the "**Company**" and together with its subsidiaries and its PRC Affiliated Entities[1], the "**Group**"). This Report provides information on the sustainability of our business and practices during the financial year ended 31 December 2021 ("**FY2021**").

This Report focuses on reporting the practices and performance for the social aspects of our operations for which we have the most impact and contributions. We focus on having good corporate governance and comply with all local laws and regulations in countries which we operate in. We comply strictly with marketing and labelling regulations for our concerts, films and dramas.

We are committed to providing high quality media and entertainment production and recognize the importance of our employees in driving the creativity in content generation and event choreography. That is why we provide comprehensive training programs to empower our employees to upskill and keep up-to-date with current media trends.

The COVID-19 pandemic remains an ongoing challenge. The Group has remained vigilant and much effort has gone into making sure that we do the utmost to ensure the safety of our employees and attendees at our concerts.

On behalf of the Board, I would like to express my gratitude to all our stakeholders for their support. We look forward to your continual support as we strive to develop innovative media productions while monitoring our social and environmental impacts.

Guo Jingyu
Executive Chairman and Group CEO

[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.

SUSTAINABILITY **REPORT**

ABOUT THIS REPORT

Reporting Principles & Statement of Use

This Report is produced in accordance with the Global Reporting Initiative ("**GRI**") Standards "Core" option for the year from 1 January 2021 to 31 December 2021. The Board of Directors of GHY has reviewed and approved the reported information, including the material topics. The following principles were applied to determine relevant topics that define the report content and ensure quality of information: (a) GRI principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness; (b) GRI principles for defining report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness.

This Report is also prepared in accordance with Singapore Exchange's ("**SGX-ST**") Mainboard Listing Rules 711A, SGX-ST's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B and Practice Note 7F. The GRI standards were selected as it is a globally recognized sustainability reporting standard that is recommended by SGX-ST and represents the global best practices for reporting on economic, environmental and social topics.

Reporting Scope

The scope of this Report covers all of the Group's business segments including our TV Program and Film Production as well as Concert Production, and all our geographic locations including but not limited to Malaysia, PRC and Singapore.

Restatements

Not relevant as this is the Group's first sustainability report.

Assurance

We have not obtained external assurance for the sustainability information in this Report. However, an internal review and verification mechanism has been established to ensure quality and accuracy of the narratives and data. We have also engaged a professional firm to assist the Group in identifying the sustainability information to be report, as well as compliance with GRI Standards and SGX-ST Listing Rules.

Availability & Feedback

This Report is available online at SGXNet and https://ghyculturemedia.com/investor-relations/. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this Report. If you have any question or feedback on this Report, you may contact us at enquiries@ghyculturemedia.com.

SUSTAINABILITY **REPORT**

SUSTAINABILITY AT GHY

Our ESG Focus and Strategy

GHY focuses on creating memorable experiences for audiences watching our drama productions and/or attending our concert productions. We operate in accordance with the strictest compliance for government regulations and observe cultural requirements in each country that we operate in. We pay particular attention to safeguarding customer and employee data and comply with all relevant laws and regulations with regards to data privacy and protection.

Our operations contribute to the development of arts and culture across the countries in which we operate, particularly in the PRC, Singapore and Malaysia. We bring a wide variety of genres for dramas and international artistes for our concerts to delight audiences. The Group aims to deliver high quality dramas and films to audiences on major streaming platforms and leading TV networks.

ESG Performance Highlights

Kept our customers and workforce safe, and provided a pleasant and conducive workplace environment for our employees

Strengthened relationships with industry partners to further advancements in the media and entertainment industry

Zero significant incidents of non-compliance with laws and regulations

SUSTAINABILITY **REPORT**

Contribution to the Sustainable Development Goals

The Group's business focus is aligned with the United Nations Sustainable Development Goals ("**UN SDGs**"). The attainment of the UN SDGs is a continuing global effort and forms part of the Group's long-term focus on sustainability. The Group's contributions to the attainment of the relevant UN SDGs are highlighted below:

SUSTAINABLE DEVELOPMENT GOALS

UN SDG	The Group's Contribution	Read more in the following sections
4 QUALITY EDUCATION	Provide training, career appraisal and development opportunities for all our employees	Focus 4: Human Capital
5 GENDER EQUALITY	Provide equal opportunities in employment, training and career development regardless of gender	
8 DECENT WORK AND ECONOMIC GROWTH	Provide work opportunities and a conducive working environment to the community	Focus 2: Economic Performance Focus 5: Health & Safety
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Contribute to development of culture and media and develop new media and entertainment technologies	Focus 3: Contribution to the Media & Entertainment Industry
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Reduce the usage of paper and energy consumption whenever possible	Focus 6: Our Environment
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote good corporate governance and build strong working relationships with financial institutions and government bodies	Focus 1: Governance & Ethics

SUSTAINABILITY **REPORT**

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group constantly engages with all stakeholders through a variety of channels to keep them informed on the Group's business and operational developments and gather feedback. The Group identifies stakeholders as groups which have material impact or could potentially be impacted by our operations, taking into account inputs from management and an external consultant. The following table summarises our key stakeholders, engagement platforms, their key concerns and how the Group has responded to those concerns.

Stakeholders	Key concerns	Engagement platforms	Our responses	Relevant sections
Customers	• Quality of dramas and films • Concert venue safety	• Social media platforms such as Facebook, Instagram • Streaming platform and media's feedback channels	• Conduct market research and discussion with streaming platforms and TV networks to ensure that content produced matches market trends and preferences. • Conduct concert venue safety inspections. The concert organiser is required to obtain all relevant permits prior to actual concert date.	Focus 3: Contribution to the Media & Entertainment Industry Focus 5: Health & Safety
Employees	• Occupational Health and Safety (including COVID-19) • Training & education • Employee rights & benefits • Diversity and equal opportunity	• Annual employee appraisal system • Training	• Establish robust policies on performance appraisals, diversity, and anti-harassment • Build a safe and inclusive workplace	Focus 4: Human Capital Focus 5: Health & Safety
Government and regulators	• Socioeconomic compliance • Environmental compliance • Contributions to the media and entertainment industry	• Sustainability Reports • Regulatory filings	• Comply strictly with socioeconomic and environmental regulations	Focus 1: Governance & Ethics

Stakeholders	Key concerns	Engagement platforms	Our responses	Relevant sections
Suppliers and ticketing agencies	• Governance and Ethics • Socioeconomic compliance	• Community engagement • Annual Reports	• Fulfill all regulatory compliance requirements	Focus 1: Governance & Ethics
Shareholders and investors	• Economic performance • Environmental impact • Corporate governance	• Annual Reports • Investor relations	• Provide informative and insightful Annual Reports, Sustainability Reports and regulatory filings	Focus 1: Governance & Ethics Focus 2: Economic Performance Focus 6: Our Environment

The Group's materiality assessment is conducted based on the information obtained from the stakeholder engagement exercise and took into consideration the recommendations from an external consultant. The following steps were taken to identify and present the relevant material topics in this Report:

1. Identification: Selection of potential focus areas and material topics based on the risks and opportunities to the sector.

2. Prioritisation: Material topics are prioritised based on their alignment with the concerns of internal and external stakeholders including whether they are aligned with key organisational values, policies, operational management systems, goals and targets.

3. Review: Review the relevance of identified material topics.

4. Validation: Validate selected material topics in the Sustainability Report with the Board.

SUSTAINABILITY **REPORT**

This Report focuses on reporting our performance and practices based on the identified GRI material topics and are prioritised into focus areas in the report based on their importance to the Group.

Focus Area	Material Topics	Where the impact occurs
Focus 1: Governance & Ethics	GRI 205: Anti-corruption	The Group
	GRI 207: Tax	
	GRI 417: Marketing & Labelling	
	GRI 418: Customer Privacy	
	GRI 419: Socioeconomic Compliance	
Focus 2: Economic Performance	GRI 201: Economic Performance	The Group
Focus 3: Contribution to the Media & Entertainment Industry	GRI 203: Indirect Economic Impact	The Group
Focus 4: Human Capital	GRI 401: Employment	The Group
	GRI 404: Training and Education	
	GRI 405: Diversity and Equal Opportunity	
	GRI 416: Customer Health & Safety	
Focus 5: Health & Safety	GRI 403: Occupational Health and Safety	
Focus 6: Our Environment	GRI 302: Energy	The Group
	GRI 306: Waste	
	GRI 307: Environmental Compliance	

SUSTAINABILITY **REPORT**

FOCUS 1: GOVERNANCE & ETHICS

Strong corporate governance practices are important to the Group as it strives to build a viable and resilient business that is capable of adapting to the trends and uncertainties in the media and entertainment industry. Such practices will help the Group align its operations and business activities with the interests of all key stakeholders.

Corporate Compliance

GRI 307-1, 419-1

There are several laws and regulations which are applicable to the Group. These include the Code of Corporate Governance 2018, regulations by the Monetary Authority of Singapore, Listing Rules of the SGX-ST, the Accounting and Corporate Regulatory Authority ("**ACRA**") and the Securities and Futures Act, amongst others.

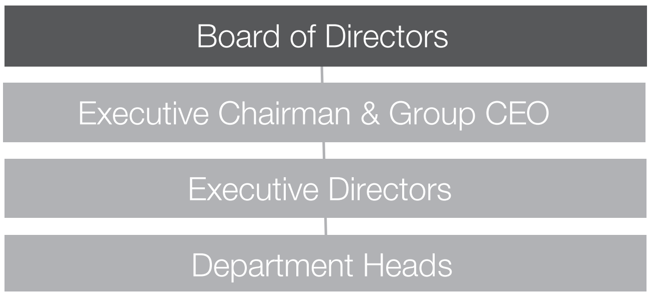
The Group receives updates on new regulations and updates to existing regulations from professional parties including but not limited to secretarial firm, auditors and counsels. Updates are disseminated to relevant staff and processes have been established in place to monitor the activities and associated performance on a regular basis.

Additionally, updates on relevant legal, accounting and regulatory developments are regularly provided to the board of directors ("**Board**" or the "**Directors**"). The Company Secretaries also circulate articles, reports and press releases issued by SGX-ST and ACRA which are relevant to the Directors.

ESG Governance and Statement of the Board

The Group prioritises sustainability at the Board level. The Board is responsible for leading and providing guidance in determining and implementing the sustainability measures as well as the preparation of this Sustainability Report.

The Board has incorporated sustainability issues into the strategic formulation of the Group and oversees the management and monitoring of these material factors. The Board approves the material ESG factors identified and ensures that the factors identified are well-managed and monitored.



Risk Management

The Group adopts a precautionary approach in strategic decision making and day-to-day operations by implementing a comprehensive risk management framework. We have integrated the process for identifying, assessing and managing material environmental, social and governance ("**ESG**") related risks into our organization's overall risk management framework.

Please refer to the Corporate Governance Report section in the Annual Report for more information on corporate governance practices and risk management structure.

SUSTAINABILITY **REPORT**

Anti-corruption

GRI 205-1, 205-2, 205-3

Integrity, responsibility and accountability are the core principles of the Group. A zero-tolerance approach to corruption and effective controls, processes and procedures provide the framework for all employees and board members to adhere to in their dealings with customers, business partners and other colleagues. We expect our business partners and suppliers to comply with applicable anti-corruption laws and regulations. All board members and employees have received training on anti-corruption.

The Group has developed a Whistleblowing Policy to provide an avenue for internal and external parties to raise concerns and offer reassurance that they are protected from reprisals or victimisation for whistleblowing in good faith.

Our operations have been assessed for risks related to corruption, covering money laundering and terrorism financing, theft, fraud, conflicts of interest including insider trading and bribery. In FY2021, there were no reported cases of corruption.

Customer Privacy and Data Protection

GRI 418-1

GHY prioritises data security to safeguard the personal data of our customers and employees. In FY2021, there was zero substantiated complaint concerning breaches of customer privacy and also zero instance of data leaks or losses of customer data.

Marketing and Labelling

GRI 417-2, 417-3

The Group aims to comply fully with all marketing and labelling requirements of our concerts, dramas and films in the countries where we distribute and market our products in.

There have been zero incidences of non-compliance relating to product and service information and labelling and marketing communications in FY2021.

Tax Compliance

GRI 207-1, 207-2, 207-3, 207-4

The Group's strategy and approach to tax is to fully comply with relevant tax laws and regulations in all jurisdictions we operate in, which indirectly support the local governments and authorities in their economic, environmental and social development and objectives. The Group has zero tolerance for any intentional breach of tax laws and regulations.

The Group identifies tax related risks as part of its enterprise risk management framework. Implementation of tax compliance related policies and procedures are delegated to the respective business units and are monitored by the Group's Executive Director and the Chief Financial Officer.

Relevant staff attend tax related trainings to keep themselves updated on key changes. The Group also engages qualified professional tax advisors in all jurisdictions to ensure compliance at the transaction levels as well as fulfilling required tax filings. Any instances of non-compliance are reported to the Audit and Risk Committee and resolved promptly.

Governance & Ethics Targets

FY2022 Targets
Zero incidents of non-compliance with SGX-ST listing rules or CG Code
Zero reported corruption/significant whistle blowing report
Zero reported human right, child & forced labour breach
Zero data privacy and cyber security breach
No non-compliance incident with local regulations or voluntary codes with respect to marketing and labelling
No significant tax related non-compliance

FOCUS 2: ECONOMIC PERFORMANCE

GRI 201-1, 201-4

At GHY, we recognise that economic sustainability is a key concern for our stakeholders. We strive to continually create value for them, to drive the future success of the Group, our communities and the countries in which the Group operates in. The financial performance of the Group is reviewed by the Audit and Risk Committee and the Board on a regular basis.

The Group receives government grants, which mainly relates to grants for production of dramas and films and grants from government relief schemes including but not limited to the Jobs Support Scheme in Singapore.

Details of our financial performance can be found under the financial statements section in this Annual Report, which have been prepared in accordance with Singapore Financial Reporting Standards (International).

FOCUS 3: CONTRIBUTION TO THE CULTURE & MEDIA INDUSTRY

GRI 203-1, 203-2

GHY strives to provide audiences with high quality entertainment and media content that captivates audiences. We are able to bring innovative storylines to life through our streamlined TV program production value chain while ensuring that the program is portrayed in a manner that is true to the artist's vision.

GHY strives to bring memorable performances and stage visuals to customers who attend our concerts. We ensure that concerts organised are equipped with high quality audio and visual equipment to adequately portray the performance of the artistes. Meticulous venue planning is conducted to ensure that concert-goers are able to have an enjoyable experience regardless of where they are seated. Our ability to engage renowned artistes throughout the Asia Pacific region is a testament to our ability to plan and execute large scale concert events.

GHY recognises the potential of new technology to bring new visual experiences to TV and film programs. We strive to keep ourselves up to date technologies in this area and enhancing our capabilities with the latest 3D graphics and 2D graphics technology, such as Houdini, Nuke, Zbrush and Syntheyes, among others. These applications are upgraded with new features and changes on a regular basis and our employees are regularly required to keep themselves up to date on these applications and its uses to ensure a smooth production process. In addition, we employ the use of procedural workflows and automation to increase efficiency and reduce resource cost. These processes are monitored and improved from project to project to further simplify or remove time wasted on a task, while at the same time ensuring consistency in our digital offerings.

SUSTAINABILITY **REPORT**

The Group has collaborated with Infocomm Media Development Authority of Singapore ("**IMDA**") in various initiatives such as 'The Story Lab Apprenticeship' programme that provides participants with structured training in scriptwriting, directing and producing. Apart from upskilling the participants with theoretical knowledge, it is equally important to equip our employees with on-the-job exposure and practical experiences. As part of a holistic apprenticeship programme, it includes the opportunity to visit overseas production shoot locations to learn from industry professionals, made possible given the Group's regional footprint and end-to-end production capabilities across the value chain.

We have also collaborated with Ngee Ann Polytechnic to deliver a course in Chinese scriptwriting. This initiative is supported by Iskandar Malaysia Studios and IMDA. The course was conducted by international and local industry veterans and culminated in the submission of the screenplay to the ATF Chinese Pitch 2020.

We understand the significance of putting skills to practice and invited students from the School of Interactive and Digital Media at Nanyang Polytechnic ("**NYP**") to work on our productions through internships or final year projects. Under the close guidance of experienced professionals at GHY and their lecturers, students gained hands-on experience in producing close to 200 visual effects shots. This also provided a platform for aspiring students to learn more about value-adding with post-production capabilities in today's fast-evolving entertainment industry.

Contribution to the Culture & Media Industry Targets

FY2022 Target
Continue supporting local communities through partnerships and educational programmes

FOCUS 4: HUMAN CAPITAL

Our employees are the driving force behind the GHY's ability to produce creative and innovative content. Contributions from employees are recognised regardless of gender or age and employees are remunerated fairly based on formal performance appraisals. Employee training programs are planned regularly to enhance both technical and non-technical skills and competencies.

Training & Education

GRI 404-1, 404-2, 404-3

The Group has established a comprehensive training program that caters to the needs of our employees and ensures that our employees are equipped with the skills and knowledge to adapt to changing trends in the media and entertainment industry. For instance, our visual effects ("**VFX**") trainees have opportunities to learn on the job by working hands-on on our various production projects. They will get to observe, practice, communicate VFX workings within a multidisciplinary team environment where they can grow and succeed through the actual delivery of the product. In addition, we have also sent our employees on AutoCAD training, to develop their proficiencies in the computer-aided design software.

Annual performance appraisals and career development reviews are also integral to the development of our employees. In FY2021, 100% of our employees received career development reviews.

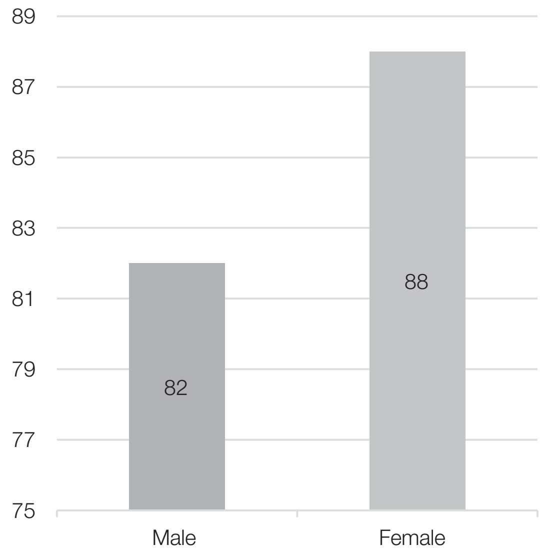
SUSTAINABILITY **REPORT**

Diversity & Inclusion

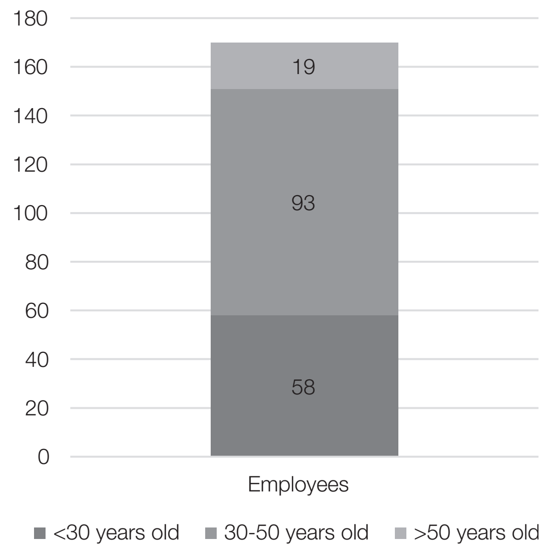
GRI 405-1

The Group strives to foster diversity and equal opportunity regardless of gender, age, race or religion. We have made great strides in this area, as 27% of our board of directors is female. The Group embraces diversity as it increases the viewpoints shared during meetings and enhances the ability of the Group to capture social trends and generate engaging content.

Employees – By Gender



Employees – By Age

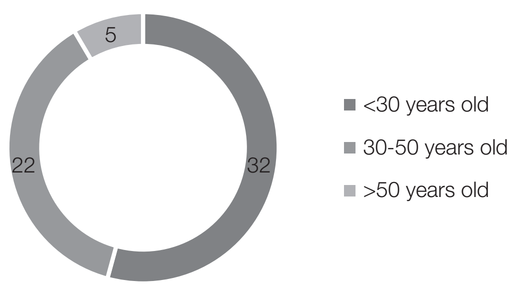


Employment Rights and Fair Recruitment

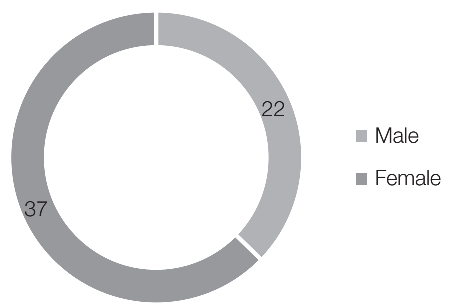
GRI 401-1

The Group is committed to fair and unprejudiced employment practices and does not discriminate on the basis of gender, race or religion and other criteria when considering employment of new employees. This policy has led to high employee retention and satisfaction and has been crucial in enabling the Group to identify and groom talent to lead the organisation.

New Employee Hire – by Age

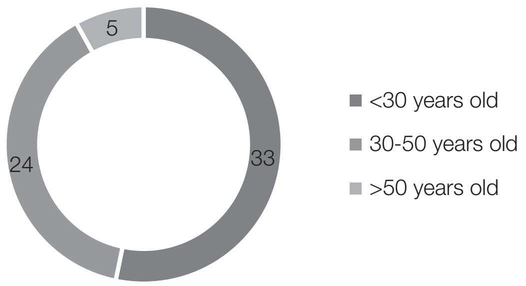


New Employee Hire – By Gender

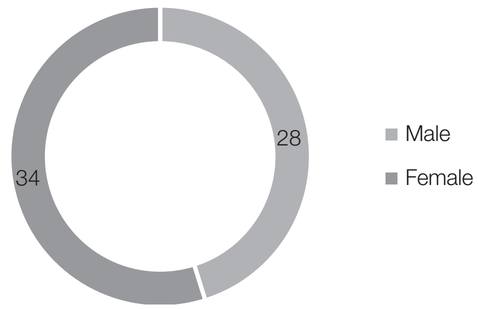


SUSTAINABILITY **REPORT**

Employee Turnover – by Age



Employee Turnover – by Gender



Human Capital Targets

FY2022 Targets
Continue providing regular training for each employee
Maintain providing regular performance reviews to all eligible employees
No material breach of employment laws

FOCUS 5: HEALTH & SAFETY

GHY recognises that health and safety is a key concern of our employees and that it has a direct impact on the mental and physical well-being of employees. A proactive approach is taken to minimise the occurrence of health and safety incidents which includes consultation with employees on safety risks and hazards as well as active monitoring and inspections of drama and concert production sites.

Occupational Health & Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

The Group follows all safety related protocols during concert and drama productions to ensure the safety of employees and minimise the occurrence of incidents. The Group adheres strictly to safe practices requirements at the filming sites. The Group will apply all necessary licenses required in the country/city we film or stage our concerts including but not limited to work health safety, vehicle safety, emergency evacuation plan, traffic control plan. Production sites are well maintained and free of safety hazards. Robust safety inspections are also carried out at our concert venues to remove safety hazards and ensure the safety of employees, crew and concert attendees. All contracted production crew and talents are protected under production-specific insurance policies that cover accidents and hospitalisation, which cover each project from pre-production till end of production.

Employees and crew on site are given briefing prior to commencement of filming on the required safety procedures and incident reporting processes. All the crew and talents are also expected to comply with COVID-19 safety measures and health protocols on the production site.

SUSTAINABILITY **REPORT**

In FY2021, we are proud to have achieved good workplace health and safety indicators and will strive to maintain this achievement as a commitment to our employees.

	FY2021
Number of fatalities as a result of work-related injury	Nil
Number of major work-related injuries (excluding fatalities)	Nil
Number of recordable work-related injuries	Nil

COVID-19 Safety Measures

In FY2021, COVID-19 continues to be a public health and safety concern. It has imposed travel and movement restrictions and affected the ability to hold large-scale concert events.

We stay committed to prioritising the safety of concert attendees and employees. Our concert logistics and planning comply with all relevant safety rules and regulations as well as best practices imposed by the local regulatory authorities. The Group will comply with the safety measures required by the authorities at the time of concert which may possibly include but not limited to vendors and audience providing proof of vaccination status, ensuring the seating plans comply with safe distancing requirements, requiring concert attendees to wear masks at all times and frequently disinfecting the premises after events.

The Group provides regular updates on COVID-19 safety measures to our employees at the workplace and employees are expected to comply with the implemented measures. All employees are encouraged to be vaccinated to minimize the risk of transmission at the workplace and among the community.

Customer Health & Safety

GRI 416-1, 416-2

The Group maintains dedicated concert production teams in Singapore and PRC. We obtain all relevant safety permits for our concert venues and conduct safety inspections for any safety hazards around the stage. Comprehensive safety checks are conducted for all concerts that we organise as a commitment to our customers and the performing artistes at our concerts.

We ensure that all safety regulations concerning COVID-19 safety regarding large scale events such as concerts are complied with. We obtain all relevant safety permits for the concert venues and perform routine testing of equipment and inspection premises for safety risks.

In FY2021, there were zero instances of non-compliance with regulatory codes or voluntary codes regarding the health and safety impacts of products and services.

Health & Safety Targets

FY2022 Targets
Zero workplace fatalities or permanent disabilities and zero significant incidents of non-compliance resulting in regulatory breaches under the Workplace Safety and Health Act
No non-compliance incident with local safe management measures for events organised by the Group

SUSTAINABILITY **REPORT**

FOCUS 6: OUR ENVIRONMENT

GHY strives to be an environmentally responsible organisation that is mindful of our environmental impact. Wherever possible, we promote resource and energy efficiency, reduce waste generation and utilise proper waste disposal and recycling methods.

Energy

GRI 302-1, 302-4

Although GHY's operating activities do not involve significant energy usage, we are determined to do what we can to enhance energy efficiency and contribute to efforts to combat global warming. We make a constant effort to remind our employees to switch off the lights and gadgets such as their computers when they are not in use to minimise our energy consumption and reduce the environmental impact of our day-to-day operations.

Waste & Effluents Management

GRI 306-1, 306-2, 306-4

Waste generated from our dramas, films and concerts production comprise of non-hazardous waste and are disposed of by licensed waste management companies. We work closely with our vendors to responsibly dispose of waste generated through our events.

As the Group works with a large supplier base, the supplier's environmental credentials form part of our supplier assessment process. Our procurement team takes into consideration the code of practice covering the suppliers' compliance with environmental law, and considers factors which reduce carbon footprint and increase usage of renewables among others.

We also remind employees in our offices to reduce paper usage and to maximise the usage of both sides of the paper whenever possible. Employees are encouraged to engage in recycling initiatives.

Our Environment Targets

FY2022 Targets
Zero incidents of environmental non-compliance
Perform environmental assessment for 100% of our key suppliers

SGX-ST 5 PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	Stakeholder Engagement and Materiality Assessment
2	Policies, Practices and Performance	■ Message from the Executive Chairman and Group CEO ■ Sustainability at GHY ■ Focus 1 to 6
3	Board Statement	ESG Governance and Statement of the Board
4	Targets	Governance & Ethics Targets Human Capital Targets Health & Safety Targets Our Environment Targets
5	Framework	About This Report

GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference and Omissions
102-1	Name of the organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Profile
102-3	Location of headquarters	Corporate Profile
102-4	Location of operations	Corporate Profile
102-5	Ownership and legal form	Corporate Profile
102-6	Markets served	Corporate Profile
102-7	Scale of the organisation	Corporate Profile
102-8	Information on employees and other workers	Focus 4: Human Capital
102-9	Supply chain	Corporate Profile
102-10	Significant changes to the organization and its supply chain	Not Applicable, no changes
102-11	Precautionary Principle or approach	Corporate Governance & Risk Management
102-12	External initiatives	Sustainability at GHY
102-13	Membership of associations	Corporate Profile
102-14	Statement from senior decision-maker	Message from the Executive Chairman and Group CEO
102-16	Values, principles, standards, and norms of behaviour	Focus 1: Governance & Ethics
102-17	Mechanisms for advice and concerns about ethics	Focus 1: Governance & Ethics
102-18	Governance structure	ESG Governance and Statement of the Board

SUSTAINABILITY **REPORT**

GRI Standards	Disclosure Content	Section Reference and Omissions
102-40	List of stakeholder groups	Stakeholder Engagement and Materiality Assessment
102-41	Collective bargaining agreements	Not Applicable
102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Materiality Assessment
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment
102-44	Key topics and concerns raised	Stakeholder Engagement and Materiality Assessment
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements
102-46	Defining report content and topic boundaries	About This Report
102-47	List of material topics	About This Report
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	About This Report
102-51	Date of most recent report	Not Applicable
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	Corporate Profile, enquiries@ghyculturemedia.com
102-54	Claims of reporting in accordance with the GRI Standards	About This Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About This Report
201-1	Direct economic value generated and distributed	Focus 2: Economic Performance
201-4	Financial assistance received from government	Focus 2: Economic Performance
203-1	Infrastructure investments and services supported	Focus 3: Contribution to the Media and Entertainment Industry
203-2	Significant indirect economic impacts	Focus 3: Contribution to the Media and Entertainment Industry
205-1	Operations assessed for risks related to corruption	Anti-corruption

SUSTAINABILITY **REPORT**

GRI Standards	Disclosure Content	Section Reference and Omissions
205-2	Communication and training on anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
207-1	Approach to tax	Tax Compliance
207-2	Tax governance, control, and risk management	Tax Compliance
207-3	Stakeholder engagement and management of concerns related to tax	Tax Compliance
207-4	Country-by-country reporting	Tax Compliance
302-1	Energy consumption within the organisation	Energy
302-4	Reduction of energy consumption	Energy
306-1	Waste generation and significant waste related impacts	Waste & Effluents Management
306-2	Management of significant waste related impacts	Waste & Effluents Management
306-4	Waste diverted from disposal	Waste & Effluents Management
307-1	Non-compliance with environmental laws and regulations	Corporate Compliance
401-1	New employee hires and employee turnover	Employment Rights and Fair Recruitment
403-1	Occupational health and safety management system	Occupational Health & Safety
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health & Safety
403-3	Occupational health services	Occupational Health & Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health & Safety
403-5	Worker training on occupational health and safety	Occupational Health & Safety
403-6	Promotion of worker health	Occupational Health & Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health & Safety
404-1	Average hours of training per year per employee	Training & Education
404-2	Programmes for upgrading employee skills and transition assistance programmes	Training & Education
404-3	Percentage of employees receiving regular performance and career development reviews	Training & Education
405-1	Diversity of governance bodies and employees	Diversity & Inclusion
416-1	Assessment of the health and safety impacts of product and service categories	Customer Health & Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health & Safety

SUSTAINABILITY **REPORT**

GRI Standards	Disclosure Content	Section Reference and Omissions
417-2	Incidents of non-compliance concerning product and service information and labelling	Marketing and Labelling
417-3	Incidents of non-compliance concerning marketing communications	Marketing and Labelling
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy and Data Protection
419-1	Non-compliance with laws and regulations in the social and economic area	Corporate Compliance

STATISTICS OF **SHAREHOLDINGS**

AS AT 14 MARCH 2022

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 14 March 2022, approximately 19.3% of the issued ordinary shares of the Company ("**Shares**") was held by the public (which also excluded Shares under moratorium) and, therefore, Rule 723 of the Singapore Exchange Securities Trading Limited Manual is compiled with.

Substantial Shareholders

(As recorded in the Company's Register of Substantial Shareholders)

Name of Substantial Shareholders (including Directors that are also Substantial Shareholders)	Direct Interest		Deemed Interest[2]		Total Interest	
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]
Mr. Guo Jingyu[3]	4,626,400	0.4	640,000,000	59.7	644,626,400	60.1
Mr. Yang Jun Rong[4]	–	–	76,230,000	7.1	76,230,000	7.1
Mr. John Ho[5]	113,602,000	10.6	–	–	113,602,000	10.6
Kang Ru Investments Limited[3]	640,000,000	59.7	–	–	640,000,000	59.7
Da Yuan Developments Limited[3]	–	–	640,000,000	59.7	640,000,000	59.7
G.Y Media & Entertainment Limited[3]	–	–	640,000,000	59.7	640,000,000	59.7
Guo Yue Family Trust[3]	–	–	640,000,000	59.7	640,000,000	59.7
Taiho Holding Ltd[4]	76,230,000	7.1	–	–	76,230,000	7.1
Mdm. Yeh Hui Mei[6]	–	–	76,230,000	7.1	76,230,000	7.1
Vistra Trust (Singapore) Pte. Limited[3][7]	–	–	640,000,000	59.7	640,000,000	59.7

Notes:

(1) Based on the total number of issued Shares as at 14 March 2022.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Kang Ru Investments Limited ("**Kang Ru**") holds 640,000,000 Shares. Da Yuan Developments Limited ("**Da Yuan**") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, each of Mr. Guo Jingyu and G.Y Media & Entertainment Limited is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the SFA.

(4) Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(5) Mr. John Ho holds 113,602,000 Shares directly of which 50,000,000 Shares are held in his nominee account with DBS Nominees (Private) Limited.

(6) Mdm. Yeh Hui Mei holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mdm. Yeh Hui Mei is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(7) Vistra Trust (Singapore) Pte. Limited provides trustee services in Singapore, and is (i) wholly-owned by Vistra Group (Asia) Limited; (ii) which is in turn wholly-owned by Vistra Group Holdings (Cayman) Limited; (iii) which is in turn wholly-owned by Vistra Group Holdings (BVI) Limited; (iv) which is in turn wholly-owned by Vistra Group Holdings (BVI) I Limited; (v) which is in turn wholly-owned by Vistra Group Holdings (BVI) II Limited; and (vi) which is in turn wholly-owned by Vistra Group Holdings (BVI) III Limited. Vistra Group Holdings (BVI) III Limited is substantially held by Kowloon Co-Investment L.P., The Baring Asia Private Equity Fund VI, L.P.1, The Baring Asia Private Equity Fund VI, L.P.2., The Baring Asia Private Equity Fund VI Co-Investment L.P., The Baring Asia Private Equity Fund V, L.P. and The Baring Asia Private Equity Fund V Co-Investment L.P., which is managed by the general partners, being Barings Asia Private Equity GP VI, L.P. and Barings Asia Private Equity GP V, L.P.. Accordingly, each of the foregoing entities is deemed to be interested in the Shares that Vistra Trust (Singapore) Pte. Limited is interested in by virtue of Section 4 of the SFA.

STATISTICS OF **SHAREHOLDINGS**

AS AT 14 MARCH 2022

ISSUED AND FULLY PAID CAPITAL

Number of issued shares	:	1,073,792,000
Number of treasury shares	:	2,266,200
Number of issued shares, excluding treasury shares	:	1,071,525,800
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	158	16.99	146,000	0.01
1,001 – 10,000	492	52.90	2,512,800	0.23
10,001 – 1,000,000	271	29.14	16,354,500	1.53
1,000,001 AND ABOVE	9	0.97	1,052,512,500	98.23
TOTAL	**930**	**100.00**	**1,071,525,800**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	743,639,300	69.40
2	UOB KAY HIAN PRIVATE LIMITED	79,096,200	7.38
3	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	76,230,000	7.11
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	64,208,000	5.99
5	HO AH HUAT	63,602,000	5.94
6	DB NOMINEES (SINGAPORE) PTE LTD	10,925,500	1.02
7	RAFFLES NOMINEES (PTE.) LIMITED	10,601,000	0.99
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,537,000	0.24
9	MAYBANK SECURITIES PTE. LTD.	1,673,500	0.16
10	IFAST FINANCIAL PTE. LTD.	957,100	0.09
11	ONG HUNG HENG	702,000	0.07
12	PHILLIP SECURITIES PTE LTD	615,200	0.06
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	580,500	0.05
14	SU GUANING	509,600	0.05
15	SINMAH POULTRY PROCESSING (S) PTE LTD	500,000	0.05
16	CITIBANK NOMINEES SINGAPORE PTE LTD	421,400	0.04
17	GOH GUAN SIONG (WU YUANXIANG)	396,900	0.03
18	ICH CAPITAL PTE LTD	376,600	0.03
19	LIAN POH HENG	372,600	0.03
20	LIM SEEH ENG	307,900	0.03
	TOTAL	**1,058,252,300**	**98.76**

APPENDIX TO **ANNUAL REPORT**

APPENDIX DATED 13 APRIL 2022

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other professional adviser immediately.

If you have sold or transferred all your shares in the issued share capital of G.H.Y Culture & Media Holding Co., Limited, you should immediately forward this Appendix together with the Notice of Annual General Meeting ("**AGM**") and the accompanying Proxy Forms to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

长信传媒
G.H.Y Culture & Media

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

APPENDIX TO ANNUAL REPORT

IN RELATION TO

(1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND

(2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS.

APPENDIX TO **ANNUAL REPORT**

CONTENTS

APPENDIX TO **ANNUAL REPORT**

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated.

"**2021 AGM**"	:	The annual general meeting of the Company held on 29 April 2021 to seek Shareholders' approval for, *inter alia*, the proposed adoption of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate
"**ACRA**"	:	Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	The annual general meeting of the Company to be held on 28 April 2022 at 4.00 p.m. by way of electronic means, notice of which is attached to the Annual Report
"**Annual Report**"	:	The annual report of the Company for FY2021 dated 13 April 2022
"**Appendix**"	:	This appendix to the Annual Report issued by the Company to the Shareholders
"**Articles of Association**"	:	The Articles of Association of the Company, as amended, varied or supplemented from time to time
"**Audit and Risk Management Committee**"	:	The audit and risk management committee of the Company, currently comprising of Mr. Ang Chun Giap (as chairman of the committee), Mr. Chen Mingyu and Dr. Jiang Minghua
"Cayman Islands Companies Act"	:	Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Company**"	:	G.H.Y Culture & Media Holding Co., Limited
"**Concert Management**"	:	The business of managing the concert production by (a) appointing sub-agents and/or collaborating with third party concert hosting companies or organisers who will undertake the execution of the other aspects of the concert production; and (b) conducting ancillary services such as marketing, publicity and logistics services in connection with the concert
"**Concert Organisation**"	:	The business of managing and executing the concert production, including obtaining the relevant licences and/or permits for the holding of concerts, booking of concert venues, coordinating ticket sales, production and engineering of stage design, lighting, sound and technical effects, concert merchandise, logistics, security arrangements and music recording
"**Directors**"	:	The directors of the Company for the time being (collectively, the "**Board of Directors**")

APPENDIX TO **ANNUAL REPORT**

"**EAR Group**"	:	The Company, its subsidiaries and associated companies that are considered to be "**entities at risk**" within the meaning of Chapter 9 of the Listing Manual. For the avoidance of doubt, the PRC Affiliated Entities are considered as Entities at Risk and the EAR Group includes the PRC Affiliated Entities for the purposes of the IPT General Mandate.
"**FY2020 Appendix**"	:	The appendix to the annual report of the Company for the financial year ended 31 December 2020 dated 14 April 2021 issued by the Company to the Shareholders in relation to the proposed adoption of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate
"**FY2021**"	:	Financial year ended 31 December 2021
"**GHY Employee Share Option Scheme**"	:	The employee share option scheme of the Company approved by Shareholders on 25 November 2020
"**GHY Performance Share Plan**"	:	The performance share plan of the Company approved by Shareholders on 25 November 2020
"**Group**"	:	The Company, its subsidiaries and associated companies
"**Independent Directors**"	:	The Independent Directors of the Company as at the date of this Appendix, unless otherwise stated
"**IPT General Mandate**"	:	The general mandate from the Shareholders pursuant to Chapter 9 of the Listing Manual to enable any or all members of the Group, in the ordinary course of their business, to enter into Mandated Transactions with the Mandated Interested Persons which are necessary for the day-to-day operations, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders
"**Latest Practicable Date**"	:	31 March 2022, being the latest practicable date prior to the printing of this Appendix
"**Listing Manual**"	:	Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date
"**Mandated Interested Persons**"	:	Ms. Yue Lina, Mr. Yang Zhigang, Sure Legend and their associates (each a "**Mandated Interested Person**")
"**Mandated Transactions**"	:	Transactions proposed to be entered into by the EAR Group and Mandated Interested Persons
"**Market Day**"	:	A day on which the SGX-ST is open for securities trading

APPENDIX TO **ANNUAL REPORT**

"**Master Sure Legend Concert Agreement**"	:	The master agreement entered into by the Group and Sure Legend on 30 November 2018 for the grant of rights by Sure Legend to our Group to undertake the production of concerts and thereby, the appointment of the Group as the organiser of the worldwide concert tour of Jay Chou under the theme of "Jay Chou's 20-Years Concert" in Singapore, Malaysia, Australia, Japan and Thailand on a non-exclusive basis
"**Memorandum**"	:	The Memorandum of Association of the Company, as amended, varied or supplemented from time to time
"**NTA**"	:	Net tangible assets
"**PRC Affiliated Entities**"	:	Beijing Changxin, Film & Media Co., Ltd. (北京长信影视传媒有限公司), Beijing Yizhongdao, Film & Media Co., Ltd. (北京易中道影视传媒有限公司), Tianjin Changxin, Film & Media Co., Ltd. (天津长信影视传媒有限公司), Tianjin Ruyang, Film & Media Co., Ltd. (天津如阳影视传媒有限公司), Xiamen Jinzhao Film Culture & Media Co., Ltd. (厦门金朝映画文化传媒有限公司) and Guangzhou Fengye Culture & Media Co., Ltd. (广州风也文化传媒有限公司, each an indirect associated company of the Company
"**Register of Members**"	:	Register of Members of the Company
"**ROE**"	:	Return on equity
"**Securities Accounts**"	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
"**Sure Legend**"	:	Sure Legend International Limited, which is an Associate of Mr. Yang Jun Rong, the Company's Non-Executive Director
"**SFA**"	:	Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Purchase**"	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Purchase Mandate
"**Share Purchase Mandate**"	:	The general and unconditional mandate given by the Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, issued Shares in accordance with the terms set out in this Appendix as well as the Cayman Islands Companies Act and the Listing Manual
"**Shareholders**"	:	Registered holders of Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**Substantial Shareholder**"	:	A person (including a corporation) who has an interest, directly or indirectly, in 5.0% or more of the total number of voting Shares of the Company

APPENDIX TO **ANNUAL REPORT**

"**Take-Over Code**"	:	Singapore Code on Take-overs and Mergers
"**Treasury Shares**"	:	Issued Shares which were purchased by the Company and have been held by the Company continuously since purchase and have not been cancelled
"**S$**", "**$**" and "**cents**"	:	Singapore dollars and cents, respectively
"**%**" or "**per cent**"	:	Per centum or percentage

*All references to "***Yang Jun Rong***"* in this Appendix shall be a reference to *"***Yang Chun-Jung***".*

The terms "**subsidiary**" and "**associated company**" shall have the meaning ascribed to them in the Companies Act 1967 (2020 Revised Edition) of Singapore and the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as the case may be.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons, where applicable, shall include corporations.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Cayman Islands Companies Act, the SFA, the Listing Manual, the Take-Over Code or any relevant laws of Singapore or any modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Cayman Islands Companies Act, the SFA, the Listing Manual, the Take-Over Code or any relevant laws of Singapore or any modification thereof, as the case may be, unless otherwise provided.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference to a date and/or time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

All discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company as to Singapore law in relation to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate. Conyers Dill & Pearman Pte. Ltd. has been appointed as the legal adviser to the Company as to Cayman Islands law in relation to the proposed renewal of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate.

APPENDIX TO **ANNUAL REPORT**

LETTER TO SHAREHOLDERS

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

(Company Registration No: 337751)
(Incorporated in the Cayman Islands)

Directors
Mr. Guo Jingyu (郭靖宇) (Executive Chairman and Group CEO)
Ms. Yue Lina (岳丽娜) (Executive Director)
Ms. Wang Qing (王清) (Executive Director)
Mr. Yang Jun Rong (杨峻荣) (Non-Executive Director)
Mr. Shamsul Kamar Bin Mohamed Razali (Non-Executive Director)
Mr. Li Qi (李其) (Non-Executive Director)
Ms. Zeng Yingxue (曾映雪) (Non-Executive Director)
Mr. Yeo Guat Kwang (Lead Independent Director)
Mr. Ang Chun Giap (Independent Director)
Mr. Chen Mingyu (陈明宇) (Independent Director)
Dr. Jiang Minghua (江明华) (Independent Director)

Registered Office
The offices of Conyers Trust Company
(Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman, KY1-1111,
Cayman Islands

13 April 2022

To: The Shareholders of G.H.Y Culture & Media Holding Co., Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 **AGM**. The Company has on 13 April 2022 issued the Notice of AGM convening the AGM to be held on 28 April 2022 at 4.00 p.m. by way of electronic means to seek Shareholders' approval for, *inter alia,*:

(a) the proposed renewal of the Share Purchase Mandate; and

(b) the proposed renewal of the IPT General Mandate,

(together, the "**Proposed Resolutions**").

1.2 **Appendix**. The purpose of this Appendix is to provide Shareholders with information relating to the Proposed Resolutions.

1.3 Under the Cayman Islands Companies Act, only a person who agrees to become a shareholder of a Cayman Islands company and whose name is entered in the register of members of such a Cayman Islands company is considered a member with rights to attend and vote at general meetings of such company. Accordingly, under the laws of the Cayman Islands, a Depositor holding Shares through CDP would not be recognised as a shareholder of the Company, and would not have the right to attend and vote at general meetings convened by the Company. In the event that a Depositor wishes to attend and vote at the AGM, the Depositor would have to do so through CDP appointing him as a proxy, pursuant to the Articles of Association.

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Pursuant to Article 77 of the Company's Articles of Association, unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of the CDP as at a time not earlier than 72 hours prior to the time of the relevant general meeting supplied by the CDP to the Company as the CDP's proxies to vote on behalf of the CDP at a general meeting of the Company.

Administrative arrangements have been made with CDP to allow Depositors to take part in the AGM. Depositors who wish to participate in the AGM and exercise their votes, and whose names are shown in the records of CDP as at a time not earlier than 72 hours prior to the time of the AGM supplied by CDP to the Company, may participate in the AGM as CDP's proxies. Please refer to paragraph 9 of this Appendix in respect of the action to be taken if you wish to attend and/or vote at the AGM.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Introduction**. As a Cayman Islands-incorporated company listed on the Mainboard of the SGX-ST, any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Cayman Islands Companies Act, the Memorandum, the Articles of Association, the Listing Manual, the Take-Over Code and such other laws and regulations as may, for the time being, be applicable. Article 3(2) of the Articles of Association provides, *inter alia*, that subject to the Cayman Islands Companies Act, the Memorandum and Articles of Association and, where applicable, the rules or regulations of the SGX-ST, the Company shall have the power to purchase or otherwise acquire its issued Shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit. The Company is also required to obtain prior approval of its Shareholders at a general meeting if it wishes to purchase or acquire its own Shares. Accordingly, approval is being sought from Shareholders at the AGM for the renewal of the Share Purchase Mandate to enable the Company to purchase or acquire its issued Shares.

At the 2021 AGM, the Shareholders had approved, *inter alia*, the adoption of the Share Purchase Mandate. The authority and limitations of the Share Purchase Mandate were set out in the FY2020 Appendix and the ordinary resolution in the notice of the 2021 AGM dated 14 April 2021, respectively. The authority contained in the Share Purchase Mandate adopted at the 2021 AGM was expressed to be in force until the conclusion of the next annual general meeting of the Company and as such, would be expiring on 28 April 2022, being the date of the forthcoming AGM of the Company. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming AGM of the Company.

If approved by Shareholders at the AGM, the authority conferred by the Share Purchase Mandate will continue in force until the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority, or the date by which such annual general meeting is required to be held or it is revoked or varied by ordinary resolution of the Company in general meeting, or the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earliest, and may thereafter be renewed by Shareholders in a general meeting of the Company.

2.2 **Rationale**. The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) the Share Purchase Mandate will provide the Company with the flexibility to undertake share purchases and acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force;

(b) in managing the business of the Group, the management will strive to increase Shareholders' value by improving, *inter alia*, the ROE of the Company. In addition to growth and expansion of the business, share purchases may be considered as one of the ways through which the ROE of the Company may be enhanced;

(c) the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in an expedient, effective and cost-efficient manner; and

(d) repurchased Shares which are held by the Company as treasury shares may, *inter alia*, to the extent permitted by applicable law, be transferred for the purposes of or pursuant to share schemes implemented by the Company, including the GHY Performance Share Plan and the GHY Employee Share Option Scheme. Where Treasury Shares are used for this purpose, such share schemes will not have any dilutive effect to the extent that no new Shares are issued. The use of Treasury Shares in lieu of issuing new shares would also mitigate the dilution impact on existing Shareholders.

The purchase or acquisition of Shares will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole and/or affect the listing status of the Company on the SGX-ST. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised.

2.3 **Authority and Limits of the Share Purchase Mandate**. The authority and limitations placed on Share Purchases pursuant to the Share Purchase Mandate, if approved at the AGM, are summarised below:

2.3.1 ***Maximum Number of Shares***

The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10.0% of the issued Shares at the date of the AGM at which the Share Purchase Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Cayman Islands Companies Act, in which event the total number of Shares shall be taken to be the total number of Shares as altered. Any Shares which are held as Treasury Shares or subsidiary holdings will be disregarded for the purposes of calculating the 10.0% limit.

Purely for illustrative purposes, on the basis of 1,071,301,000 Shares in issue as at the Latest Practicable Date (excluding 2,491,000 Treasury Shares) and assuming that (a) no further Shares are issued on or prior to the AGM; and (b) no further Shares are purchased by the Company and held as Treasury Shares, the purchase or acquisition by the Company of 8.0% of its issued Shares (with a view to maintaining a buffer to its public float as at the Latest Practicable Date) will result in the purchase or acquisition of 85,704,080 Shares.

However, as stated in paragraph 2.2 above and paragraph 2.7 below, purchases or acquisitions of Shares pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would affect the listing status of the Company on the SGX-ST. The public float in the issued Shares as at the Latest Practicable Date is disclosed in paragraph 2.9 below.

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2.3.2 ***Duration of Authority***

Purchases or acquisition of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the renewal of the Share Purchase Mandate is approved, until:

(a) the conclusion of the next annual general meeting of the Company following the passing of the resolution granting the said authority, or the date by which such annual general meeting is required to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by ordinary resolution of the Company in general meeting; or

(c) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Purchase Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 ***Manner of Purchases or Acquisitions of Shares***

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed dealers appointed by the Company for the purpose of the Share Purchase; and/or

(b) off-market purchases ("**Off-Market Purchases**"), otherwise than on a securities exchange, in accordance with an equal access scheme.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Cayman Islands Companies Act, the Memorandum, the Articles of Association and/or other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An equal access scheme must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

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(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers are the same, except that there shall be disregarded (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (ii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company will issue a prospectus containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances; and

(c) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.4 ***Purchase Price***

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors pursuant to the Share Purchase Mandate must not exceed:

(a) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase, 110.0% of the Average Closing Price of the Shares,

(the "***Maximum Price***") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"***Average Closing Price***" means the average of the closing market prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made; and

"***date of the making of the offer***" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

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2.4 **Status of Purchased Shares**. A Share purchased or acquired by the Company may either be held by the Company as a Treasury Share in accordance with the Cayman Islands Companies Act or treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation). Accordingly, the Company's issued share capital (but not its authorised share capital) shall be diminished by the nominal value of the Shares purchased or otherwise acquired by the Company and which are not held as Treasury Shares.

2.5 **Treasury Shares**. Under the Cayman Islands Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares, provided that:

(a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares;

(b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and

(c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares.

Some of the provisions on treasury shares under the Cayman Islands Companies Act and the Listing Manual are summarised below:

2.5.1 ***Maximum Holdings***

Shares purchased by the Company will be treated as cancelled on purchase unless, subject to the Memorandum and the Articles of Association, the Directors resolve, prior to the purchase, to hold such Shares in the name of the Company as Treasury Shares.

Under laws of the Cayman Islands, where Shares are held as Treasury Shares, the Company shall be entered in the Register of Members as holding those Shares.

2.5.2 ***Voting and Other Rights***

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and any purported exercise of such a right shall be void. A Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company, and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of the Articles of Association of the Company or the Cayman Islands Companies Act.

In addition, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of Treasury Shares. However, the allotment of shares as fully paid bonus shares in respect of Treasury Shares is allowed and shares allotted as fully paid bonus shares in respect of a Treasury Share shall be treated as Treasury Shares.

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2.5.3 ***Disposal and Cancellation***

Where Shares are held as Treasury Shares, the Company may at any time (but subject always to the Take-Over Code):

(a) cancel the Treasury Shares in accordance with the Articles of Association of the Company and if so cancelled, the amount of the Company's issued share capital (but not the Company's authorised share capital) shall be diminished by the nominal or par value of those Treasury Shares accordingly;

(b) transfer the Treasury Shares for the purposes of or pursuant to share schemes implemented by the Company, including the GHY Performance Share Plan and the GHY Employee Share Option Scheme; or

(c) transfer the Treasury Shares to any person, whether or not for valuable consideration (including at a discount to the nominal or par value of such Treasury Shares).

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such usage, and the value of the treasury shares comprised in such usage.

2.6. **Source of Funds**. In purchasing or acquiring Shares, the Company shall only apply funds legally available in accordance with the Articles of Association, the Cayman Islands Companies Act and any other applicable laws in Singapore and the Cayman Islands. Furthermore, the Company may not purchase or acquire its Shares on the SGX-ST in accordance with the Articles of Association or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Cayman Islands Companies Act, such purchases may be effected out of profits of the Company or out of the share premium account or out of the proceeds of a fresh issue of Shares made for that purpose. In order to effect a purchase of Shares out of profits or the share premium account, the Company will have to ensure that it has sufficient profits and amounts in the share premium account. Further, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, a purchase of Shares by the Company may also be effected by a payment out of capital. A payment out of capital by the Company for the purchase of Shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

The Company intends to use internal resources or external borrowings, or a combination of both, to finance its purchase or acquisition of Shares pursuant to the Share Purchase Mandate. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will, principally, consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected. The purchase of its own Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

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2.7 **Financial Effects**. Under the Cayman Islands Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits or share premium account or the proceeds of a fresh issue of Shares made for that purpose or, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, by a payment out of capital. Where the purchased or acquired Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

(a) the share capital of the Company where the Shares were purchased out of the capital of the Company;

(b) the profits of the Company where the Shares were purchased out of the profits of the Company;

(c) the share premium account where the Shares were purchased out of the share premium account of the Company; or

(d) the share capital, share premium and profits of the Company proportionately where the Shares were purchased out of the capital, share premium and profits of the Company.

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate would depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as Treasury Shares or cancelled.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for FY2021 are based on the assumptions set out below.

2.7.1 ***Purchase or Acquisition out of Capital, Share Premium and/or Profits***

Under the Cayman Islands Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits or share premium account or the proceeds of a fresh issue of Shares made for that purpose or, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, by a payment out of capital.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of share premium and/or profits, such consideration (including any expenses incurred directly in the purchase or acquisition of Shares) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of dividends by the Company will not be reduced.

2.7.2 ***Number of Shares Acquired or Purchased***

As at the Latest Practicable Date, the Company has 1,071,301,000 Shares in issue (excluding 2,491,000 Treasury Shares), with approximately 19.3% of the issued Shares held by public Shareholders. The Company does not have any subsidiary holdings.

Purely for illustrative purposes, on the basis of 1,071,301,000 issued Shares as at the Latest Practicable Date (excluding 2,491,000 Treasury Shares) and assuming that (a) no further Shares are issued on or prior to the AGM; and (b) no further Shares are purchased by the Company and held as Treasury Shares, the purchase or acquisition by the Company of 8.0% of its issued Shares (with a view to maintaining a buffer to its public float as at the Latest Practicable Date) will result in the purchase or acquisition of 85,704,080 Shares.

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2.7.3 ***Maximum Price Paid for Shares Acquired or Purchased***

(a) In the case of Market Purchases by the Company, assuming that the Company purchases or acquires the 85,704,080 Shares at the Maximum Price of S$0.550 for one Share (being the price equivalent to 105.0% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 85,704,080 Shares is approximately S$47,137,000.

(b) In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires the 85,704,080 Shares at the Maximum Price of S$0.570 for one Share (being the price equivalent to 110.0% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 85,704,080 Shares is approximately S$48,851,000.

2.7.4 ***Illustrative Financial Effects***

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 2.7.1 to 2.7.3 above, as well as the following:

(a) such purchase or acquisition of Shares is financed by the internal resources of the Company available as at 31 December 2021;

(b) there were no issuances of Shares by the Company and no Shares were purchased by the Company after the Latest Practicable Date; and

(c) the transaction costs incurred for such purchase or acquisition of Shares pursuant to the Share Purchase Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects,

the financial effects of the purchase or acquisition of 85,704,080 Shares, representing 8.0% of the total Shares in issue, pursuant to the Share Purchase Mandate:

(a) by way of purchases made entirely out of capital and held as Treasury Shares;

(b) by way of purchases made partially out of profits, with the balance out of capital, and held as Treasury Shares;

(c) by way of purchases made entirely out of capital and cancelled; and

(d) by way of purchases made partially out of profits, with the balance out of capital, and cancelled,

on the audited financial statements of the Group and the Company for FY2021 are set out below:

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(a) *Purchases of 85,704,080 Shares representing 8.0% of such issued Shares made entirely out of capital and held as Treasury Shares*

	Group			Company		
		After Share Buyback			After Share Buyback	
	Before Share Buyback	Market Purchase	Off-Market Purchase	Before Share Buyback	Market Purchase	Off-Market Purchase
	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021						
Share capital	14	14	14	14	14	14
Share premium	114,118	114,118	114,118	114,118	114,118	114,118
Capital reserve	629	629	629	–	–	–
Statutory reserve	297	297	297	–	–	–
Retained earnings	34,913	34,913	34,913	(109)	(109)	(109)
Treasury shares	(367)	(47,504)	(49,218)	(367)	(47,504)	(49,218)
Translation reserves	2,939	2,939	2,939	–	–	–
Non-controlling interest	(444)	(444)	(444)	–	–	–
Total Shareholders' Equity	152,099	104,962	103,248	113,656	66,519	64,805
NTA[1]	138,165	91,028	89,314	105,138	58,001	56,287
Current Assets	189,946	142,809	141,095	111,402	64,265	62,551
Current Liabilities	54,298	54,298	54,298	6,264	6,264	6,264
Total Borrowings	14,352	22,751	24,465	–	35,989	37,703
Cash and Cash Equivalents	38,738	–	–	11,148	–	–
Profit attributable to Owners of the Group	3,901	3,901	3,901	(109)	(109)	(109)
Number of Shares ('000) (Excluding Treasury Shares) at LPD[6]	1,071,301	985,597	985,597	1,071,301	985,597	985,597
Weighted Average Number of Shares ('000) at LPD[6]	1,073,388	1,030,536	1,030,536	1,073,388	1,030,536	1,030,536
Financial Ratios						
NTA per Share[2][4] (cents)	12.90	9.24	9.06	9.81	5.88	5.71
Basic EPS[3][4] (cents)	0.36	0.38	0.38	(0.01)	(0.01)	(0.01)
Current Ratio (times)	3.50	2.63	2.60	17.78	10.26	9.99
Gearing Ratio[5] (times)	0.13	0.26	0.28	–	0.54	0.58

Notes:

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date.

(3) Basic Earnings Per Share ("EPS") equals to net profit attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 31 March 2022, the Latest Practicable Date.

(4) Based on the total number of 1,071,301,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the Latest Practicable Date and 985,597,000 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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(b) *Purchases of 85,704,080 Shares representing 8.0% of such issued Shares made partially out of profits, with the balance out of capital, and held as Treasury Shares*

	Group			Company		
		After Share Buyback			After Share Buyback	
	Before Share Buyback	Market Purchase	Off-Market Purchase	Before Share Buyback	Market Purchase	Off-Market Purchase
	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021						
Share capital	14	14	14	14	14	14
Share premium	114,118	114,118	114,118	114,118	114,118	114,118
Capital reserve	629	629	629	–	–	–
Statutory reserve	297	297	297	–	–	–
Retained earnings	34,913	34,913	34,913	(109)	(109)	(109)
Treasury shares	(367)	(47,504)	(49,218)	(367)	(47,504)	(49,218)
Translation reserves	2,939	2,939	2,939	–	–	–
Non-controlling interest	(444)	(444)	(444)	–	–	–
Total Shareholders' Equity	152,099	104,962	103,248	113,656	66,519	64,805
NTA(1)	138,165	91,028	89,314	105,138	58,001	56,287
Current Assets	189,946	142,809	141,095	111,402	64,265	62,551
Current Liabilities	54,298	54,298	54,298	6,264	6,264	6,264
Total Borrowings	14,352	22,751	24,465	–	35,989	37,703
Cash and Cash Equivalents	38,738	–	–	11,148	–	–
Profit attributable to Owners of the Group	3,901	3,901	3,901	(109)	(109)	(109)
Number of Shares ('000) (Excluding Treasury Shares) at LPD(6)	1,071,301	985,597	985,597	1,071,301	985,597	985,597
Weighted Average Number of Shares ('000) at LPD(6)	1,073,388	1,030,536	1,030,536	1,073,388	1,030,536	1,030,536
Financial Ratios						
NTA per Share(2)(4) (cents)	12.90	9.24	9.06	9.81	5.88	5.71
Basic EPS(3)(4) (cents)	0.36	0.38	0.38	(0.01)	(0.01)	(0.01)
Current Ratio (times)	3.50	2.63	2.60	17.78	10.26	9.99
Gearing Ratio(5) (times)	0.13	0.26	0.28	–	0.54	0.58

Notes:

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Earnings Per Share ("EPS") equals to net profit attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 31 March 2022, the LPD.

(4) Based on the total number of 1,071,301,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the Latest Practicable Date and 985,597,000 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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(c) *Purchases of 85,704,080 Shares representing 8.0% of such issued Shares made entirely out of capital and cancelled*

	Group			Company		
		After Share Buyback			After Share Buyback	
	Before Share Buyback	Market Purchase	Off-Market Purchase	Before Share Buyback	Market Purchase	Off-Market Purchase
	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021						
Share capital	14	13	13	14	13	13
Share premium	114,118	66,982	65,268	114,118	66,982	65,268
Capital reserve	629	629	629	–	–	–
Statutory reserve	297	297	297	–	–	–
Retained earnings	34,913	34,913	34,913	(109)	(109)	(109)
Treasury shares	(367)	(367)	(367)	(367)	(367)	(367)
Translation reserves	2,939	2,939	2,939	–	–	–
Non-controlling interest	(444)	(444)	(444)	–	–	–
Total Shareholders' Equity	152,099	104,962	103,248	113,656	66,519	64,805
NTA[1]	138,165	91,028	89,314	105,138	58,001	56,287
Current Assets	189,946	142,809	141,095	111,402	64,265	62,551
Current Liabilities	54,298	54,298	54,298	6,264	6,264	6,264
Total Borrowings	14,352	22,751	24,465	–	35,989	37,703
Cash and Cash Equivalents	38,738	–	–	11,148	–	–
Profit attributable to Owners of the Group	3,901	3,901	3,901	(109)	(109)	(109)
Number of Shares ('000) (Excluding Treasury Shares) at LPD[6]	1,071,301	985,597	985,597	1,071,301	985,597	985,597
Weighted Average Number of Shares ('000) at LPD[6]	1,073,388	1,030,536	1,030,536	1,073,388	1,030,536	1,030,536
Financial Ratios						
NTA per Share[2][4] (cents)	12.90	9.24	9.06	9.81	5.88	5.71
Basic EPS[3][4] (cents)	0.36	0.38	0.38	(0.01)	(0.01)	(0.01)
Current Ratio (times)	3.50	2.63	2.60	17.78	10.26	9.99
Gearing Ratio[5] (times)	0.13	0.26	0.28	–	0.54	0.58

Notes:

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Earnings Per Share ("EPS") equals to net profit attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 31 March 2022, the LPD.

(4) Based on the total number of 1,071,301,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the Latest Practicable Date and 985,597,000 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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(d) *Purchases of 85,704,080 Shares representing 8.0% of such issued Shares made partially out of profits, with the balance out of capital, and cancelled*

	Group			Company		
		After Share Buyback			After Share Buyback	
	Before Share Buyback	Market Purchase	Off-Market Purchase	Before Share Buyback	Market Purchase	Off-Market Purchase
	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2021						
Share capital	14	13	13	14	13	13
Share premium	114,118	66,982	65,268	114,118	66,982	65,268
Capital reserve	629	629	629	–	–	–
Statutory reserve	297	297	297	–	–	–
Retained earnings	34,913	34,913	34,913	(109)	(109)	(109)
Treasury shares	(367)	(367)	(367)	(367)	(367)	(367)
Translation reserves	2,939	2,939	2,939	–	–	–
Non-controlling interest	(444)	(444)	(444)	–	–	–
Total Shareholders' Equity	152,099	104,962	103,248	113,656	66,519	64,805
NTA[1]	138,165	91,028	89,314	105,138	58,001	56,287
Current Assets	189,946	142,809	141,095	111,402	64,265	62,551
Current Liabilities	54,298	54,298	54,298	6,264	6,264	6,264
Total Borrowings	14,352	22,751	24,465	–	35,989	37,703
Cash and Cash Equivalents	38,738	–	–	11,148	–	–
Profit attributable to Owners of the Group	3,901	3,901	3,901	(109)	(109)	(109)
Number of Shares ('000) (Excluding Treasury Shares) at LPD[6]	1,071,301	985,597	985,597	1,071,301	985,597	985,597
Weighted Average Number of Shares ('000) at LPD[6]	1,073,388	1,030,536	1,030,536	1,073,388	1,030,536	1,030,536
Financial Ratios						
NTA per Share[2][4] (cents)	12.90	9.24	9.06	9.81	5.88	5.71
Basic EPS[3][4] (cents)	0.36	0.38	0.38	(0.01)	(0.01)	(0.01)
Current Ratio (times)	3.50	2.63	2.60	17.78	10.26	9.99
Gearing Ratio[5] (times)	0.13	0.26	0.28	–	0.54	0.58

Notes:

(1) NTA refers to net assets less intangible assets which include right-of-use assets, goodwill, intangible assets, deferred tax assets, investments in subsidiaries, investment in joint venture and investment in associates.

(2) NTA per Share equals to NTA divided by the number of issued Shares (excluding Treasury Shares) outstanding as at the Latest Practicable Date ("LPD").

(3) Basic Earnings Per Share ("EPS") equals to net profit attributable to owners of the Company divided by the weighted average number of Shares for the past 12 months ended 31 March 2022, the LPD.

(4) Based on the total number of 1,071,301,000 issued Shares (excluding Treasury Shares) before the Share Purchase as at the Latest Practicable Date and 985,597,000 issued Shares (excluding Treasury Shares) after the Share Purchase.

(5) Gearing equals to total borrowings and lease liabilities divided by total shareholders' equity.

(6) Refers to the Latest Practicable Date.

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The actual financial effects of the Share Purchase Mandate will depend on the number and purchase price of the Shares purchased or acquired by the Company. As stated, the Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements, financial position and/or gearing of the Group. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical numbers for FY2021, and is not necessarily representative of future financial performance.

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10.0% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10.0% of the issued Shares as mandated. In addition, the Company may cancel or hold as treasury shares all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, the public float of the Company, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution.

2.8 **Tax Implications**. Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.9 **Listing Status of the Shares**. The Listing Manual requires a listed company to ensure that at least 10.0% of the total number of issued Shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is held by public shareholders at all times. As at the Latest Practicable Date, on the basis of 1,071,301,000 issued Shares excluding treasury shares, approximately 19.3% of the issued Shares are held by public Shareholders. Accordingly, the Company notes that there is an insufficient number of the Shares in issue held by public Shareholders which would permit the Company to potentially undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10.0% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

The Company, when purchasing its Shares, will ensure (i) that there is a sufficient float for an orderly market in its securities; and (ii) that the listing status of the Shares on the SGX-ST is not affected by such purchase.

The Board of Directors, when purchasing Shares, will ensure that there is a sufficient float for an orderly market in the Company's securities and that the listing status of the Shares on the SGX-ST is not affected by such purchase.

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2.10 **Share Purchases in the Previous 12 Months**. The following are details of purchases of acquisitions of Shares made by the Company from 1 April 2021, being the date falling 12 months prior to the Latest Practicable Date:

Date of Purchase	Number of Shares Purchased	Average Price paid per Share	Total Consideration Paid
		S$	S$
02 December 2021	123,600	0.54256	67,060
03 December 2021	36,200	0.54290	19,653
06 December 2021	145,100	0.55206	80,104
16 December 2021	168,200	0.54136	91,057
20 December 2021	133,800	0.54576	73,023
29 December 2021	65,200	0.53938	35,168
12 January 2022	55,000	0.55409	30,475
14 January 2022	30,000	0.54500	16,350
17 January 2022	20,000	0.54750	10,950
18 January 2022	49,700	0.54802	27,237
19 January 2022	65,000	0.53231	34,600
20 January 2022	50,000	0.54100	27,050
24 January 2022	372,100	0.53031	197,328
02 March 2022	160,000	0.39844	63,750
03 March 2022	84,700	0.41529	35,175
04 March 2022	60,000	0.42167	25,300
07 March 2022	165,300	0.42544	70,325
08 March 2022	203,700	0.40791	83,091
09 March 2022	177,400	0.41182	73,057
10 March 2022	46,000	0.42914	19,740
11 March 2022	44,500	0.43337	19,285
14 March 2022	10,700	0.43000	4,601
16 March 2022	35,700	0.43182	15,416
17 March 2022	31,200	0.43401	13,541
18 March 2022	90,200	0.43249	39,011
23 March 2022	3,100	0.46000	1,426
24 March 2022	5,600	0.47000	2,632
30 March 2022	59,000	0.52314	30,865
Total	**2,491,000**	**0.48465**	**1,207,270**

2.11 **Listing Rules**. The Listing Manual restricts a listed company from purchasing its shares by way of market purchases at a price per share which is more than 5.0% above the "average closing price", being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made. The Maximum Price for the Shares in relation to Market Purchases referred to in paragraph 2.3.4 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 10.0% above the average closing price of the Shares as the Maximum Price for the Shares to be purchased or acquired by way of an Off-Market Purchase.

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While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time when there are material developments or any unannounced material information which may have an impact on the Company's share price or trading volume, until such insider information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST and as the Company is not required to announce quarterly financial statements under Rule 705(2) of the Listing Manual, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate during the period of one month immediately preceding the announcement of the Company's half-year and full-year financial statements.

2.12 **Reporting Requirements**. The Listing Manual specifies that a listed company shall report all purchase or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares after the purchase.

2.13 **Take-over Implications**. Appendix 2 of the Take-Over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.13.1 ***Obligation to make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-Over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-Over Code.

Rule 14.1 of the Take-Over Code requires, inter alia, that, except with the consent of the SIC, where:

(a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of a company; or

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(b) any person who, together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six months additional shares carrying more than 1.0% of the voting rights, such person shall extend immediately an offer on the basis set out below to the holders of any class of shares in the capital which carries votes and in which such person or persons acting in concert with him hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

The offer required to be made under the provisions of Rule 14.1 of the Take-Over Code shall, in respect of each class of shares in the capital involved, be in cash or be accompanied by a cash alternative at the Required Price.

For the above purposes, "**Required Price**" means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-Over Code, the offer shall be in cash or be accompanied by a cash alternative at a price in accordance with Rule 14.3 of the Take-Over Code which is the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six months; (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six months of the offer and during the offer period; or (iii) acquired through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-Over Code.

2.13.2 ***Persons Acting in Concert***

Under the Take-Over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-Over Code presumes, inter alia, the following individuals and companies to be persons acting in concert:

(a) the following companies:

(i) a company;

(ii) the parent company of (i);

(iii) the subsidiaries of (i);

(iv) the fellow subsidiaries of (i);

(v) the associated companies of any of (i), (ii), (iii) or (iv);

(vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

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(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relative, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i); and

(v) companies controlled by any of (i), (ii), (iii) or (iv); and

(vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-Over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2.

2.13.3 ***Effect of Rule 14 and Appendix 2 of the Take-Over Code***

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, (a) the voting rights of such Directors and their concert parties would increase to 30.0% or more; or (b) if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares shall be excluded.

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Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Purchase Mandate.

Based on the interests of substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-Over Code as a result of the acquisition or purchase by the Company of 10.0% of its issued Shares as at the Latest Practicable Date. Further details of the Directors and substantial Shareholders in the Shares as at the Latest Practicable Date are set out in paragraph 4 of this Appendix.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory take-over offer in the event that the Company purchases or acquires its Shares up to the full 10.0% limit pursuant to the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authority at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchase by the Company.

2.14 **Interested Persons**. The Company is prohibited from knowingly buying Shares on the SGX- ST from an interested person, that is a Director, the chief executive officer or controlling shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

3. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

3.1 **Background**. At the 2021 AGM, Shareholders had approved the renewal of the IPT General Mandate. The terms of the IPT General Mandate were set out in the FY2020 Appendix and the ordinary resolution in the notice of the 2021 AGM dated 14 April 2021, respectively. The authority contained in the IPT General Mandate was expressed to take effect until the conclusion of the next annual general meeting of the Company and, as such, would be expiring on 28 April 2022, being the date of the forthcoming AGM of the Company. Accordingly, the Directors propose that the IPT General Mandate be renewed at the forthcoming AGM of the Company.

The IPT General Mandate enables the EAR Group, in the ordinary course of business, to enter into the Mandated Transactions with the Mandated Interested Persons which are necessary for the day-to-day operations, provided that all such transactions are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2 **Particulars of the IPT General Mandate to be Renewed**. The nature of the Mandated Transactions and the classes of Mandated Interested Persons in respect of which the IPT General Mandate is sought to be renewed remain unchanged. Particulars of the IPT General Mandate, including the rationale for the IPT General Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the Mandated Interested Persons, are set out in paragraph 3.5 of this Appendix.

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3.3 **Audit and Risk Management Committee's Confirmation**. Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Management Committee confirms that:

(a) the methods or procedures for determining the transaction prices under the IPT General Mandate have not changed since the IPT General Mandate was last approved by Shareholders; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

3.4 **Chapter 9 of the Listing Manual**. Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, an immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the group's latest audited NTA are reached or exceeded). In particular:

(a) where the value of such transaction is equal to or exceeds 3.0% of the group's latest audited NTA, an immediate announcement is required;

(b) where the value of such transaction is equal to or exceeds 5.0% of the group's latest audited NTA, an immediate announcement and shareholders' approval is required;

(c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited NTA, an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year is required; and

(d) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 5.0% or more of the group's latest audited NTA, an immediate announcement and shareholders' approval is required in respect of the latest and all future transactions entered into with that interested person during that financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

Based on the latest audited consolidated financial statements of the Group for FY2021, the latest audited NTA of the Group was S$152,099,000. Accordingly, in relation to the Group, and for the purposes of complying with Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 December 2022 are published, 5.0% of the Group's latest audited NTA would be approximately S$7,604,950.

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Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

Under the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;

(b) (in the case of a company) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30.0% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30.0% or more;

(c) an "**associated company**" means a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group;

(d) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;

(e) (in the case of a company) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(f) the SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk; and (ii) an agreement or arrangement with an interested person in connection with that transaction;

(g) (in the case of a company) a "**primary interested person**" means a director, chief executive officer or controlling shareholder of the listed company;

(h) an "**interested person transaction**" means a transaction between an entity at risk and an interested person;

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(i) a "**transaction**" includes (i) the provision or receipt of financial assistance; (ii) the acquisition, disposal or leasing of assets; (iii) the provision or receipt of goods or services; (iv) the issuance or subscription of securities; (v) the granting of or being granted options; and (vi) the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly (for example, through one or more interposed entities);

(j) in interpreting the term "**same interested person**" for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905, 906 and 907 of Chapter 9 of the Listing Manual, the following applies:

(i) transactions between (A) an entity at risk and a primary interested person; and (B) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person.

Transactions between (1) an entity at risk and a primary interested person; and (2) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person.

(ii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

If an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and have audit committees whose members are completely different; and

(k) while transactions below S$100,000 are not normally aggregated under Rules 905(2) and 906(2) of Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902.

3.5 **Renewal of the IPT General Mandate**

3.5.1 ***Introduction***

The Company anticipates that the EAR Group would, in the ordinary course of business, continue to enter into certain transactions with its interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain a renewal of the IPT General Mandate from its Shareholders to enter into the Mandated Transactions with the Mandated Interested Persons in the EAR Group's ordinary course of business, which are necessary for the day-to-day operations of the EAR Group, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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The IPT General Mandate will take effect from the passing of the ordinary resolution relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT General Mandate at the next annual general meeting (or extraordinary general meeting following such annual general meeting) and each subsequent annual general meeting (or extraordinary general meeting following such annual general meeting) of the Company, subject to satisfactory review by the Audit and Risk Management Committee of the Company of its continued application to the Mandated Transactions.

3.5.2 ***Names of the Mandated Interested Persons***

The IPT General Mandate will apply to the transactions that are carried out between any Entity at Risk and the following persons:

(a) each of Ms. Yue Lina and Mr. Yang Zhigang, in respect of the provision of talent management services by the EAR Group to each of Ms. Yue Lina and Mr. Yang Zhigang;

(b) each of Ms. Yue Lina and Mr. Yang Zhigang, in respect of the provision of acting services by each of Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group; and

(c) Sure Legend, in respect of the grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management),

(the “**Mandated Interested Persons**”, and each a “**Mandated Interested Person**”, all being “interested persons” as defined in the Listing Manual).

Transactions between the Mandated Interested Persons and the Group which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of the Group’s latest audited NTA, these transactions of such a nature will be subject to Shareholders’ approval before they can be entered into.

3.5.3 ***Categories of Mandated Interested Person Transactions***

The Company envisages that in the ordinary course of its business, the following transactions between the Group and the relevant Mandated Interested Persons are likely to occur from time to time:

(a) provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang;

(b) provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group; and

(c) grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management),

(collectively, the “**Mandated Transactions**”).

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For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT General Mandate.

Transactions with other interested persons will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the IPT General Mandate are not subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

3.5.4 ***Rationale for and Benefits of the IPT General Mandate***

The IPT General Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives of the EAR Group and adversely affecting the business opportunities available to the EAR Group.

The IPT General Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The EAR Group will benefit from having long-term relationships with artistes whose drama and film projects and concerts are likely to be commercially successful:

(a) in respect of (i) the provision of talent management services by the EAR Group to each of Ms. Yue Lina and Mr. Yang Zhigang; and (ii) the provision of acting services by each of Ms. Yue Lina and Mr. Yang Zhigang to our Group, the EAR Group will benefit from long-term working relationships with Ms. Yue Lina and Mr. Yang Zhigang, who are both established artistes with years of experience in the drama and film industry in the PRC, having won awards and acted in several dramas and films; and

(b) in respect of the grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management), the EAR Group will benefit from having a long-term working relationship with artistes managed by Sure Legend such as Jay Chou, a popular and well-known Taiwanese singer-songwriter, by undertaking the production of concerts for such artistes managed by Sure Legend in several countries.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will (a) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the financial year, including the name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person (as well as in the annual reports for subsequent financial years that the IPT General Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate for the financial periods that the Company is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

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3.5.5 ***Guidelines and Review Procedures for Mandated Transactions with Mandated Interested Persons***

To ensure that Mandated Transactions with Mandated Interested Persons are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders, the Group will adopt the following procedures for the review and approval of Mandated Transactions under the IPT General Mandate:

(a) The following review procedures will be adopted in relation to:

(i) Provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang

(A) before submitting to the Audit and Risk Management Committee for review and approval, the fee-sharing arrangement and commercial terms offered to the Mandated Interested Person will be determined by using at least two recent contracts entered into by the Group with other unrelated artistes as a basis of comparison. In general, the Group will only enter into a talent management services contract with the Mandated Interested Persons if the Group is satisfied that the fee-sharing arrangement is in line with prevailing market rates and the commercial terms are no more favourable to the Mandated Interested Persons as compared to terms extended to unrelated third parties after taking into account factors including but not limited to, the popularity and experience of the artiste, the projects and events subjected to the talent management services contract (such as films, dramas, variety shows, stage shows, music recordings and concerts, media advertisements and sponsorships), the terms of the fee-sharing arrangement under the talent management services contract, the costs and expenses to be borne by the Group as the talent management agency, the number of projects and engagements expected to be undertaken by the artiste on an annual basis, the geographical coverage of the services, as well as any termination or early exit clauses; and

(B) where it is impracticable or not possible for such contracts to be used as a basis of comparison (for instance, if there are no unrelated third parties of similar popularity and experience, amongst others), the price and commercial terms offered to the Mandated Interested Persons will be determined in accordance with the Group's usual business practices or industry norms and be consistent with the margins obtained by the Group in its talent management services business, and the Chief Financial Officer or a senior executive designated by the Audit and Risk Management Committee (who must have no interest, direct or indirect, in the transaction other than through the Group) will determine whether the terms of the contract for the provision of talent management services to the Mandated Interested Person are fair and reasonable, before submitting to the Audit and Risk Management Committee for review and approval;

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(ii) Provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group

(A) before submitting to (i) the Chief Financial Officer or an officer of equivalent rank, or (ii) the Audit and Risk Management Committee, depending on the approval thresholds (as disclosed below), for review and approval, the commercial terms offered to the Mandated Interested Persons will be determined by using at least two recent contracts entered into by the Group with other unrelated artistes or between other production studios with unrelated artistes managed by us as a basis of comparison. In general, we will only enter into an acting services contract with the Mandated Interested Persons if we are satisfied that the fees are in line with prevailing market rates and the commercial terms are no more favourable to the Mandated Interested Persons as compared to terms extended to unrelated third parties after taking into account factors including but not limited to, the popularity and experience of the artiste, the role in question for the artiste for the drama or film project (such as whether it is a leading or supporting role), the genre of the drama or film project and the expected production schedule, the production budget of the drama or film project and the costs and expenses to be borne by the Group during the production (such as expenses for travel, accommodation and meals); and

(B) where it is impracticable or not possible for such contracts to be used as a basis of comparison (for instance, if there are no unrelated third parties of similar popularity and experience, amongst others), the price and commercial terms offered to the Mandated Interested Persons will be determined in accordance with the Group's usual business practices or industry norms, and the Chief Financial Officer or a senior executive designated by the Audit and Risk Management Committee (who must have no interest, direct or indirect in the transaction other than through the Group) will take such necessary steps which includes but is not limited to (1) relying on corroborative inputs from the Group's production team and, if applicable, the Group's working partners for the drama or film project in order to determine that the terms provided to the Mandated Interested Persons are fair and reasonable; and (2) evaluate and weigh benefits of and rationale for transacting with the Mandated Interested Persons to ensure that the terms of the transactions are in accordance with industry norms and/or are not prejudicial to the interests of the Group and its minority Shareholders, before submitting to (i) the Chief Financial Officer or an officer of equivalent rank; or (ii) the Audit and Risk Management Committee, depending on the approval thresholds (as disclosed below), for review and approval; and

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(iii) Grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management)

Most of the revenue from the concert production business of the Group is from the grant of rights by Sure Legend to the Group to undertake the production of concerts for Jay Chou. The concert productions the Group had undertaken or will undertake for artistes managed by unrelated third parties (such as Li Ronghao) were of a much smaller scale. Taking into account the genre and language of the songs, there are few artistes who have similar popularity and/or experience as compared to Jay Chou. As a result, comparison prices are usually not available. Before submitting to the Audit and Risk Management Committee for review and approval, the price and commercial terms offered by the Mandated Interested Person will be assessed by the Chief Executive Officer or an Executive Director (who must have no interest, direct or indirect in the transaction other than through the Group), who shall rely on corroborative inputs from the concert production team to determine that:

(A) the concert artiste fee, fees for stage design and choreography, publicity fees and other administrative expenses are comparable to past concert productions undertaken by the Group for the artiste, taking into account factors including but not limited to the number of concert(s) to be held, the country(ies) where the concert(s) is/are to be held and frequency of past concerts held by the artiste in such country(ies), the capacity of the concert venue, the complexity of the concert stage design, technical effects, lighting and sound effects and choreography, the complexity of the costumes and make-up services, the number and type of concert equipment required, the promotional advertising activities to be undertaken, and any sponsorship and/or endorsements for the concerts; and

(B) the estimated profit margin from projected ticket sales to be earned by the Group is comparable to (i) the realised profit margin of past concerts organised by the Group for the same artistes managed by Sure Legend; and (ii) the realised profit margin of past concert productions undertaken by the Group for artistes managed by unrelated third parties, taking into account factors including but not limited to the popularity and experience of the artiste, the number of concert(s) to be held, the country(ies) where the concert(s) is/are to be held and frequency of past concerts held by the artiste in such country(ies), the capacity of the concert venue, the complexity of the concert stage design, technical effects, lighting and sound effects and choreography, the complexity of the costumes and make-up services, the number and type of concert equipment required, the promotional advertising activities to be undertaken, and any sponsorship and/or endorsements for the concerts and the Group's usual business practices or industry norms.

For the avoidance of doubt, should the prices and commercial terms for the grant of rights by Sure Legend to the Group to undertake the production of concerts pursuant to the Master Sure Legend Concert Agreement cease to be on an arm's length basis or on normal commercial terms, the Group will: (1) negotiate and enter into new separate agreements with Sure Legend on separate pricing and commercial terms; or (2) cease to undertake the production of such new concerts that are determined by the Group not to be on an arm's length basis or on normal commercial terms.

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(b) The following approval thresholds shall apply to the Mandated Transactions:

Category of Mandated Transaction	Designated Approval Authority
(i) Provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang	All transactions will be subject to the review and prior approval by the Audit and Risk Management Committee. The Audit and Risk Management Committee may at its discretion obtain independent advice. In the event that a member of the Audit and Risk Management Committee has an interest in a transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision-making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction.
(ii) Grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management)	All transactions will be subject to the review and prior approval by the Audit and Risk Management Committee. The Audit and Risk Management Committee may at its discretion obtain independent advice. In the event that a member of the Audit and Risk Management Committee has an interest in a transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision-making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction.

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Category of Mandated Transaction	Designated Approval Authority
(iii) Provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group	(A) Transactions below 3.0% of the value of the Group's latest audited NTA will be subject to the review and prior approval by the Chief Financial Officer or an officer of equivalent rank, who does not have an interest in the transaction, and tabled for review by the Audit and Risk Management Committee on a quarterly basis; and (B) Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% of the value of the Group's latest audited NTA will be subject to the review and prior approval by the Audit and Risk Management Committee. The Audit and Risk Management Committee may at its discretion obtain independent advice. In the event that a member of the Audit and Risk Management Committee has an interest in a transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit and Risk Management Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Audit and Risk Management Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit and Risk Management Committee in relation to that transaction.

Any transaction to be entered into under the IPT General Mandate shall only be approved by the above approving authority if the transactions are carried out at arm's length and on normal commercial terms, in accordance with the guidelines and review procedures outlined in paragraphs (a) and (b) of this section, and the basis on which the transactions are entered into are properly documented in the IPT Register (as defined below), accompanied with supporting documents.

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For the purposes of sub-paragraphs (b)(i), (b)(ii) and (b)(iii) above,

(a) in respect of the provision of talent management services by the EAR Group to Ms. Yue Lina and Mr. Yang Zhigang, as the fees payable to the Group will be calculated based on the fee-sharing arrangement under the talent management services contract on a project basis, for such Mandated Interested Person's participation and engagement in the projects and events procured by the Group as the talent management agency, the value of such transaction cannot be determined at the point of entering into the talent management services contract;

(b) in respect of the provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group, the value of a transaction shall be the full contract value at the time of entry into the transaction, being the fees payable by the Group to the Mandated Interested Persons in respect of the acting services provided to the Group; and

(c) in respect of the grant of rights by Sure Legend to the EAR Group to undertake the production of concerts for artistes managed by Sure Legend (whether by way of Concert Organisation or Concert Management), as the fees payable to the Mandated Interested Person in respect of the concert production to be undertaken by the Group will be calculated based on the performance fee and any other fees (such as fees from the sale of concert merchandise) payable by the Group to the Mandated Interested Person, the value of such transaction cannot be determined at the point of entering into the grant of rights to undertake the production of the concert.

The review procedures for the Mandated Transactions with Mandated Interested Persons remain the same as those disclosed in the FY2020 Appendix.

3.5.6 Additional Guidelines and Review Procedures

In addition to the guidelines and review procedures set out above, the Group will implement the following additional guidelines and review procedures to ensure that the Mandated Transactions carried out under the IPT General Mandate are undertaken at arm's length basis and on normal commercial terms:

(a) a register will be maintained to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the Chief Financial Officer and subject to such verifications or declarations as required by the Audit and Risk Management Committee for such period as determined by them. This list of interested persons shall be disseminated to any staff of the Group that the Group's finance team considers relevant for the purposes of entering into transactions that fall under the IPT General Mandate;

(b) a register will be maintained to record all interested person transactions (including the Mandated Transactions) carried out with interested persons (including the Mandated Interested Persons) (including the bases on which the interested person transactions are entered into, amount and nature) (the "**IPT Register**") by the Group's finance team, which shall be reviewed by the Chief Financial Officer on a monthly basis;

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(c) the Audit and Risk Management Committee shall review all Mandated Transactions (except where Mandated Transactions are required under the review procedures to be approved by the Audit and Risk Management Committee prior to the entry thereof) at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Management Committee. The Audit and Risk Management Committee shall, when it deems fit, request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers, or require the appointment of internal auditors to provide additional review of the internal control procedures and review procedures and their implementation pertaining to interested person transactions (including the Mandated Transactions) under review.

(d) the internal auditors shall, on an annual basis, review the IPT Register to ascertain that the guidelines and procedures established for the Mandated Transactions have been adhered to. Any discrepancies or significant variances from the Group's usual business practices and pricing policies will be highlighted to the Audit and Risk Management Committee;

(e) the Audit and Risk Management Committee will also review from time to time such guidelines and procedures for the Mandated Transactions to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and the interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the Audit and Risk Management Committee, the Audit and Risk Management Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will, in consultation with the Board of Directors, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. In the interim, the Audit and Risk Management Committee will review every Mandated Transaction pending the grant of the fresh mandate, which will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual (as from time to time amended); and

(f) the Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9 thereof) and relevant accounting standards, are complied with. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The additional guidelines and review procedures for the Mandated Transactions remain the same as those disclosed in the FY2020 Appendix.

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4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **Directors' Interests**. As at the Latest Practicable Date, the interests of the Directors in the Shares before and after the Share Purchase pursuant to the Share Purchase Mandate, assuming (a) the Company purchases 85,704,080 Shares; and (b) there is no change in the number of Shares (whether deemed or direct) held by the Directors, are set out below:

	Before the Share Purchase						After the Share Purchase
	Direct Interest		Deemed Interest[2]		Total Interest		Total Interest
Directors	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**	**%[5]**
Mr. Guo Jingyu[3]	4,626,400	0.4	640,000,000	59.7	644,626,400	60.1	65.4
Ms. Yue Lina	–	–	–	–	–	–	–
Ms. Wang Qing	–	–	–	–	–	–	–
Mr. Yang Jun Rong[4]	–	–	76,230,000	7.1	76,230,000	7.1	7.7
Mr. Shamsul Kamar Bin Mohamed Razali	–	–	–	–	–	–	–
Mr. Li Qi	–	–	–	–	–	–	–
Ms. Zeng Yingxue	–	–	–	–	–	–	–
Mr. Yeo Guat Kwang	–	–	–	–	–	–	–
Mr. Ang Chun Giap	–	–	–	–	–	–	–
Mr. Chen Mingyu	–	–	–	–	–	–	–
Dr. Jiang Minghua	–	–	–	–	–	–	–

Notes:

(1) Based on the total number of issued Shares as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Kang Ru Investments Limited ("**Kang Ru**") holds 640,000,000 Shares. Da Yuan Developments Limited ("**Da Yuan**") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, Mr. Guo Jingyu is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the SFA.

(4) Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(5) Assuming the Company purchases or acquires 85,704,080 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 985,597,000 issued Shares (excluding Treasury Shares).

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4.2 **Substantial Shareholders' Interests**. As at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares, before and after the Share Purchase pursuant to the Share Purchase Mandate, assuming (a) the Company purchases 85,704,080 Shares; and (b) there is no change in the number of Shares (whether deemed or direct) held by the Substantial Shareholders, are set out below:

	Before the Share Purchase						After the Share Purchase
Substantial Shareholders (other than Directors)	**Direct Interest No. of Shares**	**%[(1)]**	**Deemed Interest[(2)] No. of Shares**	**%[(1)]**	**Total Interest No. of Shares**	**%[(1)]**	**Total Interest %[(7)]**
Mr. John Ho	113,602,000	10.6	–	–	113,602,000	10.6	11.5
Kang Ru Investments Limited[(3)]	640,000,000	59.7	–	–	640,000,000	59.7	64.9
Da Yuan Developments Limited[(3)]	–	–	640,000,000	59.7	640,000,000	59.7	64.9
G.Y Media & Entertainment Limited[(3)]	–	–	640,000,000	59.7	640,000,000	59.7	64.9
Guo Yue Family Trust[(3)]	–	–	640,000,000	59.7	640,000,000	59.7	64.9
Taiho Holding Ltd[(4)]	76,230,000	7.1	–	–	76,230,000	7.1	7.7
Mdm. Yeh Hui Mei[(5)]	–	–	76,230,000	7.1	76,230,000	7.1	7.7
Vistra Trust (Singapore) Pte. Limited[(3)(6)]	–	–	640,000,000	59.7	640,000,000	59.7	64.9

Notes:

(1) Based on the total number of issued Shares as at the Latest Practicable Date.

(2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.

(3) Kang Ru Investments Limited ("**Kang Ru**") holds 640,000,000 Shares. Da Yuan Developments Limited ("**Da Yuan**") is the sole shareholder of Kang Ru. Vistra Trust (Singapore) Pte. Limited is the sole shareholder of Da Yuan and is the trustee of the Guo Yue Family Trust which is a discretionary trust. The Shares held by Kang Ru are assets of the Guo Yue Family Trust and the beneficiaries are Mr. Guo Jingyu and G.Y Media & Entertainment Limited, of which Mr. Guo Jingyu is the sole shareholder and director. Mr. Guo Jingyu is also the investment manager of the Guo Yue Family Trust. Accordingly, each of Mr. Guo Jingyu and G.Y Media & Entertainment Limited is deemed to have an interest in all the Shares held by Kang Ru by virtue of Section 4 of the SFA.

(4) Mr. Yang Jun Rong holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mr. Yang Jun Rong is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(5) Mdm. Yeh Hui Mei holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd. Accordingly, Mdm. Yeh Hui Mei is deemed to have an interest in all the Shares held by Taiho Holding Ltd by virtue of Section 4 of the SFA.

(6) Vistra Trust (Singapore) Pte. Limited provides trustee services in Singapore, and is (i) wholly-owned by Vistra Group (Asia) Limited; (ii) which is in turn wholly-owned by Vistra Group Holdings (Cayman) Limited; (iii) which is in turn wholly-owned by Vistra Group Holdings (BVI) Limited; (iv) which is in turn wholly-owned by Vistra Group Holdings (BVI) I Limited; (v) which is in turn wholly-owned by Vistra Group Holdings (BVI) II Limited; and (vi) which is in turn wholly-owned by Vistra Group Holdings (BVI) III Limited. Vistra Group Holdings (BVI) III Limited is substantially held by Kowloon Co-Investment L.P., The Baring Asia Private Equity Fund VI, L.P.1, The Baring Asia Private Equity Fund VI, L.P.2., The Baring Asia Private Equity Fund VI Co-Investment L.P., The Baring Asia Private Equity Fund V, L.P. and The Baring Asia Private Equity Fund V Co-Investment L.P., which is managed by the general partners, being Barings Asia Private Equity GP VI, L.P. and Barings Asia Private Equity GP V, L.P.. Accordingly, each of the foregoing entities is deemed to be interested in the Shares that Vistra Trust (Singapore) Pte. Limited is interested in by virtue of Section 4 of the SFA.

(7) Assuming the Company purchases or acquires 85,704,080 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 985,597,000 issued Shares (excluding Treasury Shares).

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5. DIRECTORS' RECOMMENDATIONS

5.1 **The Proposed Renewal of the Share Purchase Mandate**. The Directors, having considered, *inter alia*, the rationale for the proposed renewal of the Share Purchase Mandate, are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company.

Accordingly, the Directors recommend that the Shareholders vote in favour of the Ordinary Resolution 11 relating to the proposed renewal of the Share Purchase Mandate to be proposed at the AGM.

5.2 **The Proposed Renewal of the IPT General Mandate**. Save for Ms. Yue Lina and Mr. Yang Jun Rong, the Directors who are considered independent for the purposes of the proposed renewal of the IPT General Mandate, having considered, *inter alia*, the scope, procedures, rationale and benefits of the IPT General Mandate, are of the opinion that the proposed renewal of the IPT General Mandate is in the best interests of the Company.

Accordingly, the Directors (save for Ms. Yue Lina and Mr. Yang Jun Rong) recommend that the Shareholders vote in favour of Ordinary Resolution 12 in relation to the proposed renewal of the IPT General Mandate.

6. ANNUAL GENERAL MEETING

The AGM will be held by way of electronic means on 28 April 2022 at 4.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolutions set out in the notice of AGM which is attached to the Annual Report.

7. ABSTENTION FROM VOTING

7.1 **The Proposed Renewal of the IPT General Mandate**. Ms. Yue Lina and Mr. Yang Jun Rong, who are each a Mandated Interested Person, will abstain from, and have undertaken to ensure that their respective associates (if any) will abstain from voting on Ordinary Resolution 12 in relation to the proposed renewal of the IPT General Mandate.

7.2 **Appointment of Chairman of the AGM as Proxy**. The Chairman of the AGM will accept appointment as proxy for any Shareholder to vote in respect of any ordinary resolution relating to the proposed renewal of the Share Purchase Mandate and/or the proposed renewal of the IPT General Mandate to be proposed at the AGM, where such Shareholder has given specific voting instructions in a validly completed and submitted Proxy Form as to voting, or abstention from voting, in respect of such ordinary resolution.

8. NO DESPATCH OF PRINTED COPIES OF APPENDIX, NOTICE OF AGM AND PROXY FORMS

8.1 No printed copies of this Appendix, the Notice of AGM and the Proxy Forms in respect of the AGM will be despatched to Shareholders. Copies of this Appendix, the Notice of AGM and the Proxy Forms have been uploaded on the Company's website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/ and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. A Shareholder will need an Internet browser and PDF reader to view these documents on the Company's website and on SGXNet.

8.2 Shareholders are advised to read this Appendix carefully in order to decide whether they should vote in favour of or against the Proposed Resolutions.

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9. ACTION TO BE TAKEN BY SHAREHOLDERS

9.1 **No Attendance at AGM**. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold its general meeting via electronic means, even where the Company is permitted under safe distancing regulations to hold a physical meeting. The AGM will be convened, and will be held, by way of electronic means to minimise physical interactions and COVID-19 transmission risk pursuant to the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means, and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, which is deemed to have come into operation on 27 March 2020, and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of companies.

9.2 **Alternative Arrangements**. Alternative arrangements are instead put in place to allow Shareholders to participate in the AGM by:

(a) watching or listening to the AGM proceedings via a Live Webcast (as defined below) of the AGM proceedings;

(b) submitting questions related to the Proposed Resolutions ahead of the AGM; and/or

(c) voting by proxy at the AGM.

9.3 **Participation in the AGM via Live Webcast**. A Shareholder (whether individual or corporate) will be able to watch or listen to the AGM proceedings through a "live" audio-and video webcast or listen to the "live" audio feed of the AGM proceedings ("**Live Webcast**"). To join the Live Webcast, Shareholders must pre-register by 4.00 p.m. on 25 April 2022 (the "**Registration Deadline**") at https://go.lumiengage.com/ghy2022, and to enable the Company to verify the Shareholders' status.

Following verification, authenticated Shareholders will receive a confirmation email by 4.00 p.m. on 27 April 2022 with the access link and the password details to access the Live Webcast. Shareholders must not forward the abovementioned access link to other persons who are not Shareholders of the Company and who are not entitled to attend the AGM.

Shareholders (whether individual or corporate) who have registered by the Registration Deadline but do not receive an email by 4.00 p.m. on 27 April 2022 should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., for assistance at ghy@boardroomlimited.com, with the following details: (i) the Shareholder's full name, and (ii) his/its identification/passport/registration number. Alternatively, the Shareholder may call the general telephone number at +65 6536 5355 during office hours for assistance.

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9.4 **Submission of Questions prior to the AGM**. Please note that Shareholders will not be able to ask questions during the Live Webcast, and therefore it is important for Shareholders who wish to ask questions to submit their questions in advance.

Shareholders may submit questions relating to the Proposed Resolutions not later than 4.00 p.m. on 20 April 2022. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) and will endeavour to publish its responses to those questions on the website of the SGXNet and the Company by 4.00 p.m. on 23 April 2022. The Company will publish the minutes of the AGM on the SGXNet and the Company's website within one month after the date of the AGM.

All questions must be submitted not later than 4.00 p.m. on 20 April 2022 through any one of the following means:

(a) if submitted electronically, by submitting via G.H.Y Culture & Media Holding Co., Limited's pre-registration website at https://go.lumiengage.com/ghy2022; or

(b) if submitted in physical copy, by depositing the same at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

If the questions are not sent via email or deposited in physical copy at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., and in either case not accompanied by the completed and executed Depositor Proxy Forms, the following details must be included with the submitted questions: (i) the Shareholder's full name, and (ii) his/its identification/passport/registration number, for verification purposes, failing which the submission will be treated as invalid.

9.5 **Voting by Proxy**. A Shareholder (whether individual or corporate) may only exercise their voting rights at the AGM via voting by appointing the Chairman of the AGM as proxy. Electronic copies of the Depositor Proxy Form can be accessed via the Company's website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/, and has been made available on SGXNet.

If a person or corporation who has Shares entered against its/his name in the Depository Register wishes to vote on any or all of the Proposed Resolutions and to be represented at the AGM, it/he should complete, sign and submit the Depositor Proxy Form to appoint the Chairman of the AGM as its/his proxy to do so on its/his behalf, so as to reach:

(a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if submitted electronically, be submitted via email to ghy@boardroomlimited.com,

in either case, by not later than 4.00 p.m. on 25 April 2022, being not later than 72 hours before the time appointed for holding the AGM.

A Depositor who wishes to submit an instrument of proxy must first download and/or complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before scanning and submitting it electronically to the email address provided above.

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The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation or any other person duly authorised. **Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, a letter or power of attorney (or other authority) or a certified copy thereof must be lodged with the instrument.** A Depositor's name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

In view of the current COVID-19 situation and the related safe distancing regulations which may make it difficult for Shareholders to submit completed Depositor Proxy Forms by post, Shareholders are strongly encouraged to submit completed Depositor Proxy Forms electronically via email.

Shareholders who hold their Shares through a Relevant Intermediary (as defined in Section 181 of the Companies Act 1967 (2020 Revised Edition) of Singapore) (including investors who hold Shares under the Supplementary Retirement Scheme ("**SRS**") and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective Relevant Intermediaries (including their respective SRS approved banks or depository agents) to submit their voting instructions by 4.00 p.m. on 18 April 2022, being at least seven working days before the AGM.

9.6 Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Shareholders should check at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/ for the latest updates on the status of the AGM, if any. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Resolutions, and the Company and its subsidiaries which are relevant to the Proposed Resolutions, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

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11. INSPECTION OF DOCUMENTS

Subject to the prevailing regulations, orders, advisories, and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents are available for inspection at 988 Toa Payoh North #07-08, Singapore 319002 during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Annual Report; and

(b) the Memorandum and Articles of Association of the Company.

The Annual Report may also be accessed on SGXNet at the following URL: https://www.sgx.com/securities/company-announcements and is also available on the Company's website at the following URL: https://ghyculturemedia.com/investor-relations/sgx-announcements/.

Yours faithfully

By Order of the Board of Directors of
G.H.Y Culture & Media Holding Co., Limited

Guo Jingyu
Executive Chairman and Group CEO
13 April 2022

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **G.H.Y Culture & Media Holding Co., Limited** (the "**Company**") will be held by way of electronic means on **28 April 2022 at 4.00 p.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of 0.10 Singapore cents per ordinary share for the financial year ended 31 December 2021.

   (Resolution 2)

3. To re-elect the following Directors who are retiring pursuant to Article 85(6) of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   Mr. Shamsul Kamar Bin Mohamed Razali [Retiring under Article 85(6)] **(Resolution 3)**
   [See explanatory note (i)]

   Mr. Li Qi [Retiring under Article 85(6)] **(Resolution 4)**
   [See explanatory note (ii)]

   Ms. Zeng Yingxue [Retiring under Article 85(6)] **(Resolution 5)**
   [See explanatory note (iii)]

4. To approve the payment of Directors' fees of S$410,000 for the year ending 31 December 2022, to be paid half-yearly in arrears.

   (Resolution 6)

5. To re-appoint Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

   (Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares in the capital of the Company**

   That authority be and is hereby given to the Directors to allot and issue:

   (a) (i) shares in the Company whether by way of rights, bonus or otherwise;

   (ii) convertible securities;

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(iii) additional convertible securities arising from adjustments made to the exercise price or conversion price and, where appropriate, the number of convertible securities previously issued in the event of a rights issue, bonus issue or subdivision or consolidation of shares pursuant to Rule 829 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(iv) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any convertible securities made or granted by the Directors while this Ordinary Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of convertible securities, made or granted pursuant to this Ordinary Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Ordinary Resolution) does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising shares options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

provided that any adjustments made under sub-paragraphs (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting as at the date this Ordinary Resolution is passed;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum and Articles of Association of the Company for the time being of the Company; and

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(4) unless earlier revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 8)**

8. **Authority to grant awards and issue shares pursuant to the GHY Performance Share Plan**

That authority be and is hereby given to the Directors to:

(a) offer and grant awards ("**Awards**") from time to time in accordance with the rules of the GHY Performance Share Plan (the "**PSP**"); and

(b) allot and issue from time to time such number of new ordinary shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) all other Shares issued and issuable and/or transferred or transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed fifteen percent (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 9)**

9. **Authority to grant options and issue shares pursuant to the GHY Employee Share Option Scheme**

That authority be and is hereby given to the Directors to:

(a) offer and grant options ("**Options**") from time to time in accordance with the rules of the GHY Employee Share Option Scheme (the "**ESOS**"); and

(b) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of Options granted under the ESOS,

provided always that the aggregate number of Shares to be issued pursuant to the ESOS, when aggregated to the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), on the day immediately preceding the date on which an offer to grant an Option is made. The grant of Options can be made at any time from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 10)**

NOTICE OF **ANNUAL GENERAL MEETING**

10. **Proposal Renewal of the Share Purchase Mandate**

That:

(a) for the purposes of the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time (the "**Cayman Islands Companies Act**") and otherwise in accordance with the rules and regulations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the exercise by the Directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued fully paid ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted through the SGX-ST's trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**") through one or more duly licensed dealers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Listing Manual of the SGX-ST,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Cayman Islands Companies Act, the Memorandum and Articles of Association of the Company and the listing rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the date by which the next annual general meeting of the Company is required to be held; and

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the closing market prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the Market Purchase by the Company; or

NOTICE OF **ANNUAL GENERAL MEETING**

(ii) in the case of an Off-Market Purchase, the average of the closing market prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, the Other Exchange, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Percentage**" means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110.0% of the Average Closing Price of the Shares;

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as a treasury share and dealt with in accordance with the Cayman Islands Companies Act; and

(e) the Directors of the Company and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he or she may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution and/or the Share Purchase Mandate.

[See Explanatory Note (vi)] **(Resolution 11)**

11. **Proposed Renewal of the Shareholders' General Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the appendix to the Company's annual report for the financial year ended

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31 December 2021 (the "**Appendix**") with any Mandated Interested Persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he or she may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (vii)] **(Resolution 12)**

By Order of the Board of Directors

Ong Beng Hong
Lee Yuan
Company Secretaries
13 April 2022

Explanatory Note to Resolutions to be passed:

(i) Pursuant to Article 85(6) of the Company's Articles of Association, any Director appointed by the Board shall retire at the next Annual General Meeting ("**AGM**") of the Company and shall then be eligible for re-election at that meeting. Mr. Shamsul Kamar Bin Mohamed Razali was appointed as a Director by the Board on 1 February 2022. Mr. Shamsul Kamar Bin Mohamed Razali, if re-elected as a Director of the Company, will remain as an Independent and Non-Executive Director and a member of the Remuneration Committee. Mr. Shamsul Kamar Bin Mohamed Razali will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr. Shamsul Kamar Bin Mohamed Razali has no relationship with the Company, its related corporations, its substantial shareholders or its officers. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Mr. Shamsul Kamar Bin Mohamed Razali is set out on Page 7 of the Company's Annual Report.

(ii) Pursuant to Article 85(6) of the Company's Articles of Association, any Director appointed by the Board shall retire at the next AGM of the Company and shall then be eligible for re-election at that meeting. Mr. Li Qi was appointed as a Director by the Board on 1 February 2022. Mr. Li Qi, if re-elected as a Director of the Company, will remain as an Independent and Non-Executive Director and a member of the Remuneration Committee. Mr. Li Qi will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr. Li Qi has no relationship with the Company, its related corporations, its substantial shareholders or its officers. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Mr. Li Qi is set out on Page 7 of the Company's Annual Report.

(iii) Pursuant to Article 85(6) of the Company's Articles of Association, any Director appointed by the Board shall retire at the next AGM of the Company and shall then be eligible for re-election at that meeting. Ms. Zeng Yingxue was appointed as a Director by the Board on 1 February 2022. Ms. Zeng Yingxue, if re-elected as a Director of the Company, will remain as a Non-Independent and Non-Executive Director. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Ms. Zeng Yingxue is set out on Page 5 of the Company's Annual Report.

(iv) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue Shares and convertible securities in the Company up to an aggregate amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which the total number of Shares issued other than on a pro rata basis to existing shareholders, shall not exceed twenty percent (20%) of the total number of issued share capital of the Company (excluding treasury shares and subsidiary holdings).

(v) The Ordinary Resolutions 9 and 10 proposed in items 8 and 9 above, if passed, will empower the Directors of the Company to allot and issue Shares pursuant to the vesting of Awards and exercise of Options under the PSP and ESOS respectively, provided that the aggregate number of Shares to be issued pursuant to the PSP and ESOS, when aggregated to the number of Shares issued and issuable or transferred and to be transferred under any other share option schemes or share schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

NOTICE OF **ANNUAL GENERAL MEETING**

(vi) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, to continue to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Appendix.

(vii) The Ordinary Resolution 12 proposed in item 11 above, if passed, will empower the Directors of the Company to continue to enter into interested person transactions, on the Group's normal commercial terms and in accordance with the guidelines and procedures of the Company for interested person transactions as described in the Appendix. This authority will continue in force until the next AGM.

Notes

1. The AGM will be held by electronic means to minimise physical interactions and COVID-19 transmission risk pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time).

2. In view thereof, members will not be able to attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.

3. Members will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast and live audio-only stream via their mobile phones, tablets or computers. In order to do so, members must preregister at the Company's pre-registration website at the URL https://go.lumiengage.com/ghy2022 by 25 April 2022, 4.00 p.m. (the "**Registration Deadline**"), to enable the verification of members' status.

   Corporate shareholders must also submit the Corporate Representative Certificate to the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, at ghy@boardroomlimited.com in addition to the registration procedures as set out in paragraph above, by 25 April 2022, 4.00 p.m., for verification purposes.

   After verification, authenticated members will receive an email, which will contain the login instructions, password as well as the link to access the live audio-visual webcast of the AGM proceedings, by 27 April 2022, 4.00 p.m.. Members who do not receive an email by 27 April 2022, 4.00 p.m., but have registered by the Registration Deadline should contact the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. via email at ghy@boardroomlimited.com or call the general telephone number at +65 6536 5355 during office hours for assistance.

   Members must not forward the abovementioned link to other persons who are not shareholders of the Company and who are not entitled to attend the AGM to avoid any technical disruptions or overload the live audio-visual webcast.

   Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. In order to do so, their questions must be submitted via the Company's pre-registration website at the URL https://go.lumiengage.com/ghy2022 or by depositing a physical copy of the questions at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 by the Registration Deadline.

   The Company will endeavour to address all substantial and relevant questions submitted by shareholders by **23 April 2022, 4.00 p.m.**. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of the AGM.

   Members will not be able to ask questions during the AGM held via live audio-visual webcast, and therefore it is important for members who wish to ask questions to submit their questions by **20 April 2022, 4.00 p.m.**.

4. If a member or Depositor (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.

   In appointing the Chairman of the AGM as proxy, a member or Depositor must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

5. The Depositor Proxy Form must be submitted in the following manner:

   (a) if submitted by post, be lodged at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (b) if submitted electronically, be submitted via email to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at ghy@boardroomlimited.com,

   in either case, by the Registration Deadline, 25 April 2022, 4.00 p.m., being not less than 72 hours before the time fixed for the AGM.

   A Depositor who wishes to submit a Depositor Proxy Form must complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before sending it by email to the email address provided above.

   In view of the elevated safe distancing measures which may make it difficult for Depositors to submit completed Depositor Proxy Forms by post, Depositors are strongly encouraged to submit completed Depositor Proxy Forms electronically via email.

NOTICE OF **ANNUAL GENERAL MEETING**

6. The Chairman of the AGM, as proxy, need not be a member of the Company.

7. Investors who hold Shares through Relevant Intermediaries* who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed (does not apply to Supplementary Retirement Scheme ("**SRS**") investors who must pre-register by the Registration Deadline at the URL https://go.lumiengage.com/ghy2022 to observe and listen to the AGM proceedings via the Live Webcast); (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the Relevant Intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.

8. SRS investors who wish to appoint the Chairman of the AGM as their proxy in respect of the Company's shares should approach their SRS Operators to submit their votes at least seven working days before the AGM, by 4.00 p.m. on 18 April 2022.

9. In the case of Depositors whose shares are entered against their names in the Depository Register, the Company may reject any Depositor Proxy Form lodged if the Depositor is not shown to have Shares entered against their name in the Depository Register as at 72 hours before the time fixed for holding of the AGM as provided by The Central Depository (Pte) Limited to the Company.

10. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members are advised to check the Company's announcements on SGXNet for the latest updates on the status of the AGM.

    *A Relevant intermediary is:

    (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    (b) a capital markets services license holder who provides custodial services under the Securities and Futures Act 2001 and holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing Chairman of the AGM as a proxy, to attend, speak and vote at the AGM and/or any adjournment thereof, a Depositor, (i) consents to the collection, use and disclosure of the Depositor's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxy appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where a Depositor discloses the personal data of the Depositor's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Depositor's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a Depositor of the Company (such as his name) may be recorded by the Company for such purpose.

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

(the "Company")

IMPORTANT NOTICE TO MEMBERS IN RELATION TO THE CONDUCT AND PROCEEDINGS OF THE COMPANY'S ANNUAL GENERAL MEETING ("AGM")

GENERAL

1. The forthcoming AGM will be held by electronic means to minimise physical interactions and COVID-19 transmission risk pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time). Printed copies of the Notice of AGM, Depositor Proxy Form (as defined below), the Company's annual report for the financial year ended 31 December 2021 (the "**Annual Report**"), the appendix to the Annual Report in relation to the Company's proposed renewal of the share purchase mandate and its proposed renewal of the shareholders' general mandate for interested parties transactions (the "**Appendix**"), and the Request Form for members to request for a physical copy of the Annual Report will not be sent to members by post. Instead, they will be made available to members by electronic means via publication on the Company's corporate website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/ and on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements would be put in place to allow members to participate in the AGM by:–

   (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate will have to pre-register in the manner as outlined in Notes 3 to 6 below;

   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and/or

   (c) voting by proxy at the AGM. Please refer to Notes 10 to 18 below for further details.

PARTICIPATION IN THE AGM VIA LIVE WEBCAST OR LIVE AUDIO FEED

3. A member of the Company (whether individual or corporate) will be able to watch or listen to the proceedings of the AGM through a "live" audio-and video webcast or listen to the "live" audio feed of the AGM proceedings (the "**Live Webcast**"). To join the Live Webcast, members must pre-register by **4.00 p.m. on 25 April 2022** (the "**Registration Deadline**") at the URL https://go.lumiengage.com/ghy2022, so as to enable the Company to verify the shareholder's status.

4. After verification, the authenticated members of the Company will receive a confirmation email by **4.00 p.m. on 27 April 2022** with access link and the password details to access the audio-visual or audio-only stream. Members must not forward the access link to other persons who are not members of the Company and who are not entitled to attend the AGM.

5. Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) (the "**Relevant Intermediary Participants**"), and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via the Live Webcast (does not apply to Supplementary Retirement Scheme ("**SRS**") investors who must pre-register by the Registration Deadline at the URL https://go.lumiengage.com/ghy2022 to observe and listen to the AGM proceedings via the Live Webcast); (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM.

6. Members (whether individual or corporate) who have registered by the Registration Deadline in accordance with Note 3 above but do not receive an email by **4.00 p.m. on 27 April 2022** may contact the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. for assistance at the following email address: ghy@boardroomlimited.com, with the following details included: (1) the member's full name, and (2) his/her/its identification/passport/registration number. Alternatively, the concerned member may call the general telephone number at +65 6536 5355 during office hours for assistance.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

7. Please note that members will not be able to ask questions during the Live Webcast, and therefore it is important for members who wish to ask questions to submit their questions in advance. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or on the Company's businesses and operations no later than **20 April 2022, 4.00 p.m.**. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion), and will endeavour to publish its responses to those questions on the SGXNet and the Company's website on **23 April 2022, 4.00 p.m.**. The Company will publish the minutes of the AGM on the SGXNet and the Company's website within one month after the date of the AGM.

8. All questions must be submitted no later than **20 April 2022, 4.00 p.m.** through any one of the following means:–

   (a) via the pre-registration website at the following URL https://go.lumiengage.com/ghy2022; or

   (b) by depositing a physical copy of the questions at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

9. If the questions are deposited in physical copy at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. but are not accompanied by a completed and duly executed Depositor Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/passport/registration number for verification purposes, failing which the submission will be treated as invalid.

VOTING BY PROXY

10. Members and Depositors (whether individual or corporate) may only exercise their voting rights at the AGM via proxy voting. The Depositor Proxy Form can be accessed via the Company's corporate website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/, and it will also be made available on the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements.

11. A Depositor holding Shares through The Central Depository (Pte) Limited who is an individual or a corporation and wishes to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as a nominee of The Central Depository (Pte) Limited's proxy to attend and vote on his/her/its behalf, by completing, signing and returning the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form in the manner as set out in Note 14 below.

12. If a person or corporation who has Shares entered against his/her/its name in the Depository Register wishes to vote and to be represented at the meeting, he/she/it should use the Depositor Proxy Form for the Shares entered against his/her/its name in the Depository Register.

13. Investors who hold Shares through Relevant Intermediaries (including SRS investors) should approach their respective relevant intermediary as soon as possible to submit their questions and specify their voting instructions. SRS investors who wish to vote should approach their SRS Operator at least seven working days before the AGM (i.e. by 4.00 p.m. on 18 April 2022), to ensure that their votes are submitted.

14. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

    (a) if submitted by post, be lodged at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

    (b) if submitted electronically, be submitted via email to ghy@boardroomlimited.com,

    in either case, not later than 4.00 p.m. on 25 April 2022, being not less than 72 hours before the time appointed for holding the AGM.

    A Depositor who wishes to submit an instrument of proxy must first download and/or complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Depositors to submit their completed Depositor Proxy Forms by post, Depositors are strongly encouraged to submit their completed Depositor Proxy Forms electronically via email.

15. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation or by any other person duly authorised. **Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the power of attorney (or other authority) or a certified copy thereof must (failing previous registration with the Company) be lodged with the instrument or proxy.**

16. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding of the AGM in order for the Depositor to be entitled to vote at the AGM.

17. An electronic copy of the Annual Report, Notice of AGM, Depositor Proxy Form, Appendix and an accompanying announcement setting out the alternative arrangements for the AGM are available on:

    (a) the Company's corporate website at the URL https://ghyculturemedia.com/investor-relations/sgx-announcements/; and

    (b) the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements.

18. **Please note that Depositors will not be able to vote through the Live Webcast and can only vote with their Depositor Proxy Form which are required to be submitted in accordance with the foregoing paragraphs.**

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

(Incorporated in Cayman Islands)

(Company No.: 337751)

ANNUAL GENERAL MEETING – DEPOSITOR PROXY FORM

To minimise physical interactions and COVID-19 transmission risk, the AGM (as defined below) will be held by electronic means, and a Depositor (as defined below) will NOT be able to attend the AGM in person. A Depositor (whether individual or corporate) must complete this Depositor Proxy Form to effect the appointment by CDP (as defined below) of the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in respect of the Depositor(s) Shares or pre-register with the Company, if such Depositor wishes to exercise his/her/its voting rights as a proxy of CDP at the AGM via electronic means.

We, The Central Depository (Pte) Limited ("**CDP**"), being a Member of **G.H.Y Culture & Media Holding Co., Limited** (the "**Company**"), pursuant to a proxy form lodged or to be lodged by us with the Company (the "**CDP Proxy Form**"), have appointed, or will be appointing the person whose name and particulars are set out in Part I below ("**Depositor(s)**"), in respect of such number of shares ("**Depositor(s) Shares**") set out against his/her/its name in the Depository Register maintained by CDP as at **4.00 p.m. on Monday, 25 April 2022** (the "**Cut Off Date**"), as our proxy to vote on our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held via electronic means **on Thursday, 28 April 2022 at 4.00 p.m. (Singapore time)**, and at any adjournment thereof:

I.

Name:
NRIC/Passport/Company Registration Number:
Address:
Number of Shares:

OR, **in the event the Company receives this Depositor Proxy Form which is:**

(i) duly completed and signed/executed by the said Depositor(s); and

(ii) submitted by the requisite time and date, and to the requisite office as indicated below,

we hereby appoint the Chairman of the AGM, as our proxy to vote for us on our behalf at the AGM, provided that such details have been verified in Part IV by the affixing of the seal or signature of or on behalf of the Depositor(s) named in Part I, and on the basis that the Chairman of the AGM is authorised to vote in respect of all of the Depositor(s) Shares. The Chairman of the AGM is hereby directed to vote for or against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. We further hereby authorise and direct the Company to accept this Depositor Proxy Form(s) in respect of the Depositor(s) Shares.

In appointing the Chairman of the AGM as proxy, a Depositor (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

II.

No.	Ordinary Resolutions relating to:	For	Against	Abstain
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon			
2.	Declaration of proposed final tax exempt (one-tier) dividend of 0.10 Singapore cents per ordinary share for the financial year ended 31 December 2021			
3.	To re-elect Mr. Shamsul Kamar Bin Mohamed Razali as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			

II.

No.	Ordinary Resolutions relating to:	For	Against	Abstain
4.	To re-elect Mr. Li Qi as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
5.	To re-elect Ms. Zeng Yingxue as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
6.	To approve the payment of Directors' fees of S$410,000 for the year ending 31 December 2022, to be paid half-yearly in arrears			
7.	To re-appoint Deloitte & Touche LLP, Public Accountants and Chartered Accountants, Singapore as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration			
8.	To approve the authority to allot and issue shares in the capital of the Company			
9.	To approve the authority to grant awards and issue shares pursuant to the GHY Performance Share Plan			
10.	To approve the authority to grant options and issue shares pursuant to the GHY Employee Share Option Scheme			
11.	To approve the proposed renewal of the Share Purchase Mandate			
12.	To approve the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions			

Dated this __________ day of ________________ 2022

III. The Central Depository (Pte) Limited

____

Signature of Director

IV.

<table>
<tr><th colspan="4">TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO NOMINATE THE CHAIRMAN OF THE AGM AS PROXY</th></tr>
<tr><td>For Individuals:</td><td colspan="3">For Corporations:</td></tr>
<tr><td>Signature of Direct Account Holder</td><td>Signature of Director</td><td>Signature of Director/ Secretary</td><td>Common Seal</td></tr>
</table>

IMPORTANT: PLEASE READ THE NOTES CAREFULLY BEFORE COMPLETING THIS DEPOSITOR PROXY FORM

IMPORTANT: PLEASE READ NOTES BELOW

Notes:

Part I A Depositor will not be able to vote through the live audio-visual webcast and live audio-only stream of the AGM and voting is only through submission of proxy form.

The Chairman of the AGM, as a proxy, need not be a member of the Company.

Part II Please indicate with an “X” in the appropriate box against each resolution how you wish the Chairman of the AGM to vote. Alternatively, if you wish to exercise some and not all of your votes “For” and “Against” the resolution and/or to abstain from voting in respect of the resolutions, please indicate the number of votes “For”, the number of votes “Against” and/or the number of votes “Abstain” in the boxes provided for the resolutions. In appointing the Chairman of the AGM as proxy, a Depositor (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Part III The instrument appointing the Chairman of the AGM as proxy, duly executed, must be:

(a) deposited at the office of the Company’s Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) emailed to the Company’s Share Transfer Agent at ghy@boardroomlimited.com,

in either case, not less than 72 hours before the time appointed for the holding of the AGM, i.e. by **4.00 p.m. on Monday, 25 April 2022**.

A Depositor who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the elevated safe distancing measures which may make it difficult for Depositors to submit completed proxy forms by post, Depositors are strongly encouraged to submit completed proxy forms electronically via email.

The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where such instrument is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney or other person duly authorised.

Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject any Depositor Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the Depositor(s) are not ascertainable from the instructions of the Depositor(s) specified on any Depositor Proxy Form. It is the Depositors’ responsibility to ensure that this Depositor Proxy Form is properly completed. Any decision to reject this Depositor Proxy Form on the grounds that it is incomplete, improperly completed or illegible will be final and binding and neither the Company, CDP nor Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility for the consequences of such a decision.

Terms not specifically defined herein shall have the same meanings ascribed to them in the Notice of AGM dated 13 April 2022.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as a proxy, the Depositor(s) accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2022.

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长信传媒
G.H.Y Culture & Media

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

(Company Registration No: 337751)

(Incorporated in the Cayman Islands on 29 May 2018)

988 Toa Payoh North
#07-08 Singapore 319002