

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

(Company Registration No. 337751)

(Incorporated in the Cayman Islands on 29 May 2018)

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION

DBS Bank Ltd. and UOB Kay Hian Private Limited are the joint issue managers and global coordinators (the "**Joint Issue Managers and Global Coordinators**") for the initial public offering of shares in, and listing of, G.H.Y Culture & Media Holding Co., Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Joint Issue Managers and Global Coordinators assume no responsibility for the contents of this announcement.

The Board of Directors (the "**Board**") of G.H.Y Culture & Media Holding Co., Limited (the "**Company**") and together with its subsidiaries and associated companies, the "**Group**") sets out below the Company's responses to queries raised by the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") on 18 August 2021, with reference to the Company's announcement dated 11 August 2021 on the Group's Half Year 2021 Results (the "**Announcement**"):

	SGX RegCo's Queries	Company's Responses
1	<p>It is stated that non-current other receivables amount to S\$104,000.</p> <p>Please disclose:</p> <p>(i) the breakdown of the non-current other receivables;</p> <p>(ii) the nature of the non-current other receivables; and</p> <p>(iii) the Board's assessment of the recoverability of the non-current other receivables.</p>	<p>(i) and (ii) The non-current other receivables amounting to S\$104,000 pertains to refundable security deposits from a third-party lessor arising from lease agreement with lease term expiring more than 12 months from 30 June 2021.</p> <p>(iii) Accordingly, the Board is of the opinion there is low credit risk with no recoverability issue foreseen.</p>

2	<p>It is stated that current other receivables amount to S\$16,996,000.</p> <p>Please disclose:-</p> <p>(i) the underlying transactions, the terms of the transactions (including the contract sum), terms of payment, and whether this was incurred in the ordinary course of business;</p> <p>(ii) the ageing profile of the Group's other receivables in bands of 3 months;</p> <p>(iii) whether these outstanding amounts are owing to related parties. If yes, to provide details and quantify;</p> <p>(iv) whether these debtors are related to any directors, key executives, substantial shareholders or their respective associates;</p> <p>(v) whether these customers are still in operation; and</p> <p>(vi) the Board's assessment on the recoverability of the Group's other receivables, and the basis for such an assessment.</p>																													
	<p>(i) Please refer below for breakdown as at 30 June 2021:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 10%; text-align: center;">Group</th> <th style="width: 60%;">Remark</th> </tr> <tr> <th></th> <th style="text-align: center;">SGD'000</th> <th></th> </tr> </thead> <tbody> <tr> <td>Other receivables</td> <td></td> <td></td> </tr> <tr> <td>- Third party contractor</td> <td style="text-align: center;">6,209</td> <td>The amount was mainly advances given to a third party contractor in respect of the expenditure for drama and film projects including but not limited to expenditure for food, accommodation, preparation of filming sites, costumes and props in accordance with the planned production schedule. This amount is recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third party contractor.</td> </tr> <tr> <td>- Outside parties</td> <td style="text-align: center;">1,137</td> <td rowspan="3">The amounts were mainly advances paid to third party production crews, staff or joint operators in respect of the expenditure for various ongoing drama and film projects including but not limited to expenditure for food, accommodation, artiste fees, costumes and props in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third party production crews, staff or joint operators.</td> </tr> <tr> <td>- Advances to staff</td> <td style="text-align: center;">135</td> </tr> <tr> <td>- Joint operators</td> <td style="text-align: center;">80</td> </tr> <tr> <td>- Joint Venture</td> <td style="text-align: center;">97</td> <td>The amount was payments paid on behalf of Uni-Icon Entertainment Pte. Ltd. ("Uni-Icon") mainly for artiste fees and employees' salaries on a monthly basis. This amount is received from Uni-Icon in August 2021. As set out in the Company's announcement dated 14 June 2021, Uni-Icon's primary business is talent management services in Southeast Asia with an aim to identify and promote talent across the region. This is part of the Group's business strategy and growth plans to expand its regional reach and strengthen its presence in the Asia-Pacific region, particularly in Southeast Asia, from Singapore.</td> </tr> <tr> <td>Director of a subsidiary</td> <td style="text-align: center;">331</td> <td>The amounts were mainly amounts provided to Mr. Chen Minzheng (陈敏正), director of a subsidiary Tianjin Zhengzai Vision Co., Ltd. (天津正在视觉有限公司), in respect of the costs to be incurred for costumes and props for ongoing drama and film projects in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with Mr. Chen Minzheng (陈敏正).</td> </tr> <tr> <td>Refundable security deposits</td> <td style="text-align: center;">112</td> <td>The amount pertains to refundable security deposits from a third-party lessor arising from lease agreement with lease term expiring within 12 months from 30 June 2021.</td> </tr> </tbody> </table>			Group	Remark		SGD'000		Other receivables			- Third party contractor	6,209	The amount was mainly advances given to a third party contractor in respect of the expenditure for drama and film projects including but not limited to expenditure for food, accommodation, preparation of filming sites, costumes and props in accordance with the planned production schedule. This amount is recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third party contractor.	- Outside parties	1,137	The amounts were mainly advances paid to third party production crews, staff or joint operators in respect of the expenditure for various ongoing drama and film projects including but not limited to expenditure for food, accommodation, artiste fees, costumes and props in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third party production crews, staff or joint operators.	- Advances to staff	135	- Joint operators	80	- Joint Venture	97	The amount was payments paid on behalf of Uni-Icon Entertainment Pte. Ltd. (" Uni-Icon ") mainly for artiste fees and employees' salaries on a monthly basis. This amount is received from Uni-Icon in August 2021. As set out in the Company's announcement dated 14 June 2021, Uni-Icon's primary business is talent management services in Southeast Asia with an aim to identify and promote talent across the region. This is part of the Group's business strategy and growth plans to expand its regional reach and strengthen its presence in the Asia-Pacific region, particularly in Southeast Asia, from Singapore.	Director of a subsidiary	331	The amounts were mainly amounts provided to Mr. Chen Minzheng (陈敏正), director of a subsidiary Tianjin Zhengzai Vision Co., Ltd. (天津正在视觉有限公司), in respect of the costs to be incurred for costumes and props for ongoing drama and film projects in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with Mr. Chen Minzheng (陈敏正).	Refundable security deposits	112	The amount pertains to refundable security deposits from a third-party lessor arising from lease agreement with lease term expiring within 12 months from 30 June 2021.
	Group	Remark																												
	SGD'000																													
Other receivables																														
- Third party contractor	6,209	The amount was mainly advances given to a third party contractor in respect of the expenditure for drama and film projects including but not limited to expenditure for food, accommodation, preparation of filming sites, costumes and props in accordance with the planned production schedule. This amount is recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third party contractor.																												
- Outside parties	1,137	The amounts were mainly advances paid to third party production crews, staff or joint operators in respect of the expenditure for various ongoing drama and film projects including but not limited to expenditure for food, accommodation, artiste fees, costumes and props in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with the third party production crews, staff or joint operators.																												
- Advances to staff	135																													
- Joint operators	80																													
- Joint Venture	97	The amount was payments paid on behalf of Uni-Icon Entertainment Pte. Ltd. (" Uni-Icon ") mainly for artiste fees and employees' salaries on a monthly basis. This amount is received from Uni-Icon in August 2021. As set out in the Company's announcement dated 14 June 2021, Uni-Icon's primary business is talent management services in Southeast Asia with an aim to identify and promote talent across the region. This is part of the Group's business strategy and growth plans to expand its regional reach and strengthen its presence in the Asia-Pacific region, particularly in Southeast Asia, from Singapore.																												
Director of a subsidiary	331	The amounts were mainly amounts provided to Mr. Chen Minzheng (陈敏正), director of a subsidiary Tianjin Zhengzai Vision Co., Ltd. (天津正在视觉有限公司), in respect of the costs to be incurred for costumes and props for ongoing drama and film projects in accordance with the planned production schedule. Such amounts are recoverable at the end of the production, after netting against actual expenditure and upon final settlement with Mr. Chen Minzheng (陈敏正).																												
Refundable security deposits	112	The amount pertains to refundable security deposits from a third-party lessor arising from lease agreement with lease term expiring within 12 months from 30 June 2021.																												

Prepayments	7,552	The amounts were mainly utilised in the ordinary course of business in respect of preparation work for various 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. As set out in the Announcement and the accompanying media release and presentation slides released on the same day, the Group expects to commence production for at least another five dramas in the second half of 2021, barring unforeseen circumstances.
Value-added tax receivable	1,343	
Total	16,996	The above amounts are incurred in the ordinary course of business and based on contract milestones, wherever applicable.

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

(iii) Please refer to above for details on amounts due from 1) Joint Venture and 2) director of a subsidiary amounting to approximately S\$97,000 and S\$331,000 respectively.

(iv) Except for the above-mentioned amount of S\$331,000 due from a director of a subsidiary, the remaining outstanding amounts are not related to any directors, key executives, substantial shareholders or their respective associates.

(v) As at date of this announcement, these debtors are still in operation.

(vi) For purposes 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.

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, in estimating the probability of default of each financial asset occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

3	<p>It is noted that the Company has a net cash outflow from operating activities of S\$10,448,000 and a net profit of S\$3,426,000 for the financial period ended 30 June 2021. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial period.</p>	<p>As highlighted in the Announcement, the Group expects to commence production for at least another five dramas in second half of 2021, barring unforeseen circumstances, and the Group's net working capital outflow was mainly due to the following reasons:</p> <ul style="list-style-type: none"> i. an increase in film and drama productions in progress by approximately S\$1.2 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; ii. an increase in trade and other receivables of S\$2.1 million mainly due to prepayments made for drama productions offset by receipts for ongoing drama productions; iii. an increase in contract assets of approximately S\$19.5 million mainly due to ongoing drama productions. Contract assets represent the Group's right to consideration for dramas and films production in progress but not billed as at 30 June 2021; iv. net repayment in the amount due to related parties of approximately S\$0.3 million which was mainly due to repayment of artiste fees to an entity controlled by a family member of the Company's ultimate controlling shareholder and director, which was offset by payables due to a company associated with a non-controlling shareholder and non-executive director for artiste fees; and v. a decrease in contract liabilities of approximately S\$1.7 million as these amounts were recognised as revenue when the Group fulfilled its performance obligation. <p>The working capital cash outflow was offset by the net increase of approximately S\$4.1 million in trade and other payables mainly due to higher payables to vendors for drama productions, even though such higher payables was mitigated by a decrease in the government grants received for drama productions and government reliefs which in turn translated to a decrease in deferred income.</p>
---	---	--

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

Guo Jingyu
Executive Chairman and Group CEO
20 August 2021