

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

**RESPONSES TO QUESTIONS FROM SIAS**

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 from the Securities Investors Association (Singapore) ("**SIAS**") received on 20 April 2022, with reference to the Company's announcement dated 13 April 2022 on the Company's Annual Report and Related Documents for the year ended 31 December 2021:

SIAS' Queries	Company's Responses
1(i) With the latest wave of COVID-19 infections in China, what is the impact on the group's operations on the production side?	<p>As of the date of this announcement, the Group does not have any on-site filming activities that are ongoing or planned in the Chinese cities affected by the current lockdown measures.</p> <p>In the event of prolonged lockdowns and/or other measures due to the COVID-19 outbreak in China, such as the reinstatement and/or continued implementation of stay-home and quarantine measures, the Group anticipates an increase in demand for new dramas and films produced or co-produced by our Group by distributors such as video streaming platforms, if the Group is able to undertake and complete production of such new drama and film projects.</p> <p>If these measures require the closure of workplaces and suspension of business activities for a prolonged period of time, there may be potential delays in the production schedule of our drama and film projects which are undergoing production or slated to commence production in the future. Nonetheless, except for on-site filming activities, the Group's screenwriters, post-production members and employees can work remotely and communicate with one another virtually and through other media tools to facilitate the progress of the drama and film projects in a timely manner.</p>

1(ii)	Would the board be updating shareholders and investors in a timely manner via SGXNet announcements?	Yes, the Board has kept and will continue to keep Shareholders informed of any material developments via SGXNet announcements that may impact the Group's operations and performance as and when they arise.
1(iii)	On the demand side, does the group benefit from higher viewership as the content is consumed through leading video streaming platforms, such as iQIYI, Youku, Kuaishou, Tencent Video, Douyin/Tiktok, and even more so in lockdowns?	<p>As disclosed on page 83 of the Annual Report for the financial year ended 31 December 2021 (the "<b>Annual Report</b>"), the revenue models for the Group's TV program and film production business are:</p> <ol style="list-style-type: none"> <li>1. Revenue from production of dramas and films as engaged by the customer where the Group undertook the role of producer for <u>fixed</u> fees;</li> <li>2. Revenue from content production which is developed by the Group and licensed or sold to the customer(s) for <u>fixed</u> fees;</li> <li>3. Revenue from content production which is developed by the Group and licensed to the customer(s) for <u>variable</u> fees based on viewership.</li> </ol> <p>Where the arrangement of the relevant drama or film with the customer is under revenue model (3) above, the fees will be based on viewership. Accordingly, under this revenue model, the Group will earn higher fees if there is higher viewership for such drama or film.</p>
1(iv)	In addition, would China's Zero-COVID policy likely mean that live events, such as concerts and musicals, would once again be pushed back?	<p>The Group expects postponement of planned concerts in China and inability to undertake the production of any concerts until the travel restrictions, closure of public venues and safe-distancing measures imposed by the respective governments have been lifted and the general public's concerns over the COVID-19 outbreak have been allayed.</p> <p>The Group keeps a relatively small team of staff for its concert production business and only engages different vendors for the relevant concert when the date and other details of that concert have been confirmed. Therefore, the Group only incurs a relatively small amount of fixed cost in the concert production business.</p> <p>At the same time, the Group plans to resume concert production in Singapore, Malaysia and Australia in December 2022, January 2023 and March 2023, respectively.</p> <p>The Group had recently announced the return of world-renowned musician, Jay Chou, and his Carnival World Tour at the Singapore National</p>

		Stadium on 17 and 18 December 2022, National Stadium, Bukit Jalil on 7 January 2023, and GIANTS Stadium, Sydney Olympic Park on 4 March 2023.
2(i)	Can the board/management help shareholders understand the cash-generation ability of the group's business?	<p><u>TV and Film Production</u> The Group issues invoices in accordance with the contractual billing milestones under the terms of the sales contract signed with the customer. Such billing milestones are typically based on the different stages of pre-production, production, post-production or after broadcast of the relevant drama or film. Customers are generally given credit terms of 30 days.</p> <p>As disclosed on pages 101 and 102 of the Annual Report, the trade account receivables (the "<b>AR balance</b>") overdue more than 90 days as at 31 December 2021, representing 14.4% of the total AR balance, have been fully collected after year end and 64.9% of the total AR balance is not past due.</p> <p><u>Concert Production</u> Sales proceeds are generated from concert ticket sales and sponsorship income. Customers are generally given credit terms of 30 days.</p> <p><u>Costume, Props and Make-up services and Talent Management Services</u> Fees from the provision of costumes, props and make-up services are fixed fees, and fees from the provision of management services for artistes are based on an agreed fee-sharing arrangement. Customers are generally given credit terms of 30 days.</p>
2(ii)	Was the cash generation and collection slower due to COVID? If so, what was the impact/delay due to COVID?	<p>Production delays due to the COVID-19 outbreak in 2021 resulted in a lighter content slate in FY2021, as compared to previous years. Accordingly, as the billing milestones are typically based on the different stages of production of the relevant drama or film, there was a delay in invoicing of customers for the TV program and film production business.</p> <p>Please refer to the response in paragraph 2(i) above for more details.</p>
2(iii)	Does the group have the necessary working capital to fund its activities?	As at the date of this announcement, the Board is not aware of any facts or circumstances which will cause the Board to believe that the Group does not have sufficient working capital to fund its activities for its existing business operations.
2(iv)	Can the company help shareholders understand why there has been a significant increase in credit risk of the	The credit risk of any debtor of the Group has generally been assessed with reference to the past default experience of the debtor (if any) and an analysis of the debtor's current financial position, as adjusted for factors that are specific

	major customer? Has the AC reviewed the creditworthiness of the major customer?	<p>to the debtor, and general economic conditions of the industry in which the debtor operates. As at the date of this announcement, there is no history of payment defaults from this major customer.</p> <p>As disclosed on page 44 of the Annual Report, balances overdue for more than 90 days from this major customer have been fully collected as at date of the Annual Report.</p> <p>The Audit and Risk Management Committee ("<b>ARMC</b>") of the Company had reviewed the creditworthiness of this major customer and is not aware of any facts or circumstances which will result in this major customer being unable to make payment to the Group.</p>
2(v)	Can the audit committee help shareholders understand if they have reviewed the three-party arrangement with the major customer and the new debtor? How common are such arrangements? What are the risks involved?	<p>The ARMC has reviewed the three-party arrangement (the "<b>Arrangement</b>") with the major customer and the new debtor prior to issuance of the Company's announcement on the full year results for FY2021 dated 1 March 2022.</p> <p><u>Considerations for entering into the Arrangement</u> The Arrangement is a one-off arrangement. The relevant drama was produced by certain members of the Group's production team prior to such members joining the Group in 2018.</p> <p>The Group had entered into the Arrangement as the Group had understood from the major customer and new debtor that the experience, expertise and background knowledge of such members of the production team are required to complete the requirements for broadcast of the relevant drama.</p> <p><u>Risks involved</u> Prior to entering into the Arrangement, the Group had estimated that significant efforts, costs and expenses would be incurred by the Group in order to complete the requirements for broadcast of the relevant drama. Accordingly, to address the potential risks and efforts required, the Group had negotiated a certain profit margin with the major customer and the new debtor before entering into this Arrangement. The gross profit margin from this Arrangement is 30.1%, which was determined based on the Group's average gross profit margin.</p>
2(vi)	Can the company disclose the profiles, if not the identities, of the major customer and the new debtor?	The Company is unable to disclose the profiles or identities of the major customer and new debtor due to confidentiality undertakings by the parties under the terms of the Arrangement.
3(i)	How is the company carrying out its share buy-back? Who determines the timing of	Senior management determine the timing of the share buy-backs, the number of shares and the price.

	the share buy-back, the number of shares and the price?	
3(ii)	What is the level of oversight by the board?	As disclosed on page 219 of the Annual Report, the purchase or acquisition of shares of the Company (" <b>Shares</b> ") 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.
3(iii)	What are the safeguards put in place to ensure that the share buy-back achieves the desired goal while not causing any distortion to the market?	<p>As disclosed on page 219 of the Annual Report, the share buy-back will only be undertaken if the Directors believe it can benefit the Company and its Shareholders. No share buy-back 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.</p> <p>The Directors will provide guidance and set out the parameters within which senior management is authorised to carry out the share-buybacks, including the following parameters:</p> <ul style="list-style-type: none"> <li>- the Company will not carry out share buy-backs one month before the announcement of the Company's half year and full year financial statements;</li> <li>- the Company will not carry out share buy-backs based on short-term considerations or if there are material developments or any unannounced material information, until such information has been publicly disclosed or announced;</li> <li>- as disclosed on page 230 of the Annual Report, 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. The Company, when purchasing its 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; and</li> <li>- the Company, when purchasing its Shares, will ensure that the share buy-backs are conducted within the authority and limits of the Share Purchase Mandate as disclosed in the Annual Report.</li> </ul>

3(iv)	Can the company confirm that the share buy-backs are not excessive, i.e., the share buy-backs did not exceed 30% of the daily on-market traded volume?	<p>At the time of each share buy-back, the Company is unable to determine the daily on-market traded volume. Accordingly, the Company is unable to determine whether each share buy-back will exceed 30% of the daily on-market traded volume. The share buy-backs undertaken by the Company in the previous 12 months have been disclosed on page 231 of the Annual Report.</p> <p>The Company is focused on maximising Shareholder value and prioritises reinvestment in the core businesses and to fund new growth opportunities, followed by highly selective acquisitions. Excess cash is returned to Shareholders via dividends and share buy-backs.</p>
3(v)	Can the company also confirm that the buy-backs were carried out at below 105% of the average closing market price of the security, i.e. the average of the closing market prices over the last 5 consecutive active trading days in the security (Maximum Purchase Price Limit)?	The Company confirms each share buy-back was carried out at below 105% of the average closing market price of the security, i.e. the average of the closing market prices over the last 5 consecutive active trading days in the security (Maximum Purchase Price Limit).

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

Guo Jingyu  
Executive Chairman and Group CEO  
22 April 2022