



长信传媒

G.H.Y Culture & Media

ANNUAL REPORT
2020



SHOWING REEL GROWTH,
RENDERING RESILIENCE

CONTENTS

01	CORPORATE PROFILE
02	CHAIRMAN & CEO STATEMENT
04	BOARD OF DIRECTORS
07	KEY MANAGEMENT
08	FINANCIAL HIGHLIGHTS
10	OPERATION AND FINANCIAL REVIEW
17	CORPORATE STRUCTURE
18	CONTRACTUAL ARRANGEMENTS
26	OUR WORKS
28	INVESTOR RELATIONS
30	CORPORATE SOCIAL RESPONSIBILITY
32	CORPORATE DIRECTORY
33	FINANCIAL STATEMENTS
127	CORPORATE GOVERNANCE REPORT
182	STATISTICS OF SHAREHOLDINGS
184	APPENDIX TO ANNUAL REPORT IN RELATION TO
	(1) THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE AND
	(2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS
225	NOTICE OF ANNUAL GENERAL MEETING
236	PROXY FORM



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 several dramas and films in the PRC, Singapore and Malaysia that have been broadcasted and/or distributed on major TV networks and leading video streaming platforms in the PRC. 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, with scriptwriters, directors and producers 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 120 employees across Singapore, Malaysia, the PRC and Australia, 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 PRC (e.g. CCTV, iQIYI and YOUKU) and beyond
- 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 the PRC and Singapore

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 close to 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



Showing Reel Growth, Rendering Resilience

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 inaugural annual report for the financial year ended 31 December 2020 (**"FY2020"**).

Year in review

During FY2020 and continuing into FY2021, the COVID-19 pandemic has impacted everyday lives, affected the way businesses operate and changed consumer trends. The pandemic has catalysed and accelerated the rate of change across businesses. The world has had to adapt to new challenges and we strive to emerge stronger by capitalising on the growth opportunities as a result of increasing internet penetration rates in the geographies we operate in.

Despite the disruptions, FY2020 was a year of achievements for us as we carved new milestones on our growth journey. Most notable was our successful initial public offering (**"IPO"**) on the Mainboard of the Singapore Exchange Securities Trading Limited (**"Singapore Exchange"**) on 18 December 2020. We welcomed the strong support of quality cornerstone investors including Epical Entertainment Limited, Hong Kong Chixin Investment Co., Limited, ICH Capital Pte Ltd, iQIYI International Singapore Pte. Ltd., King Kong Media Production Pte. Ltd., Mr. Ron Sim Chye Hock, Qilin Asset Management Pte. Ltd., Songful Global Investment Ltd, V3 Brands Pte. Ltd. and Yinson Capital Pte Ltd.

Our robust FY2020 financial performance demonstrated the resiliency of our business strategy even in challenging economic and operating environments. Revenue nearly doubled to \$127.1 million year-on-year (**"yoy"**) and net profit more than tripled yoy to \$42.7 million, excluding one-off

IPO listing expenses of approximately \$4.7 million. With our strong performance, we were able to deliver on our IPO commitment and proposed a dividend of 1.07 Singapore cent per share, representing 30% payout ratio to reward shareholders for their support. The Board is committed to rewarding our shareholders. Barring any unforeseen circumstances, the Board intends to recommend dividends of at least 30% of net profit after tax generated in FY2021.

From strength to strength

Content innovation remains the core foundation of the Group and we are focused on creating high-quality content. In order to achieve success, we understood that we would require deep expertise and strong capabilities spanning the entertainment production value chain. This comprised an expert management bench with broad industry experience, an award-winning production team, and an extensive network of business relationships that positions us well to capture opportunities within the PRC and beyond.

Since our inception, we have steadily built on our track record of commercial success, which is a testament to the high-quality content produced by the Group. Our ability to identify consumer preferences and strategically develop content to satisfy consumer demands is validated by the success of our dramas and films which have attained top positions in viewership ratings in the PRC⁽¹⁾.

The pandemic resulted in a delay in the filming of two projects, but we adapted quickly and responded in

⁽¹⁾ "The Little Nyonya 小娘惹" broadcasted on leading TV network and video streaming platform – CCTV, iQIYI, and "Perfect Village 最美的乡村" broadcasted on leading TV network – CCTV. Among all TV series broadcasted on TV channels in PRC during the same timeslot when it was aired.

compliance to COVID-19 safety measures and were able to continue filming within our production set-ups in Singapore, Malaysia and the PRC. We successfully completed the production of six dramas and one web film series in FY2020. Equipped with the experiences of managing the pandemic, we are on a stronger footing to anticipate and prepare ourselves for growth going forward. We have since resumed production of the projects that were delayed and maintain a strong pipeline of 13 dramas, with an increase in average number of episodes per drama, and a film series to be produced or released in FY2021 and FY2022 across the legendary, costume, modern, themed and online short drama genres.

We expect this to sustain our growth trajectory and provide earnings resiliency as we await the resumption of our second growth engine in Concert Production.

Our Concert Production business, which has production rights for popular and well-known singer-songwriter Jay Chou in six countries, produced two sold-out concerts for Jay Chou in Singapore in FY2020. While we were unable to carry out all planned concerts last year, we are putting the necessary safety and operational measures in place to ensure that we are well-positioned to resume when practicable.

This includes us placing a focus to grow our portfolio of artistes with our third business adjacency in Costumes, Props and Make-Up Services and Talent Management Services to yield greater synergies within our existing core businesses.

Our motivation to list on the Singapore Exchange was to enhance our profile in Singapore and the region by expanding our businesses through investments into production, joint ventures, strategic alliances and acquisitions, if the opportunity arise. For FY2020, the percentage of revenue from Singapore was 30.6% compared to 1.4% the year prior. As we look to penetrate new markets in the Asia-Pacific region, the growing diversification of our earnings will continue to provide greater resiliency.

Growing through sustainable innovation 日新

Our growth ambitions are guided by the values of morality, integrity, and discipline. These principles are embedded in our ways of working and characterises our hallmark of success over the years. This spans across the creation of new content and partnerships, and when enhancing our capabilities. The strong end-to-end production capabilities which we have achieved enable us to exercise oversight, maximise operational efficiencies, and manage our costs. This strong foundation and our positioning within the industry ecosystem makes us different and has allowed us to outperform peers on performance metrics such as profit margin expansion and return on equity.

To stay ahead in the industry, it is imperative to continuously innovate, and this calls for constant improvement as individuals and collectively, as a Group. Technological advances such as the wider adoption of 5G network present further monetisation opportunities as we look to diversify our portfolio of entertainment content to capture demand for new offerings such as interactive content and multi-level entertainment products such as comic adaptations.

Strong business relationships are also important to us and we intend to leverage on our partners to facilitate our expansion. Opportunities in the co-production of dramas with production partners will enable the Group to undertake more projects, enhance our production capabilities and strengthen our market position as we set our sights on gaining access to new markets and audiences. Our recent collaborations include partnerships with Mediacorp to co-produce two drama or film projects over a three-year period from March 2020, and with Perfect World or other reputable partners to produce dramas which include but not limited to "The Little Nyonya 小娘惹".

In growing our overall capabilities to meet the demands that we see on the horizon, we are cognisant that we must also grow the synergies across our existing core businesses. Our TV Program and Film Production business provides resilient growth in earnings and we will look to expand our Concert Production and Talent Management businesses as additional engines of growth. Potential synergistic areas which we have identified to expand into include musicals and stage plays based on our dramas and films, as well as music artistes we have worked with may produce soundtracks and theme songs for our dramas and films. In March 2021, we strengthened our relationship with our existing strategic partner and shareholder, iQIYI, the world's leading online movie and video streaming website with the aim to form a talent agency to nurture Southeast Asian talent and to serve as a gateway to the PRC entertainment industry, which adds to the potential of our expansion opportunities.

We are fully committed to becoming an integrated entertainment player and will continue to monitor trends in the market to capture growth across the value chain. With a strong balance sheet with net cash of \$104.8 million, we are well-supported to look at these opportunities in the region.

Valuing our long-term stakeholders

We value all our stakeholders and in growing the business, we also believe in building trust for longevity, which is reflected in our name "长信". As such, we endeavour to uphold good corporate governance and transparency when providing timely and detailed updates.

Our interests are well-aligned with all shareholders and we are committed to maximising value in the long-term. We will continue to invest time and resources into expanding our outreach to the investment community to improve the community's understanding of our business and to achieve a fairer valuation for the Group.

Appreciation

I would like to express my sincere appreciation to our Board members for their strategic oversight and advice which have provided a strong framework for GHY's future growth. The management and production teams' guidance and quality execution have also been pivotal to our success in our inaugural year as a listed company. I would also like to thank our partners and shareholders for your continued trust and support as we embark on our journey to become the leading player in the media and entertainment industry in the Asia-Pacific region.

Mr. 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, 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.

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. He is the manager of Jay Chou, a prominent Taiwanese musician and singer-songwriter, and is the Chief Executive Officer and Music Director at JVR Music, a record and management company established in Taiwan in 2007. Mr. Yang 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.

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

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.

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 currently the Audit Director of Acevision & Associates PAC, a public accounting corporation and has over 15 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.

BOARD OF DIRECTORS

MR. SNG PENG CHYE

Independent Director

Mr. Sng Peng Chye 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. Sng was most recently a Senior Adviser, Corporate Banking of CIMB Bank Berhad, Singapore Branch from August 2018 to August 2020 and he served as the Chairman of the Singapore Branch Catalyst Committee from January 2019 to March 2020. He has over 35 years of experience in the banking and finance industry. Mr. Sng was previously the Executive Vice President and Head of Corporate Banking of Malayan Banking Berhad, Singapore Operations from February 1997 to July 2018, the Vice President, Regional Business of Overseas Union Bank Ltd. from November 1992 to December 1996 and the Assistant Vice President of the Singapore branch of Privatbanken A/S, one of the largest Danish and Scandinavian banks, from August 1989 to October 1992.

Mr. Sng graduated from the University of Singapore with a Bachelor of Arts in 1980 and from the National University of Singapore with a Bachelor of Social Sciences (Economics) in 1981.

MR. CHEN MINGYU

Independent Director

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

Mr. Chen is currently 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 currently 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.

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. 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.

From November 2017 to October 2019, Ms. Low was the Regional Financial Controller of BBDO Asia Pte. Ltd., a multinational advertising agency network which is a subsidiary of a listed company on the New York Stock Exchange. She 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 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 a Manager and Producer of TV programs and films. He managed the production team at Perfect World, an entertainment 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.

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 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

REVENUE

FY2020: \$127.1M
 FY2019: \$66.0M
 FP2018: \$3.4M

GEARING RATIO⁽¹⁾

FY2020: 10.0%
 FY2019: 57.5%
 FP2018: 118.7%



GROSS PROFIT

FY2020: \$55.7M
 FY2019: \$18.8M
 FP2018: \$3.1M



RETURN ON EQUITY

FY2020: 26.9%⁽²⁾
 FY2019: 7.8%⁽³⁾
 FP2018: (9.5%)



PROFIT OR LOSS AFTER TAX

FY2020: \$42.7M⁽²⁾
 FY2019: \$12.4M
 FP2018: (\$0.7M)



NET ASSET VALUE PER SHARE

FY2020: 14.77cents
 FY2019: 1.91cents⁽⁴⁾
 FP2018: 0.78cents⁽⁵⁾

EARNINGS PER SHARE⁽⁶⁾

FY2020: 4.15cents
 FY2019: 1.36cents
 FP2018: (0.16)cents



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.

"FP2018" refers to financial period from 22 March 2018 to 31 December 2018
 "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

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

⁽²⁾ Excluding one-off IPO listing expenses of approximately \$4.7 million.

⁽³⁾ Computed based on the Group's equity as at 31 December 2020.

⁽⁴⁾ 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.

⁽⁵⁾ For illustrative purposes, the number of ordinary shares used in the computation of net asset value per ordinary share as at 31 December 2018 has been retrospectively adjusted to reflect the share split of 100,000,000 shares into 1,000,000,000 shares, assuming such transactions had occurred as at 31 December 2018.

⁽⁶⁾ For illustrative purposes, the earnings per share have been calculated based on profit or loss for the financial year or period and 910,930,000 shares, after adjusting for the share split.

PROPOSED FINAL DIVIDENDS FOR FY2020

Committed to rewarding our shareholders

The Board proposed a final dividend of 1.07 Singapore cents per share for FY2020, subject to shareholders' approval.

As disclosed in the prospectus, the Board intends to recommend dividends of at least 30.0% of profit after tax generated in FY2020 and FY2021.



OPERATION AND FINANCIAL REVIEW



OPERATION REVIEW FOR FY2020

TV Program and Film Production

In 2020, four of our dramas "The Little Nyonya 小娘惹", "Perfect Village 最美的乡村", "Dance of the Sky Empire 天舞纪", "Frontliners 最美逆行者" were released on the major TV networks and leading video streaming platforms such as iQIYI, Youku or CCTV which received positive reception and high viewership ratings.

We also completed the production of "To Be With You 约定之青春永驻", "The Ferryman – Legends of Nanyang 灵魂摆渡·南洋传说" and 7 films of the film series "I Come from Beijing 我来自北京之系列" in 2020. These dramas and films have been or will be progressively broadcasted in 2021.

The Group also launched the production of "Sisterhood 南洋女儿情", "Horror Stories of Tang Dynasty 唐朝诡事录" and its first online short drama series "Whimsical World 异想世界". There has been a slight delay in the filming schedule of two dramas and online short form video series as at 31 December 2020. The Group has since resumed filming and will complete the remaining filming for these two dramas and online short form video series in 2021. The Group will also receive the government grants for the dramas in 2021 when the dramas are completed.

In total, the Group sold and completed the production of six dramas during the year, filming in progress for two dramas and one online short drama series filming in progress as at 31 December 2020 and one film series completed and broadcasted in FY2020 as compared to two dramas sold and completed in FY2019.

In the event of a prolonged COVID-19 outbreak or a reoccurrence of COVID-19 in the economies the Group is operating in, if stay-home and quarantine measures are reinstated and/or continue to be implemented, the Group also expects an increase in demand for new dramas and films produced or co-produced by the Group by distributors such as video streaming platforms, as evidenced by an increase in customers for streaming services, if the Group is able to undertake and complete production of new drama and film projects.

If these measures require the closure of workplaces and suspension of business activities are reinstated and/or implemented for a prolonged period of time, there may be potential delays in the production schedule of drama and film projects which are undergoing or slated to commence production in the future. With the exception of on-site filming of the Group's drama series, screenwriters, post-production members and employees can work remotely and communicate with one another through mobile phones, the internet and other media tools to facilitate the progress of the film and drama projects in a timely manner.

The Group has a pipeline of dramas and films, where productions or releases are expected in FY2021 and FY2022, which will contribute to the growth of its TV Program and Film Production business over time.

Concert Production

In 2020, the Group held two concerts in Singapore featuring Jay Chou (周杰伦). In 2019, the Group held one concert in Singapore, featuring Li Ronghao (李荣浩).

The Group keeps a relatively small team of staff in its Concert Production business and engages different vendors in the industry when the concert date is confirmed. Therefore, the Group only incurs a relatively small amount of fixed costs in the Concert Production business.

The Group also expects the postponement of planned concerts and the 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. While the Group may explore alternative business strategies for the Group's Concert Production business segment during such time, such as the holding of online concerts on online streaming platforms, there can be no assurance that the Group will be able to successfully implement such alternative business strategies due to numerous risks.

Other Business Segments

Costumes, Props and Make-up Services Business

The Group provides 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, the Group has in the past engaged, and will continue to engage, Mr. Chen Minzheng (陈敏正) to design and create costumes and props for its drama and film projects, as well as for third-party production companies which engage his services through the Group

by way of collaboration between the 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.

The Group has entered into an exclusive collaboration agreement with Mr. Chen Minzheng, pursuant to which Mr. Chen Minzheng has agreed to provide his costumes, props and make-up services to the Group on an exclusive basis. Accordingly, third-party production companies who wish to engage Mr. Chen Minzheng's services will enter into contracts with the Group, which will in turn be subcontracted by the Group to Mr. Chen Minzheng for the provision of such costumes, props and make-up services under the terms of the exclusive services and collaboration agreement.

Talent Management Services Business

The Group identifies and recruits artistes based in the PRC and beyond and have built up a stable of well-known artistes. The talent management services business manages close to 60 artistes and the current pool of artistes the Group manages are actors and actresses who are primarily based, or whose projects and engagements are primarily based, in the PRC and/or Singapore.



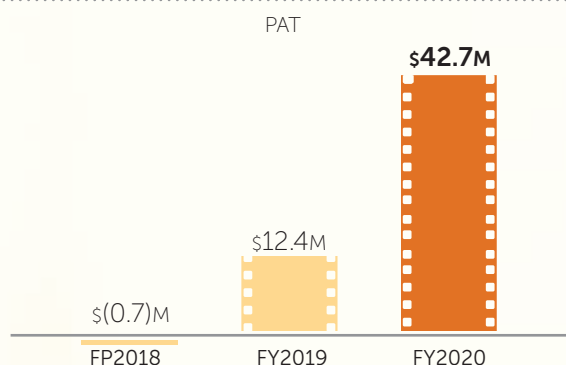
OPERATION AND FINANCIAL REVIEW

FINANCIAL PERFORMANCE FOR FY2020

\$42.7M

PROFIT AFTER TAX ("PAT"), EXCLUDING IPO EXPENSES
more than tripled yoy from \$12.4M

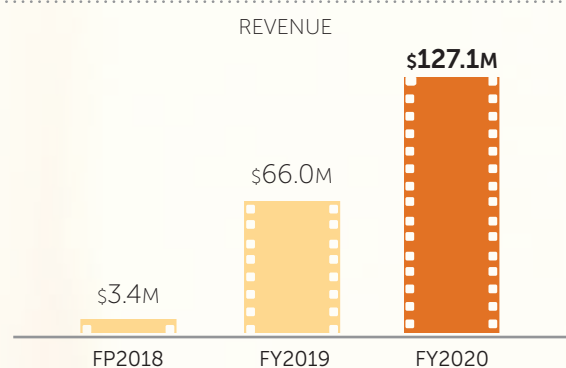
Profit after tax increased by approximately \$25.6 million, from \$12.4 million for FY2019 to \$38.1 million for FY2020. Excluding IPO expenses of \$4.7 million, profit after tax ended 31 December 2020 is \$42.7 million.



\$127.1M

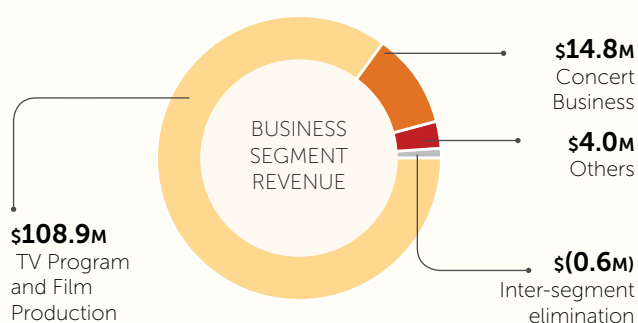
REVENUE
increased 92.6% yoy from \$66.0M

The Group's revenue increased by \$61.1 million from \$66.0 million in FY2019 to \$127.1 million in FY2020.



Business Segment

Revenue contribution from the TV Program and Film Production business increased by approximately \$47.9 million mainly due to the six dramas sold and completed during the year, the filming of two dramas and one online



short drama series in progress as at 31 December 2020 and one completed and broadcasted film series in FY2020 as compared to two dramas sold and completed in FY2019.

Revenue contribution from the Concert Production business segment also increased by approximately \$13.5 million due to two concerts held in Singapore in FY2020 as compared to one concert held in Singapore in FY2019.

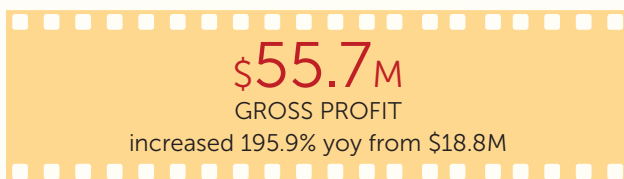
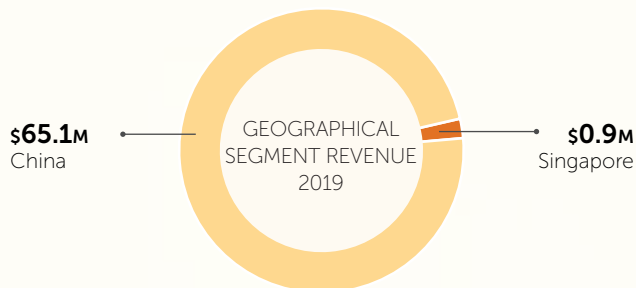
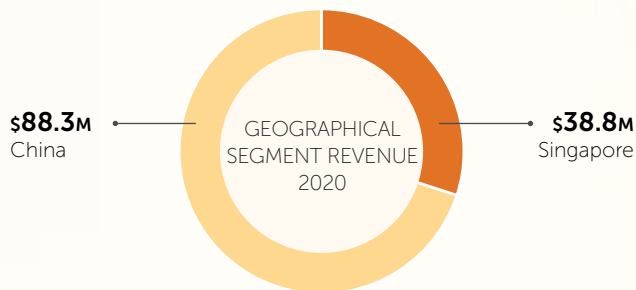
The total revenue derived from our PRC Affiliated Entities amounted to approximately \$88.3 million, which comprised 69.4% of the total revenue of the Group.

Geographical Segments

The Group's revenue is derived from the geographical locations of its external customers' operations. The Group's revenue from customers located outside Singapore accounted for approximately 69.4% (FY2019: 98.6%) of the Group's total revenue.

In 2019, the completed filming and production of two dramas under the TV Program and Film Productions were sold to customers located in the PRC, which contributed to approximately 98.6% in FY2019.

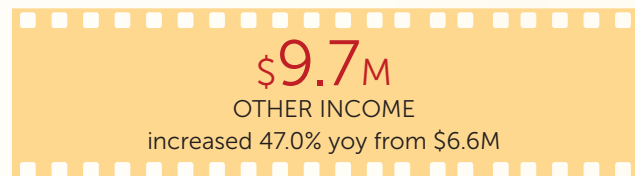
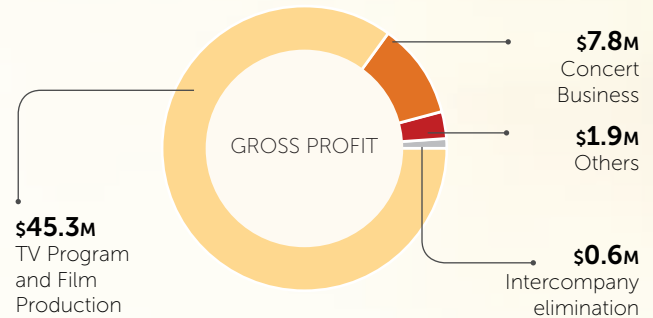
The Group's revenue from customers located within Singapore increased from approximately 1.4% of its revenue in FY2019 to approximately 30.6% of its revenue in FY2020. This was mainly due to the two concert productions that were held in Singapore under the Concert Production business segment in FY2020 and the completed filming and 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.



The Group's gross profit ("GP") increased by approximately \$36.9 million from \$18.8 million in FY2019 to \$55.7 million in FY2020. Gross profit margin ("GPM") improved from 28.5% in 2019 to 43.8% in 2020. The Group's end-to-end production capabilities enables the Group to have oversight and control over the entire production process. This allows the Group to maximise operational efficiencies across its entire business value chain and generate overall cost savings, thus contributing to the enhanced gross profit margin.

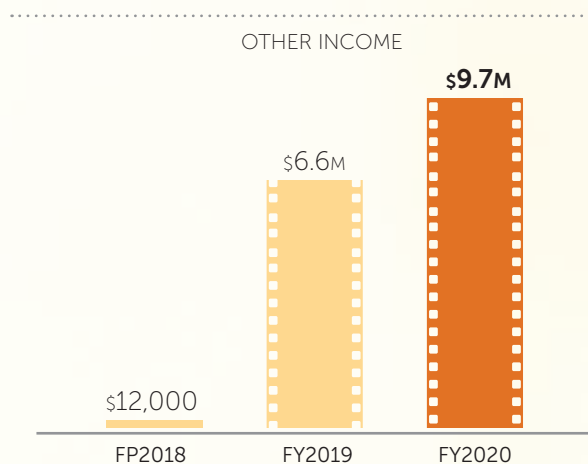
In 2020, GP of the TV Program and Film Production business segment increased by approximately \$29.3 million with GPM of 42.5% (FY2019: 27.7%). This is mainly as six out of eight dramas in FY2020 are developed by the Group and licensed or sold to customers for fixed fees which enjoyed higher GPM. In comparison, one out of two dramas in FY2019 was developed by the Group and licensed or sold to customers for fixed fees.

2020 GP of the Concert Production business segment also increased by approximately \$7.4 million with GPM of 53.0% (FY2019: 37.3%), given that the two concerts in FY2020 were held at the same venue on two consecutive days, resulting in only incremental costs for the concert held on the second day.



Other income increased by approximately \$3.1 million from \$6.6 million in FY2019 to \$9.7 million in 2020. This was mainly due to the gain of \$3.1 million on disposal of an associate, being Beijing Honghaier Film & Culture Co., Limited; offset by decrease in government grants of approximately \$0.7 million from approximately \$6.5 million in FY2019 to approximately \$5.8 million in 2020.

The Group receives government grants for some of the Group's dramas and films. In FY2019, the Group received government grants after the completion of production of dramas and films in FY2019. In FY2020, we only recognised government grants of approximately \$5.8 million as the production of certain dramas and films was ongoing as at 31 December 2020.



OPERATION AND FINANCIAL REVIEW

EXPENSES

Administrative expenses

The Group's administrative expenses increased by approximately \$5.8 million from \$5.2 million in FY2019 to \$10.9 million in 2020. This was mainly due to approximately \$4.7 million incurred for one-off listing expenses and an increase of approximately \$0.7 million for employee benefits expenses (which included salaries and defined contribution plans) from additional headcount. This is in line with the increase in business activities in FY2020.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately \$4.8 million from \$1.9 million in FY2019 to \$6.7 million in FY2020. This was mainly due to (i) an increase of \$2.1 million for advertising and promotional activities for four dramas and one film series which were released in 2020; (ii) an increase of \$1.1 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; (iii) costs of \$0.6 million arising from the postponement and rescheduling of the concerts to be held in Malaysia and Australia; and (iv) an increase of \$0.8 million in depreciation of plant and equipment and right-of-use assets.

Other expenses

Other expenses decreased by \$1.4 million from \$2.0 million in FY2019 to \$0.6 million in 2020. This was mainly due to lower profit on film distribution to external investors by approximately \$1.2 million.

Finance cost

Finance costs remained fairly consistent over the years, at \$1.0 million in FY2020 (FY2019: \$0.9 million), comprising mainly interest expense on bank borrowings and film investment funds from external investors.

Income tax expense

The effective tax rate was approximately 17.4% (FY2019: 19.2%).

STATEMENT OF FINANCIAL POSITION

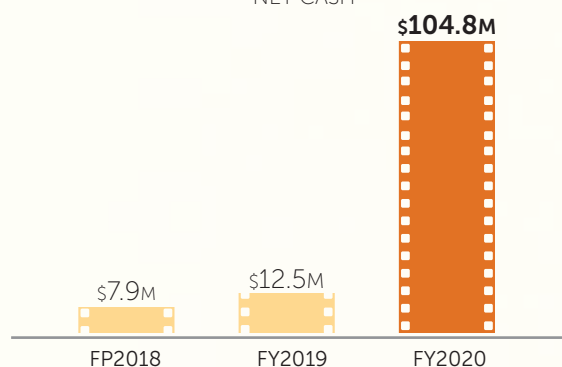
\$104.8M

NET CASH

increased 736.4% yoy from \$12.5M

Net cash increased by \$92.3 million from \$12.5 million as at 31 December 2019 to \$104.8 million as at 31 December 2020, mainly resulting from the net proceeds from issuance of shares of \$107.5 million, offset by (i) cash outflow of \$4.4 million for listing expenses; (ii) payment of \$5.0 million for FY2020 interim dividends using internally generated funds; and (iii) increase of \$2.3 million in borrowings for working capital purposes. For more details, please refer to "Statement of Cashflow" section.

NET CASH

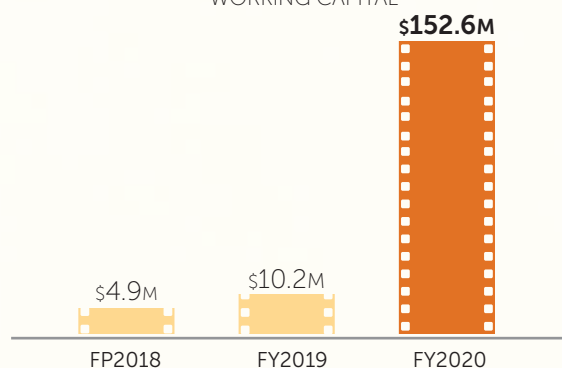


\$152.6M

WORKING CAPITAL

increased 1395.7% yoy from \$10.2M

WORKING CAPITAL



Working capital improved by approximately \$142.4 million from \$10.2 million as at 31 December 2019 to \$152.6 million as at 31 December 2020.

	As at 31 December 2020	As at 31 December 2019
Current assets	\$219.7M	\$104.5M
Non-current assets	\$13.1M	\$8.4M
Current liabilities	\$67.1M	\$94.3M
Non-current liabilities	\$7.1M	\$1.2M

Current assets

The Group's current assets increased by \$115.2 million from \$104.5 million as at 31 December 2019 to \$219.7 million as at 31 December 2020. The increase was mainly due to (i) the increase of \$94.6 million in cash and cash equivalents, (ii) the increase in contract assets of \$48.2 million mainly due to increase in number of drama productions in FY2020, which was recognised for the Group's right to consideration for dramas and films production in progress or completed but not billed at year end; and (iii) increase in other receivables of \$5.3 million mainly due to grant receivable of \$2.8 million for a drama production completed in FY2020 and higher prepayment by approximately \$2.8 million for drama production purpose. The \$2.8 million grant receivable was received in February 2021.

The increase was offset by (i) the decrease in trade receivables balance of \$16.7 million, which was mainly due to receipts for completed drama projects and the two concerts held in FY2020; (ii) the net decrease in film and drama productions in progress and films and drama products of \$9.1 million which was in line with the increase in number of dramas completed in FY2020; and (iii) decrease in amount due from related parties by approximately \$7.8 million which was mainly due to receipt of \$7.0 million owing from an entity connected to a shareholder and non-executive Director for the grant of rights for concert production in the PRC.

Non-current assets

The Group's non-current assets increased by approximately \$4.6 million from \$8.4 million as at 31 December 2019 to \$13.1 million as at 31 December 2020. The increase was mainly due to (i) an increase of \$2.2 million in right-of-use assets mainly due to the renewal and addition of leased assets during the year, offset by routine depreciation; (ii) an increase of \$1.7 million in intangible assets, mainly related to the addition of the rights to use a film set located in Malaysia and the construction of which was completed and ready for use in 2020; and (iii) an increase of \$0.8 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 \$27.2 million from \$94.3 million as at 31 December 2019 to \$67.1 million as at 31 December 2020. The decrease was mainly due to a decrease in the amount due to related parties of approximately of \$22.2 million which was mainly due to (i) payment of approximately of \$14.9 million to the ultimate controlling shareholder and Executive Chairman and Group CEO; (ii) payments of \$6.8 million to a company associated with a shareholder and non-executive Director for grant of rights for concert production in the PRC; and (iii) repayment of \$1.4 million to an associate company. These payments were made using internally generated funds and repaid prior to listing of the Company. In addition, there was a decrease in contract liabilities of approximately \$14.7 million, mainly due to revenue recognised upon the completion of two concerts in FY2020, of which advance receipts from concert tickets were received in FY2019.

The decrease was offset by (i) a dividend payable of \$5.0 million to shareholders as at 31 December 2020. The Company has 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; (ii) increase of \$1.4 million in film investment funds from investors; (iii) increase of \$2.3 million in borrowings for working capital purposes; and (iv) increase of \$1.2 million in income tax payable which is in line with increase in profits for FY2020.

Non-current liabilities

The Group's non-current liabilities increased by \$5.8 million from \$1.2 million as at 31 December 2019 to \$7.1 million as at 31 December 2020. The increase was mainly due to the increase of \$2.0 million from the addition of a new lease arrangement for a filming studio; and the increase of \$3.8 million in deferred tax liabilities mainly 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

	FY2020	FY2019
Net cash generated from (used in) operating activities	\$14.3M	\$(11.0)M
Net cash from (used in) investing activities	\$1.7M	\$(3.5)M
Net cash from financing activities	\$78.6M	\$18.1M

OPERATION AND FINANCIAL REVIEW

Net cash generated from operating activities

The Group generated cash inflows from operating activities before movement in working capital of approximately \$62.2 million, with net changes in working capital of approximately \$43.0 million and income tax paid of approximately of \$4.0 million and interest paid of \$1.0 million.

The Group's net working capital outflows was mainly due to increase in contract assets of approximately \$48.3 million from the completion of drama and film productions or films and drama productions in progress but not yet billed as at reporting date; and decrease in contract liabilities of approximately of \$15.5 million mainly due to advance receipts of ticket sales collected in FY2019 which were recognised as revenue when the concerts took place in FY2020.

The increase was offset by (i) a net decrease in films and drama productions in progress and films and drama products of approximately of \$6.8 million mainly due to dramas and films completed in FY2020; (ii) decrease in trade and other receivables of approximately of \$10.8 million mainly due to receipts from films and drama productions and receipts for ticket sales from the ticketing agent for the concerts which took place in FY2020; and (iii) increase in trade and other payables of approximately of \$2.4 million.

Net cash generated from operating activities was \$14.3 million.

Net cash from investing activities

Net cash from investing activities amounted to \$1.7 million which was mainly due to (i) the proceeds from disposal of an associate of \$3.6 million; and (ii) the cash and bank balances of approximately \$3.1 million arising from an acquisition of a subsidiary.

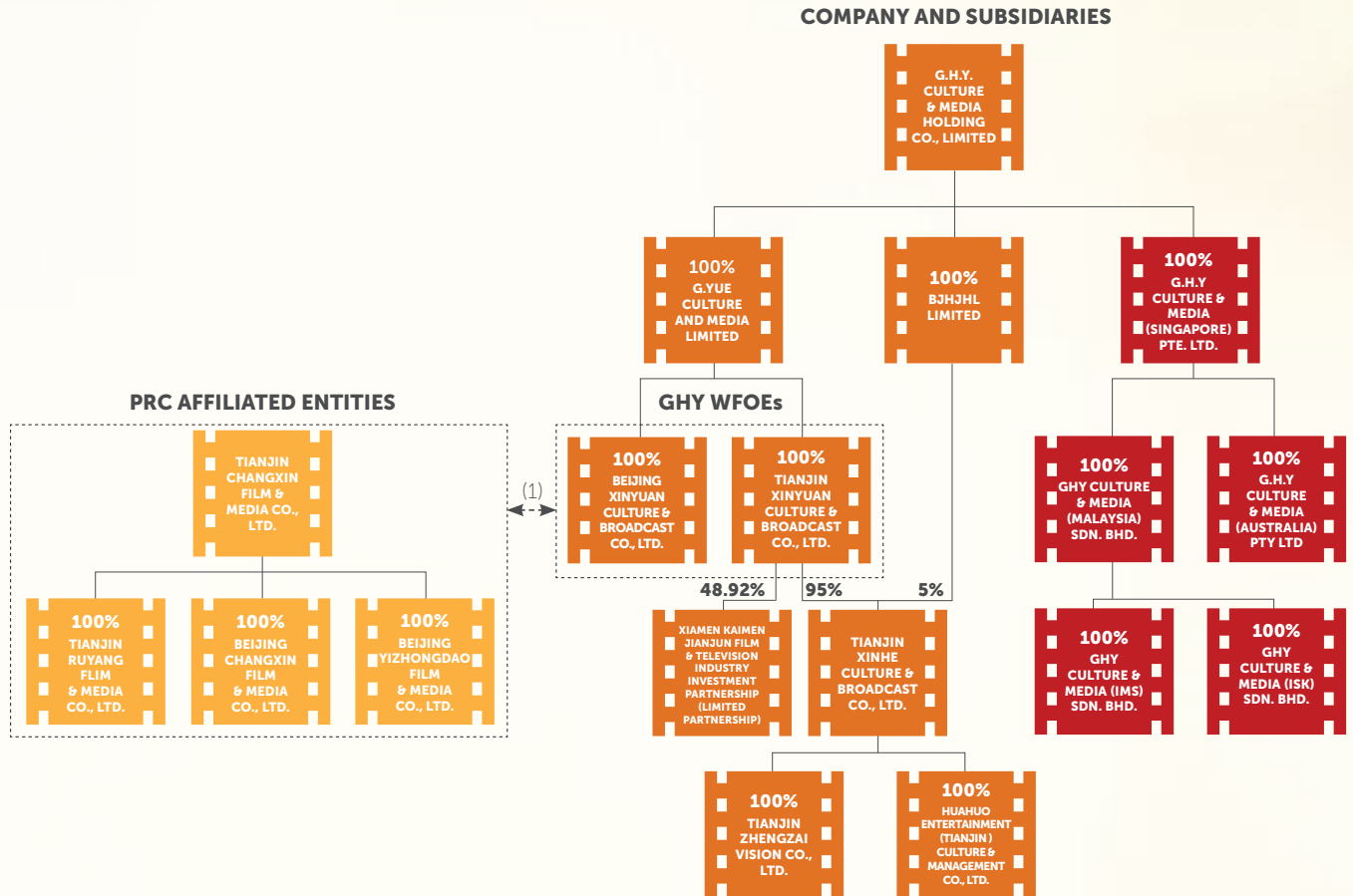
This was offset by (i) purchase of plant and equipment of \$1.2 million; (ii) purchase of intangible assets of \$1.8 million, mainly right to use a film set located in Malaysia; and (iii) an advance to Beijing Yizhongdao Film & Media Co., Ltd., a PRC Affiliated Entity in which the Group held 30.0% equity interest at the relevant time, of approximately \$1.8 million for the purposes of funding its working capital.

Net cash generated from financing activities

Net cash generated from financing activities amounted to \$78.6 million which was mainly due to (i) net proceeds from borrowings of \$2.0 million for working capital purposes; (ii) net proceeds of film investment funds from investors of \$1.2 million; and (iii) proceeds of \$107.5 million raised from issuance of new shares.

Increase was offset by (i) repayment of lease liabilities of \$1.5 million; (ii) repayment of amount due to related parties of \$16.8 million, being 1) the ultimate controlling shareholder and Executive Chairman and Group CEO and 2) a subsidiary, Beijing Yizhongdao Film & Media Co., Ltd. in which the Group held 30.0% equity interest at the relevant time. These repayments were made using internal funds and repaid prior to the listing of the Company; (iii) repayment of loan of approximately \$1.6 million due to an ex-director of a subsidiary; (iv) payment of shares buy-back of \$2.8 million; (v) payment of IPO listing expenses of \$4.4 million; and (vi) payment of interims dividends in respect of FY2020 of \$5.0 million paid to persons who were registered Shareholders as at 30 September 2020.

CORPORATE STRUCTURE



Business in the PRC

- TV Program and Film Production and Operation

Businesses in the PRC

- Talent Management Services
- Costume, Props and Make-up Services
- Literary and artistic creation

Businesses Outside of the PRC

- TV Program and Film Production (Singapore and Malaysia)
- Concert Production (Singapore, Malaysia and Australia)
- Costume, Props and Make-up Services (Singapore)
- Talent Management Services (Singapore)

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. and Tianjin Ruyang Film & 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. and Tianjin Ruyang Film & Media Co., Ltd.

CONTRACTUAL ARRANGEMENTS

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. and Tianjin Ruyang Film & 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) (2020 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 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 \$22.4 million, which comprised 58.8% of the total profit for the year of our Group.

Board Confirmation on the Contractual Arrangements

During FY2020, 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 FY2020:

- (i) no dividends or other distributions have been made by the PRC Affiliated Entities to Mr. Guo Jingyu or Mr. Xue Xin, the 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 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.

CONTRACTUAL ARRANGEMENTS

- **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 arbitral body 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, 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 be 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 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.

CONTRACTUAL ARRANGEMENTS

- **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 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.

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

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.

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
灵魂摆渡·南洋传说
(Drama)



The Little Nyonya
小娘惹
(Drama)



Dance of the
Sky Empire
天舞纪
(Drama)



Perfect Village
最美的乡村
(Drama)



Frontliners
最美逆行者
(Drama)



To Be With You
约定之青春永驻
(Drama)



Make a Wish
Miss Xianqi
仙琦小姐许愿吧
(Drama)



I Come From Beijing –
Braised Goose in
Iron Pan
我来自北京之铁锅炖大鹅
(Film Series)



I Come From Beijing –
Helping Brothers
我来自北京之
扶兄弟一把
(Film Series)



I Come From Beijing –
Happy New Year
我来自北京之过年好
(Film Series)



I Come From Beijing –
My Father
我来自北京之
我爸是警察
(Film Series)



I Come From Beijing –
Heavenly Blessings
我来自北京之
福从天降
(Film Series)



I Come From Beijing –
Tibetan Mani Stone
Pile in Autumn
我来自北京之
玛尼堆的秋天
(Film Series)



I Come From Beijing –
The Rise of the
Pear Village
我来自北京之
按下葫芦起来梨
(Film Series)



The Love
最初的相遇，
最后的别离
(Drama)



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



Li Ronghao 李荣浩
"If I Were Young"
World Tour –
Singapore
(Concert)

(B) CURRENT & UPCOMING PRODUCTIONS & RELEASES



Sisterhood
南洋女儿情
(Drama)



Horror Stories of
Tang Dynasty
唐朝诡事录
(Drama)



Nanyang Transport
Volunteers
南洋英雄泪
(Drama)



The 10th
Regiment
第十团
(Drama)



Whimsical World
异想世界
(Online Short Drama
Series)



Legend of the
Sabre Master
天下刀宗
(Drama)



Perfect Promise
最美的诺言
(Drama)



The Hou Mansion
侯门
(Drama)



For the
Motherland
隐蔽的英雄
(Drama)



The Angry Ladies
女神饭店
(Drama)



The Truth of Marriage
结婚的理由
(Drama)



Sealing Knife
封刀
(Drama)



Age of Innocence
逆流纯真年代
(Drama)



Misty Rain –
Dreams of Jiangnan
烟雨 –
梦过江南
(Drama)



Da Ming and the
Maidservant
大明小婢
(Drama)



Contact Person
接头
(Drama)



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

INVESTOR RELATIONS

2020/2021 INVESTOR RELATIONS CALENDAR

4th Quarter 2020		
Pre-IPO investor roadshows in Singapore	Successful listing of G.H.Y Culture & Media Holding Co., Limited on the Mainboard of SGX-ST	
1st Quarter 2021		
Initiation coverage by UOB Kay Hian with a "Buy" rating and target price of \$1.08/share	Updated report by UOB Kay Hian, maintained "Buy" rating and increased target price to \$1.18/share post FY2020 results	Press conference for MOU signing with iQIYI International
FY2020 financial results announcement		
FY2020 analyst and investor briefing	Conference calls, meetings with analysts and investors	SGX x DBS 'Singapore Momentum' non-deal roadshow

Timely and Transparent Disclosures

The Group is committed to upholding high standards in 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.

Company Share information

Stock Code	SGX:XJB
Bloomberg Ticker	GHY:SP
Opening Price (18 December 2020)	\$0.700
Highest Closing Price (31 December 2020)	\$0.680
Lowest Closing Price (23 December 2020)	\$0.620
Closing Price (As at 31 December 2020)	\$0.680
VWAP (For 2020)	\$0.660
Total Volume Traded (For 2020)	21.97 million
Market Cap (As at 31 December 2020)	\$730.18 million
Share outstanding (As at 31 December 2020)	1,073,792,000

Source: Company statements and Bloomberg

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 take the opportunity to correct any potential misperceptions about the Group, as well as to improve understanding about its business segments and respective growth strategies.

The Group has conducted several post-results engagements including an analyst and investor briefing, one-on-one calls, and non-deal investor roadshows, meeting close to 30 research analysts and institutional investors since listing on 18 December 2020. 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, with a "Buy" rating and initial target price of \$1.08/per share. The target price was later increased to \$1.18/per share following the publication of the Group's positive FY2020 results.

While the Group adopts the practice of half-yearly financial reporting, it endeavours to provide quarterly operational updates and will continue to hold quarterly analyst and investor briefings to maintain engagements with the investment community. The Group will also 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

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Tulchan Communications LLP, Investor Relations

E: GHY@tulchangroup.com



CORPORATE SOCIAL RESPONSIBILITY

The Group values corporate social responsibility and recognises that for long-term sustainability, a balance between business profitability and corporate social responsibility must be established. As such, the Group supports community development projects that align its commercial goals with beneficial outcomes for the broader community, in the markets it operates in.

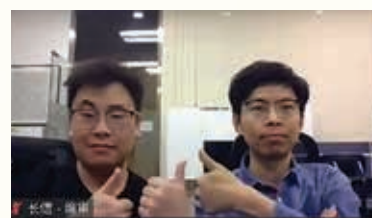
The Group believes in continuous improvement and the importance of human capital stewardship. To expand its regional presence, the Group aims to develop its production teams to undertake more drama and film projects, including large-scale productions which will require a larger team of personnel with more experience and technical expertise. To achieve this goal sustainably, the Group is committed to nurturing future talent by supporting initiatives that encourage the development of directing, scriptwriting and producing skills.

The Group has sponsored certain initiatives of the China Film Art Direction Academy (中国电影美术学会) and the Beijing Film Academy (北京电影学院), as well as participated in the "Story Lab Apprenticeship" programme, an initiative in Singapore supported by the Infocomm Media Development Authority of Singapore ("IMDA"). The "Story Lab Apprenticeship" programme provides participants with structured training programs in scriptwriting, directing and

producing, onsite training at production shoot locations and the opportunity to learn from industry professionals. Through such experiential on-the-job training programmes, selected participants can gain valuable exposure and experience in the media and entertainment industry in Singapore.

In addition, the Group collaborated with Ngee Ann Polytechnic ("NP") in Singapore to develop and deliver a Chinese scriptwriting course for web films (i.e. movies offered on streaming platforms). This initiative is supported by Iskandar Malaysia Studios and the IMDA and began in 2019. Despite the pandemic, the course continued from September 2020 to November 2020 with the relevant safety precautions in place, with up to 15 participants from schools and the public. The course was conducted by both local and overseas trainers who are producers, scriptwriters, and other experts, including Mr. Guo Jingyu, the Group's Executive Chairman and Group CEO. The course also culminated in the submission of the screenplay to the Asia TV Forum Chinese Pitch 2020.

The Group also has several ongoing initiatives with Nanyang Polytechnic ("NYP"). Collaborating with NYP's School of Interactive and Digital Media, GHY and NYP worked on the project "The Ferryman – Legends of Nanyang 灵魂摆渡•南洋传说" for the students' final year project. Up to 19 students



Mr. Guo Jingyu (Executive Chairman and Group CEO of G.H.Y Culture & Media) and other judges awarding the winner of the ATF Chinese Pitch 2020

from the Diploma in Digital Visual Effects got to experience the production of close to 200 visual effects shots, with close guidance from the special effects team at GHY and lecturers from NYP.

The Group also conducts internship programmes with NYP and looks to add more of such programmes with other education establishments in Singapore with the intention to set regular internship placements every quarter or semester and potentially provide on-the-job training for up to 24 interns per year. Aside from internship programmes, the Group operates Work Study Programmes with NYP and the Institute of Technical Education ('ITE'). The Work Study Programmes identify candidates or graduates as adult learners and the candidates are hired as full-time staff and given adequate time off to head back to school to deepen their knowledge. While at GHY, an on-the-job training programme is structured for them to become more proficient and confident professionals.

The Group intends to continue to participate and support the aforementioned initiatives in Singapore and the PRC and may also collaborate with local TV networks or other third-party production companies as it believes that this will bolster the future local talent pool, as well as enrich and invigorate the local media scene and entertainment industry.

Apart from collaborations and training programmes, the Group also looks to support the less privileged. In March 2021, the Group worked with four registered charities to provide vouchers to beneficiaries for the purchasing of books, school essentials and educational aids across 70 locations across Singapore. With the assistance of social workers at the various charities, over \$10,000 worth of vouchers were distributed to close to 350 children from underprivileged backgrounds. The Group is also in talks with education institutions to provide financial support through scholarships and bursaries to nurture the next generation of digital media and media production professionals, while providing them with opportunities to work on content for an international audience.

The Group firmly believes that the youth represent the future and that children from all backgrounds should be given equal opportunities to realise their dreams.



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 DIRECTORY

Board of Directors

Mr. Guo Jingyu (郭靖宇)

(Executive Chairman and Group CEO)

Ms. Yue Lina (岳麗娜)

(Executive Director)

Ms. Wang Qing (王清)

(Executive Director)

Mr. Yang Jun Rong (楊峻榮)

(Non-Executive Director)

(all reference to "Yang Jun Rong" in this Report shall be a reference to "Yang Chun-Jung")

Mr. Yeo Guat Kwang

(Lead Independent Director)

Mr. Ang Chun Giap

(Independent Director)

Mr. Sng Peng Chye

(Independent Director)

Mr. Chen Mingyu (陳明宇)

(Independent Director)

Dr. Jiang Minghua (江明華)

(Independent Director)

Corporate Information

Audit and Risk Management Committee

Mr. Ang Chun Giap

(Independent Director)
(Chairman)

Mr. Sng Peng Chye

(Independent Director)

Mr. Chen Mingyu (陳明宇)

(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. Sng Peng Chye

(Independent Director)
(Chairman)

Mr. Yeo Guat Kwang

(Lead Independent Director)

Mr. Chen Mingyu (陳明宇)

(Independent Director)

Management Team

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.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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

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 2020.

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 42 to 126 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 2020, 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	(Appointed on 23 November 2020)
Wang Qing	(Appointed on 23 November 2020)
Yang Jun Rong	(Appointed on 23 November 2020)
Yeo Guat Kwang	(Appointed on 23 November 2020)
Ang Chun Giap	(Appointed on 23 November 2020)
Sng Peng Chye	(Appointed on 23 November 2020)
Chen Mingyu	(Appointed on 23 November 2020)
Dr. Jiang Minghua	(Appointed on 23 November 2020)

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:

Names of directors and companies in which interests are held	Shareholdings registered in names of directors		Shareholdings in which directors are deemed to have an interest	
	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	64,000,000	640,000,000 ⁽ⁱ⁾
Yang Jun Rong (Note B)	—	—	8,000,000	76,230,000 ⁽ⁱ⁾
Tianjin Changxin Film & Media Co., Ltd. ("Tianjin Changxin") (Ordinary shares) ⁽ⁱⁱ⁾				
Guo Jingyu	— ⁽ⁱⁱ⁾	— ⁽ⁱⁱ⁾	—	—

(i) The shareholdings as at end of year is inclusive of the impact of share split on 25 November 2020, with each share was sub-divided into 10 shares (Note 27).

(ii) 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, as set out in Note 2.

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 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, Chapter 289 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 2021 were the same as at 31 December 2020.

⁽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.

DIRECTORS' STATEMENT

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, consisting all non-executive directors, is chaired by Mr. Ang Chun Giap, an independent director, and includes Mr. Sng Peng Chye, an independent director and Mr. Chen Mingyu, an independent director. 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 annual announcement 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

31 March 2021

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 2020, 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 42 to 126.

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 2020 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)

Key audit matter(s)	How the matter was addressed in the audit
<p><u>Revenue recognition</u></p> <p>For the financial year ended 31 December 2020, total revenue of the Group amounted to \$127.1 million which is mainly contributed by television program and film production segment of \$108.5 million. Under SFRS(I) 15 <i>Revenue from Contracts with Customers</i>, 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.</p> <p>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.</p> <p>We focused on revenue as a key audit matter as this is a significant audit risk for the Group. In addition, significant judgements are involved in evaluating the contractual terms and 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.</p> <p>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.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Discussed with management on the processes involved in the revenue cycles and performed walkthroughs to confirm our understanding and to evaluate the design and assessed the implementation of the relevant controls; Reviewed and evaluated the Group's revenue recognition policy in accordance with SFRS(I) 15 <i>Revenue from Contracts with Customers</i>; Reviewed significant contracts during the financial year to understand the performance obligations as agreed with the customers; 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; For revenue recognised over time, <ul style="list-style-type: none"> (i) 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; (ii) 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; and (iii) evaluated management's judgements in estimating the total contract costs; and Reviewed the adequacy and appropriateness of the related disclosures in the financial statements. <p>Based on the procedures performed, we considered the significant judgements and the key estimates applied by management to be reasonable.</p>

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
<p><u>Consolidation of PRC Affiliated Entities' financial information</u></p> <p>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 2(xix) of the financial statements.</p> <p>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.</p> <p>The Group's critical judgement in determining control over the PRC Affiliated Entities is set out in Notes 2(xix) and 4(i) to the financial statements.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • 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. <p>Based on the procedures performed, we considered management's judgement made on the Group's control over the PRC Affiliated Entities to be reasonable.</p>

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, other than the appendix to annual report, which is expected to be made available to us after that date.

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.

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 (CONTINUED)

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the appendix to annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance, and take appropriate actions in accordance with SSAs.

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.
- 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.

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)

- 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

31 March 2021

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	111,931	17,356	101,648	423
Trade receivables	8	27,474	44,166	—	—
Other receivables	9	10,357	5,041	18,006	—
Advances to a subsidiary	6A	—	—	7,450	7,100
Amount due from related parties	24	1,257	9,082	—	—
Contract assets	10	53,191	4,956	—	—
Contract costs	11	869	577	—	—
Financial assets at fair value through profit or loss	12	215	—	—	—
Inventories		179	—	—	—
Finance lease receivables		—	3	—	—
Films and drama productions in progress	13A	8,920	23,307	—	—
Films and drama products	13B	5,296	—	—	—
		219,689	104,488	127,104	7,523
Non-current assets					
Plant and equipment	14	3,899	3,670	—	—
Right-of-use assets	15	4,845	2,620	—	—
Finance lease receivables		—	5	—	—
Goodwill	16	1,111	1,111	—	—
Intangible assets	17	2,056	327	—	—
Other receivables	9	104	83	—	—
Deferred tax assets	18	1,042	203	—	—
Investment in subsidiaries	20A	—	—	8,518	8,518
Investment in associates	20B	—	422	—	—
		13,057	8,441	8,518	8,518
Total assets		232,746	112,929	135,622	16,041
LIABILITIES					
Current liabilities					
Trade and other payables	21	37,628	38,059	4,989	10,458
Dividend payable		5,000	—	5,000	—
Film investment funds from investors	22	4,072	2,708	—	—
Contract liabilities	23	6,894	21,629	—	—
Amount due to related parties	24	1,058	23,229	11	—
Lease liabilities	25	1,469	1,251	—	—
Borrowings	26	7,125	4,825	—	—
Income tax payable		3,807	2,582	—	—
		67,053	94,283	10,000	10,458
Non-current liabilities					
Lease liabilities	25	3,221	1,228	—	—
Deferred tax liabilities	18	3,846	—	—	—
		7,067	1,228	—	—
Total liabilities		74,120	95,511	10,000	10,458
NET ASSETS		158,626	17,418	125,622	5,583

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2020

		Group		Company	
	Note	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
EQUITY					
Share capital	27	14	641	14	12
Share premium	28	117,889	5,713	117,889	5,713
Capital reserve		629	–	–	–
Statutory reserve		297	297	–	–
Retained earnings (Accumulated losses)		38,731	10,665	7,719	(142)
Translation reserves		1,066	102	–	–
Total equity		158,626	17,418	125,622	5,583

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

		Group	
	Note	2020 \$'000	2019 \$'000
Revenue	29	127,095	66,000
Cost of sales		(71,426)	(47,184)
Gross profit		55,669	18,816
Other income	30	9,668	6,575
Share of result from associate	20B	(11)	35
Administrative expenses		(10,942)	(5,177)
Selling and distribution expenses		(6,701)	(1,887)
Other expenses	31	(623)	(2,035)
Finance costs	32	(985)	(931)
Profit before income tax		46,075	15,396
Income tax expense	33	(8,009)	(2,962)
Profit for the year	34	38,066	12,434
Other comprehensive income (loss), net of income tax:			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) difference arising on translation of foreign operations		964	(45)
Total comprehensive income for the year		39,030	12,389
Earnings per share			
Basic and diluted (cents)	37	4.15	1.36

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

					(Accumulated losses)		
	Note	Share capital \$'000	Share premium \$'000	Capital reserve ⁽ⁱ⁾ \$'000	Statutory reserve ⁽ⁱⁱ⁾ \$'000	Retained earnings \$'000	Total equity \$'000
Group							
Balances at 1 January 2019		642	8,512	–	–	(1,472)	7,829
<i>Total comprehensive income for the year:</i>							
Profit for the year		–	–	–	–	12,434	12,434
Other comprehensive loss for the year		–	–	–	–	(45)	(45)
		–	–	–	–	12,434	12,389
<i>Transactions with owners, recognised directly in equity:</i>							
Share buy-back from a shareholder of the Company	27, 28	(1)	(2,799)	–	–	–	(2,800)
Transfer to statutory reserves		–	–	–	297	(297)	–
		(1)	(2,799)	–	297	(297)	(2,800)
Balances at 31 December 2019		641	5,713	–	297	10,665	17,418
<i>Total comprehensive income for the year:</i>							
Profit for the year		–	–	–	–	38,066	38,066
Other comprehensive income for the year		–	–	–	–	964	964
		–	–	–	–	38,066	39,030
<i>Transactions with owners, recognised directly in equity:</i>							
Conversion of loan to share capital	28	*	7,736	–	–	–	7,736
Issue of shares	27, 28	2	107,487	–	–	–	107,489
IPO expenses taken to equity		–	(3,047)	–	–	–	(3,047)
Deemed capital contribution		(629)	–	629	–	–	–
Dividends declared	40	–	–	–	–	(10,000)	(10,000)
		(627)	112,176	629	–	(10,000)	102,178
Balances at 31 December 2020		14	117,889	629	297	38,731	158,626

* Amount less than \$1,000.

(i) The paid-in capital of \$629,000 of Tianjin Changxin injected by the Individual Shareholders is accounted for as a capital contribution to the Group following the completion of the corporate reorganisation exercise of the Group (Note 2).

(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 2020

			(Accumulated losses) Retained earnings	
	Note	Share capital \$'000	Share premium \$'000	Total \$'000
Company				
Balance at 1 January 2019		13	8,512	(14)
Loss for the year, representing total comprehensive loss for the year		–	–	(128)
Share buy-back from a shareholder of the Company, representing transaction with owners, recognised directly in equity	27,28	(1)	(2,799)	–
Balance at 31 December 2019		12	5,713	(142)
Profit for the year, representing total comprehensive income for the year		–	–	17,861
<i>Transaction with owners, recognised directly in equity:</i>				
Conversion of loan to share capital	28	*	7,736	–
Issue of shares	27,28	2	107,487	–
IPO expenses taken to equity		–	(3,047)	–
Dividends declared	40	–	–	(10,000)
		2	112,176	(10,000)
Balance at 31 December 2020		14	117,889	7,719
				125,622

* Amount less than \$1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Group	
	For the year ended	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Operating activities		
Profit before income tax	46,075	15,396
Adjustments for:		
Amortisation of films and drama products	9,439	30,359
Amortisation of intangible assets	62	7
Depreciation of plant and equipment	729	315
Depreciation of right-of-use assets	1,634	993
Allowance for expected credit losses	82	89
Written-off of plant and equipment	8	–
Impairment loss of contract costs	728	–
IPO listing expenses	4,666	–
Gain on disposal of right-of-use assets	(34)	–
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	(83)	(51)
Interest expense	985	931
Gain on structured deposits	(27)	(15)
Share of result from associate	11	(35)
Fair value increase in amount due to an external investor	299	1,523
Net foreign exchange difference	988	148
Operating cash flows before movements in working capital	62,194	49,660
Films and drama productions in progress (Note A)	(1,857)	(31,727)
Films and drama products	8,693	–
Trade and other receivables	10,761	(52,749)
Amount due from related parties	7,825	(9,051)
Contract assets	(48,292)	(4,962)
Contract costs	(1,020)	(577)
Trade and other payables	2,419	20,144
Amount due to related parties	(5,873)	6,886
Inventories	(179)	–
Contract liabilities	(15,463)	11,678
Cash generated from (used in) operations	19,208	(10,698)
Interest income received	82	50
Interest paid	(978)	(285)
Income tax paid	(4,043)	(103)
Net cash generated from (used in) operating activities	14,269	(11,036)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Group	
	For the year ended	
	31 December	31 December
	2020	2019
	\$'000	\$'000
Investing activities		
Purchase of plant and equipment (Note B)	(1,189)	(2,871)
Financial assets at fair value through profit or loss	(215)	–
Purchase of intangible assets	(1,817)	(238)
Repayments of finance lease receivables	–	4
Investment in structured deposits (Note C)	27	15
Advance to a related party	(1,772)	(2,083)
Proceeds from advance to a related party	–	2,083
Disposal of (Addition to) investment in an associate (Note 20B)	3,572	(393)
Acquisition of a subsidiary (Note 19(a))	3,131	–
Net cash from (used in) investing activities	1,737	(3,483)
Financing activities		
Dividend paid to shareholders	(5,000)	–
Repayment of lease liabilities	(1,493)	(968)
Proceeds from borrowings	6,969	4,825
Repayment of borrowings	(4,968)	–
Proceeds from amount due to a third party	–	7,500
Proceeds of film investment funds from investors at amortised cost (Note 22)	4,381	2,708
Repayments of film investment funds to an investor at amortised cost (Note 22)	(3,186)	–
Proceeds of film investment funds from an external investor at FVTPL (Note 22)	–	6,977
Repayments of film investment funds to an external investor at FVTPL (Note 22)	–	(11,256)
(Repayment) Proceeds from amount due to related parties	(16,780)	16,298
Repayment of loan due to an entity connected to a shareholder of the Company	–	(4,118)
Repayment of loan due to director of a subsidiary	(1,631)	(3,859)
Shares buy-back	(2,800)	–
Proceeds from issuance of shares	107,489	–
IPO listing expenses paid	(4,413)	–
Net cash from financing activities	78,568	18,107
Net increase in cash and cash equivalents	94,574	3,588
Cash and cash equivalents at beginning of year	17,356	13,778
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1	(10)
Cash and cash equivalents at end of year (Note 7)	111,931	17,356

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

Note A:

Additions of films and drama productions in progress (Note 13A)
 Sales of films and drama productions in progress (Note 13A)
 Less: Non-cash movement:
 Amortisation of intangible assets capitalised as films and drama
 productions in progress (Note 17)
 Amount utilised for drama production (Note 17)

Group	
For the year ended	
31 December	31 December
2020	2019
\$'000	\$'000
4,520	31,857
(2,638)	–
(25)	(33)
–	(97)
1,857	31,727

Note B:

Purchase of plant and equipment (Note 14)
 Add: Settlement on purchase of plant and equipment remained payable
 as at the opening of the year
 Less: Non-cash movement
 Trade-in with right-of-use assets
 Purchase of plant and equipment remained payable as at the
 end of the year

Group	
For the year ended	
31 December	31 December
2020	2019
\$'000	\$'000
799	3,406
535	–
(145)	–
–	(535)
1,189	2,871

Note C:

In the financial year ended 31 December 2020, 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 2020, gross investment and proceeds received arising from such investment upon maturity amounted to \$22,368,000 and \$22,395,000 (31 December 2019: \$9,593,000 and \$9,608,000) respectively.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 and associates are disclosed in Note 20A and Note 20B 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 2020 were authorised for issue by the Board of Directors on 31 March 2021.

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the corporate reorganisation exercise to rationalise the structure of the Company and its subsidiaries, including structured entities (the "Group") in preparation for the initial listing of the shares of the Company on the Singapore Exchange Securities Trading ("SGX-ST") (the "Corporate Reorganisation Exercise"), the Group undertook the following steps:

(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.

(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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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;
- (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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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.

- (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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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 makeup 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.

(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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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.

(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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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 HKD1, 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.

(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 A)

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note A:

Contractual Arrangements

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 (see Note 20A), 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.

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 PRC Affiliated Entities will make payment of service fees to the WFOEs when the service agreements are effective from financial year ending 31 December 2021.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 CORPORATE REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note A: (Continued)

Contractual Arrangements (Continued)

Agreement on Exclusive Purchasing Power (Continued)

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.

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.

Basis of preparation of the consolidated financial statements

The Group resulting from the above corporate reorganisation 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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.

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 2020, 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 were issued but not effective:

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

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*

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) in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 BASIS OF CONSOLIDATION (CONTINUED)

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.

3.4 BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 BUSINESS COMBINATIONS (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3.6.1 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.1 *Financial assets* (Continued)

Amortised cost and effective interest method (Continued)

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.

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 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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, lease 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, contract assets and lease receivables. 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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.1 *Financial assets* (Continued)

Impairment of financial assets (Continued)

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. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 *Leases*.

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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

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 a group are 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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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)

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 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).

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 FINANCIAL INSTRUMENTS (CONTINUED)

3.6.2 *Financial liabilities and equity instruments* (Continued)

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 produce. 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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

The Group as lessee (Continued)

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.

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 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

The Group as lessee (Continued)

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 statement 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.

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.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to an office space that is sub leased to a third party. The Group also rents concert equipment owned by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of SFRS(I) 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LEASES (CONTINUED)

The Group as a lessor (Continued)

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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.

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
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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 PLANT AND EQUIPMENT (CONTINUED)

The gain or loss arising on disposal or retirement of an item of plant and equipment 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

Intangible assets acquired separately

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.

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 set	–	10 years
Computer software	–	3 years
Software royalty	–	5 years

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 INTANGIBLE ASSETS (CONTINUED)

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.

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 ASSOCIATES – An associate is an entity over which the Group has significant influence. 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.

The results and assets and liabilities of associates 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 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 INVESTMENT IN ASSOCIATES (CONTINUED)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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. 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 to sell) 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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate 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 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate 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 is disposed of.

When the Group reduces its ownership interest in an associate 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 of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate 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).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 complete satisfaction of 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 pattern 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).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 PROVISIONS (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 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 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 episodes 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 services for post-production are recognised over time over the contractual period.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 REVENUE RECOGNITION (CONTINUED)

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 statement 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.

Costume, make-up and props services

The Group provides services to producers on areas relating to drama production activities in designing and making of costume and make-up services for artiste as well as props services for drama production. 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 specialist independent tax advice.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 INCOME TAX (CONTINUED)

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.

3.23 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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

(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 proportionate 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.

As a result of the Contractual Arrangements as disclosed in Note 2(xix), 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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

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

Classification of film investment (Continued)

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" which were financial liabilities. The determination of the relevant activities under joint arrangements requires management's significant judgement.

(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

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 2020

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets				
Financial assets at amortised cost	144,188	70,413	127,104	7,523
Financial assets at FVTPL	215	—	—	—
Finance lease receivables	—	8	—	—
	144,403	70,421	127,104	7,523
Financial liabilities				
Financial liabilities at amortised cost	40,343	55,782	10,000	10,458
Lease liabilities	4,690	2,479	—	—
	45,033	58,261	10,000	10,458

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

The Group does not have any financial instruments subject to enforceable master netting arrangements or similar agreement as at 31 December 2020 and 2019.

(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		Group	
	2020	2019	2020	2019
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Singapore dollar	430	87	—	12,609
Australia dollar	977	—	94	—
Chinese Yuan	—	502	6,989	6,784
Malaysian Ringgit	2,759	2,805	—	—
New Taiwan dollar	215	—	—	—
United States dollar	653	745	2,343	1,632

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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

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

(i) Foreign exchange risk (Continued)

	2020		Company	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Chinese Yuan	–	502	–	–
Malaysian Ringgit	–	74	–	–
United States dollar	13	–	14	31

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 increase (decrease) by:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	34	(1,261)	–	–
Australia dollar	98	9	–	–
Chinese Yuan	(50)	21	(50)	–
Malaysian Ringgit	(5)	–	(7)	–
New Taiwan dollar	22	–	–	–
United States dollar	(9)	71	1	(2)

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 rate. 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 2020

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						
<u>2020</u>						
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
<u>2019</u>						
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	44,249	(83)	44,166
Other receivables	9	Performing	12-month ECL	1,902	—	1,902
Amount due from related parties (Trade)	24	(i)	Lifetime ECL (simplified approach)	6,989	—	6,989
Contract assets	10	(i)	Lifetime ECL (simplified approach)	4,962	(6)	4,956
Finance lease receivables		(i)	Lifetime ECL (simplified approach)	8	—	8
				58,110	(89)	58,021
Company						
<u>2020</u>						
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
<u>2019</u>						
Advances to a subsidiary	6	Performing	12-month ECL	7,100	—	7,100

(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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 year end, the Group has significant trade receivables and contract assets from three debtors and one customer (2019: two debtors and one customer) amounting to \$24,056,000 and \$53,191,000 (2019: \$43,022,000 and \$4,956,000) indicating significant concentration of credit risk respectively.

Further details of credit risks on trade and other receivables, contract assets, and amount due from related parties 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
<u>2020</u>						
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
<u>2019</u>						
Non-interest bearing	—	40,748	—	—	—	40,748
Lease liabilities (fixed rate)	5.44	1,345	1,271	—	(137)	2,479
Fixed interest rate instruments	7.40	15,654	—	—	(620)	15,034
		57,747	1,271	—	(757)	58,261

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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)

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
<u>2020</u>						
Non-interest bearing	—	10,000	—	—	—	10,000
<u>2019</u>						
Non-interest bearing	—	2,958	—	—	—	2,958
Fixed interest rate instruments	8.00	7,750	—	—	(250)	7,500
		10,708	—	—	(250)	10,458

(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.

(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, 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

6A HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (CONTINUED)

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.

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:

	2020 \$'000	2019 \$'000
With ultimate controlling shareholder and director:		
Loan from director	—	(14,894)
With an associate company:		
Advance to associate company (Note A)	1,772	2,083
Advance from associate company	—	(1,404)
With entities associated to a shareholder of the Company and non-executive director:		
Net income arising from concert management	—	(203)
Prepayment of grant of rights for concert production	792	2,093
Expenses arising from concert production	1,910	—
Royalty fee expenses	109	—
With family members of the ultimate controlling shareholder and director:		
Artist service fees*	382	425
Artist service fees arising from joint operations* (Note B)	—	493
Provision of talent management services arising from joint operations (Note C)	—	(47)
With an entity controlled by a family member of the ultimate controlling shareholder and director:		
Artist service fees*	1,060	48
Provision of talent management services	(5)	—
With a key management personnel of the Company:		
Acquisition of associate	—	393

* Amount pertains to artists 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

6B RELATED PARTY TRANSACTIONS (CONTINUED)

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)).

Note B: During the year ended 31 December 2019, total artiste service fees amounted to \$1,076,000 of which \$493,000 relates to the Group's proportionate share of the joint operation expenses.

Note C: During the year ended 31 December 2019, total talent management service income amounted to \$87,000 of which \$47,000 relates to service income earned from joint operators.

Compensation of directors and key management personnel

In 2020, the remuneration of directors and other members of key management (2019: directors who are members of key management) were as follows:

	2020 \$'000	2019 \$'000
Short-term benefits	1,104	745
Post-employment benefits	71	17
	1,175	762

During the year ended 31 December 2020, included in the short-term benefits are non-monetary benefits provided to a member of key management personnel, which depreciation of right-of-use assets of \$11,000 (2019: \$Nil) has been recognised in profit or loss.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank	111,928	17,353	101,648	423
Cash on hand	3	3	—	—
	111,931	17,356	101,648	423

8 TRADE RECEIVABLES

	Group	
	2020 \$'000	2019 \$'000
Trade receivables:		
Outside parties	16,443	34,445
Unbilled receivables	11,144	9,804
Loss allowance	(113)	(83)
	27,474	44,166

As at 1 January 2019, trade receivables from contract with customers amounted to \$174,000.

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

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

8 TRADE RECEIVABLES (CONTINUED)

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 an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate. 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
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)
						<u>27,474</u>
2019						
Estimated total gross carrying amount at default	29,854	1,945	12,341	–	109	44,249
Lifetime ECL	–	–	–	–	(83)	(83)
						<u>44,166</u>

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	
	2020 \$'000	2019 \$'000
At the beginning of the year	83	–
Change in loss allowance	25	83
Exchange difference	5	–
At the end of the year	<u>113</u>	<u>83</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

9 OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Other receivables (current portion):				
Outside parties	675	31	6	—
Joint operator	164	—	—	—
Dividend receivable from subsidiary	—	—	18,000	—
With an entity connected to a shareholder of the Company	561	—	—	—
Amount due from an investor of film investment fund ⁽ⁱ⁾	—	1,231	—	—
Advances to a joint operator	116	—	—	—
Advances to staff	11	41	—	—
Advances to third party contractor	—	756	—	—
Director of a subsidiary	326	309	—	—
Refundable security deposits	131	207	—	—
Prepayments	4,390	1,588	—	—
Value-added tax receivable	1,172	878	—	—
Grant receivables ⁽ⁱⁱ⁾	2,811	—	—	—
	10,357	5,041	18,006	—
Other receivables (non-current portion):				
Refundable security deposits	104	83	—	—
Total	10,461	5,124	18,006	—

(i) As at 31 December 2019, amount due from an investor of film investment fund is measured at amortised cost, which is the estimated amount to be received from the film investor upon final settlement with the film investor (Note 22). The amount was subsequently received from the film investor in 2020.

(ii) The grant receivables are related to grants for production of dramas under television program and film production business segment which was received subsequent to the reporting date and Jobs Support Scheme provided by government during COVID-19 outbreak.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

10 CONTRACT ASSETS

	Group	
	2020 \$'000	2019 \$'000
Drama and film production	53,255	4,962
Less: loss allowance	(64)	(6)
	53,191	4,956

As at 1 January 2019, contract assets amounted to \$Nil.

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.

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	
	2020 \$'000	2019 \$'000
At the beginning of the year	6	—
Change in loss allowance	57	6
Exchange difference	1	—
At the end of the year	64	6

11 CONTRACT COSTS

	Group	
	2020 \$'000	2019 \$'000
Costs to fulfil contracts	869	577

The Group incurred cost 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 2020, an impairment loss of \$728,000 been recognised due to postponement of concerts in Malaysia and Australia arising from travel restrictions and concerns over the COVID-19 outbreak (Note 41). For the financial year ended 31 December 2019, there was no impairment loss in relation to the costs capitalised.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2020 \$'000	2019 \$'000
At the beginning of the year	–	–
Additions	215	–
At the end of the year	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. 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 the investments. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

13A FILMS AND DRAMA PRODUCTIONS IN PROGRESS

	Group	
	2020 \$'000	2019 \$'000
At the beginning of the year	23,307	22,085
Additions	4,520	31,857
Arising from acquisition of a subsidiary (Note 19)	6,284	–
Transfer to films and drama products (Note 13B)	(23,312)	(30,359)
Sales of films and drama productions in progress ⁽ⁱ⁾	(2,638)	–
Exchange differences	759	(276)
At the end of the year	8,920	23,307

(i) 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.

Films and drama productions in progress represents the production costs, costs of services, direct labour costs, facilities and raw materials consumed under production. It is accounted for on a film-by-film or drama-by-drama basis. Films and drama productions in progress is stated at cost incurred to date, less any identified impairment losses.

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. The Group has joint control on the key relevant activities of the drama and film production as under the contractual agreements, unanimous consent is required from all parties to direct the key relevant activities. As at 31 December 2020, \$50,000 (2019: \$12,900,000) 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:

- Drama Perfect Village 最美的乡村: 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).

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

13A FILMS AND DRAMA PRODUCTIONS IN PROGRESS (CONTINUED)

- b) Make a Wish Miss Xianqi 仙琦小姐许愿吧: 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).
- c) The 10th Regiment 第十团: In 2020, the Group has a 50.0% share in the ownership of the drama production in progress.

13B FILMS AND DRAMA PRODUCTS

	Group	
	2020 \$'000	2019 \$'000
Cost:		
At the beginning of the year	30,390	–
Transfer from films and drama productions in progress (Note 13A)	23,312	30,359
Sales of films and drama products	(8,693)	–
Exchange differences	673	31
At the end of the year	45,682	30,390
Accumulated amortisation:		
At the beginning of the year	30,390	–
Provided during the year	9,439	30,359
Exchange differences	557	31
At the end of the year	40,386	30,390
Net carrying amount	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 2020 was determined based on the expected future revenues.

The Group has the following material joint operations in PRC:

- 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 最美的乡村 was increased from 45.7% to 60.0%.
- In July 2020, the Group sold the 70.0% share in the ownership of the drama production in Make a Wish Miss Xianqi 仙琦小姐许愿吧 for a consideration of \$13,818,000 (equivalent to RMB70,000,000).
- As at 31 December 2020, \$3,510,000 and \$377,000 relate to the Group's proportionate share in the ownership of the drama Perfect Village 最美的乡村 and The Love 最初的相遇, 最后的别离, respectively. The Group has a 20.0% in ownership of the drama The Love 最初的相遇, 最后的别离 in 2020. The Group is entitled to a proportionate share of the revenue received and bears a proportionate share of the joint operation's expenses.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

14 PLANT AND EQUIPMENT

	Leasehold improvements \$'000	Motor vehicles \$'000	Furniture and fixtures \$'000	Office equipment \$'000	Computer equipment \$'000	Filming equipment \$'000	Concert equipment \$'000	Total \$'000
Group								
Cost:								
At 1 January 2019	381	215	34	33	135	37	–	835
Additions	8	–	12	3	40	–	3,343	3,406
Exchange differences	(1)	(1)	*	*	(1)	(2)	(6)	(11)
At 31 December 2019	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
Accumulated depreciation:								
At 1 January 2019	162	15	13	8	44	3	–	245
Depreciation	134	43	14	5	49	7	63	315
Exchange differences	*	*	*	*	*	*	*	*
At 31 December 2019	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
Carrying amount:								
At 31 December 2019	92	156	19	23	81	25	3,274	3,670
At 31 December 2020	37	409	69	17	303	19	3,045	3,899

* 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 average lease term is between 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 2019	863	23	239	1,125
Additions	2,641	–	116	2,757
Exchange differences	(4)	(1)	(1)	(6)
At 31 December 2019	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
Accumulated depreciation:				
At 1 January 2019	194	3	68	265
Depreciation	937	5	51	993
Exchange differences	(1)	(1)	*	(2)
At 31 December 2019	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
Carrying amount:				
At 31 December 2019	2,370	15	235	2,620
At 31 December 2020	4,744	8	93	4,845

* 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 \$4,529,000 and \$2,757,000 in 31 December 2020 and 2019 respectively.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

16 GOODWILL

	Group S\$'000
Cost:	
At 1 January 2019, 31 December 2019 and 31 December 2020	1,111
Accumulated impairment:	
At 1 January 2019, 31 December 2019 and 31 December 2020	–
Carrying amount:	
At 31 December 2019 and 31 December 2020	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 GHY Singapore group in 2018 (Note 2(iii)) and is allocated as follows:

	Group 2020 \$'000	2019 \$'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% (2019: 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 12.05% (2019: 13.35%).

As at 31 December 2020 and 2019, 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

17 INTANGIBLE ASSETS

	Film and drama adaptation licenses \$'000	Rights to the film set under construction \$'000	Rights to the film set \$'000	Computer software \$'000	Software royalty \$'000	Total \$'000
Cost:						
At 1 January 2019	274	—	—	—	8	282
Additions	—	238	—	—	—	238
Utilised for drama production	(127)	—	—	—	—	(127)
Exchange difference	*	*	—	—	*	*
At 31 December 2019	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
Accumulated amortisation:						
At 1 January 2019	57	—	—	—	—	57
Amortisation charge	38	—	—	—	2	40
Utilised for drama production	(30)	—	—	—	—	(30)
Exchange difference	(1)	—	—	—	*	(1)
At 31 December 2019	64	—	—	—	2	66
Amortisation charge	29	—	45	12	1	87
Exchange difference	—	—	*	—	*	*
At 31 December 2020	93	—	45	12	3	153
Carrying amount:						
At 31 December 2019	83	238	—	—	6	327
At 31 December 2020	53	—	1,913	85	5	2,056

* Amount less than \$1,000.

Film and drama adaptation licences are amortised over their estimated useful life of 5 to 6 years. The amortisation expenses of \$25,000 and \$33,000 have been capitalised in the line item 'films and drama productions in progress' in statements of financial position as at 31 December 2020 and 2019 (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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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
	2020
	\$'000
Deferred tax liabilities	3,846
Deferred tax assets	(1,042)
	2,804
	2019
	\$'000
At 1 January 2019	(360)
Charge to profit or loss during the period (Note 33)	149
Exchange differences	8
At 31 December 2019	(203)
Arising from acquisition of subsidiary (Note 19(a))	68
Charge to profit or loss during the period (Note 33)	2,877
Exchange differences	62
At 31 December 2020	2,804

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 2020, deferred tax assets arose from deductible temporary differences and unutilised tax losses of \$541,000 and \$501,000 (2019: \$84,000 and \$119,000) 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 2020, the Group has unutilised tax losses of \$1,770,000 (2019: \$474,000) available for offset against future profits. A deferred tax asset has been recognised in respect of \$1,757,000 (2019: \$474,000) of such losses, including an amount of \$1,334,000 (2019: \$474,000) that will expire at the end of the year 2025 (2019: year 2024) and an amount of \$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 \$13,000 (2019: \$Nil) due to the unpredictability of future profit streams. These tax losses will expire at the end of the 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 were \$7,492,000 and \$15,412,000 as of 31 December 2019 and 2020.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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), as described in Note 2(xiii). 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.

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
<u>Current assets</u>	
Cash and cash equivalents	3,270
Films and drama productions in progress	6,284
<u>Current liability</u>	
Trade and other payables	(9,066)
<u>Non-current liability</u>	
Deferred tax liabilities	(68)
Net assets acquired and liabilities assumed	420

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	(154)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

19 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Acquisition of 70% equity interest in Beijing Yizhongdao on 26 May 2020 (Continued)

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)	<u>61</u>

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.

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	<u>3,131</u>

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2020 is \$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

As described in Note 2(xv), 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

19 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

(b) Disposal of 51% equity interest in Beijing Lingzhanglei on 11 June 2020 (Continued)

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	—

20A INVESTMENT IN SUBSIDIARIES

	Company	
	2020 \$'000	2019 \$'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 (Note 2) are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Effective percentage of equity interest and voting power held	
			2020 %	2019 %
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 ^(iv)	Investment holding	Hong Kong	100	100
BJHJHL Limited ^(iv)	Investment holding	Hong Kong	100	–
Indirectly held:				
GHY Culture & Media (Malaysia) Sdn Bhd ⁽ⁱⁱⁱ⁾	TV program and film production; Concert production	Malaysia	100	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
Tianjin Zhengzai Vision Co., Ltd. (天津正在視覺有限公司) ⁽ⁱⁱⁱ⁾	Costume, props and makeup services	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

YEAR ENDED 31 DECEMBER 2020

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	
			2020 %	2019 %
Indirectly held:				
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	—
Tianjin Xinyuan Culture & Broadcast Co., Ltd. (天津信遠文化傳播有限公司) ⁽ⁱⁱⁱ⁾	Consultancy services	PRC	100	—
Beijing Lingzhanglei Film & Media Co., Ltd. (北京靈長類影視傳媒有限公司) ⁽ⁱⁱⁱ⁾	TV program and film production and operation	PRC	—	51

Structured entities controlled via the Contractual Arrangements⁽ⁱⁱⁱ⁾ (Note 2):

Name of subsidiaries	Principal activities	Country of incorporation/ place of business	Effective percentage of equity interest and voting power held	
			2020 %	2019 %
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)	TV program and film production and operation	PRC	100	— ^(v)

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

YEAR ENDED 31 DECEMBER 2020

20A INVESTMENT IN SUBSIDIARIES (CONTINUED)

- (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)). Refer to Note 2(xiii) to the financial statements.

20B INVESTMENT IN ASSOCIATES

	Group	
	2020 \$'000	2019 \$'000
Cost of investment in associates	—	393
Share of post-acquisition profit	—	35
Foreign currency exchange differences	—	(6)
	—	422

The details of the Group's associates for the financial year, taking into account the Corporate Reorganisation Exercise (Note 2) are as follows:

Name of associates	Principal activities	Country of incorporation/ place of business	Percentage of shareholding and voting power held	
			2020 %	2019 %
Beijing Honghaier Film & Culture Co., Limited (北京紅孩兒映畫影視文化有限公司) ⁽ⁱ⁾	Script production	PRC	— ⁽ⁱⁱⁱ⁾	27.6
Shanghai Honghaier Film & Culture Co., Limited (上海紅孩兒映畫影視文化有限公司) ^{#(i)}	Script production	PRC	— ⁽ⁱⁱⁱ⁾	27.6
Beijing Yizhongdao Film & Media Co., Ltd. (北京易中道影視傳媒有限公司) ⁽ⁱ⁾	TV program and film production and operation	PRC	— ⁽ⁱⁱⁱ⁾	30

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

YEAR ENDED 31 DECEMBER 2020

20B INVESTMENT IN ASSOCIATES (CONTINUED)

A wholly owned subsidiary of Beijing Honghaier Film & Culture Co., Ltd.

- (i) 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.
- (ii) On 18 June 2020, Tianjin Changxin disposed 27.6% of equity interest in Beijing Honghaier to an entity connected a shareholder of the Company as described in Note 2(xvi), 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 (Note 30) in profit or loss. The share of loss from associate for the financial year ended 31 December 2020 is \$11,000.
- (iii) 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. Refer to Note 2(xiii) to the financial statements.

The associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's material 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	
	2020 \$'000	2019 \$'000
Current assets	—	1,905
Non-current assets	—	*
Current liabilities	—	(376)
Non-current liabilities	—	—
	—	1,529
Post-acquisition revenue	—	870
Post-acquisition (loss) profit for the year	(42)	128
Total post-acquisition comprehensive (loss) income for the year	(42)	128

* Amount less than \$1,000.

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in these consolidated financial statements:

	Group	
	2020 \$'000	2019 \$'000
Net assets of the associate	—	1,529
Proportion of the Group's ownership interest in associate	—	27.6%
Carrying amount of the Group's interest in associate	—	422

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables:				
Outside parties	5,699	1,000	—	—
With entities connected to a shareholder of the Company	7,323	6,684	—	—
Other payables:				
Outside parties ⁽ⁱ⁾	756	9,224	3	7,500
Subsidiaries	—	—	2,709	58
Joint operators ⁽ⁱⁱ⁾	641	—	—	—
With an entity connected to a shareholder of the Company ⁽ⁱⁱⁱ⁾	777	1,199	—	—
Amount due to a shareholder of the Company ^(iv)	—	2,800	—	2,800
Advance receipts from joint operators:				
Outside parties	—	1,033	—	—
With entities connected to a shareholder of the Company	8,908	10,726	—	—
Loan from director of a subsidiary ^(v)	—	1,631	—	—
Loan from an entity connected to a shareholder of the Company ^(vi)				
– accrued interest	—	410	—	—
Accruals:				
Outside parties	3,604	1,746	270	—
With an entity connected to a shareholder of the Company	70	—	—	—
Accrued interest	197	326	—	100
Provision	79	42	—	—
Deferred income ^(vii)	1,103	1,238	—	—
Listing expense payable	1,722	—	429	—
Accrued listing expenses	1,578	—	1,578	—
Refund liabilities ^(viii)	721	—	—	—
Value added tax payable	4,450	—	—	—
	37,628	38,059	4,989	10,458

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 (2019: 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) For the financial year ended 31 December 2019, amount of \$7,500,000, which bore interest of 8% per annum and represented the amount due to a third party. Personal guarantee has been provided by the ultimate controlling shareholder and director of the Company on the outstanding balance as at 31 December 2019. In March 2020, such amount was settled by the third party subscribing 1,093,000 new shares in the Company, which represents approximately 1.20% of issued and paid-up share capital of the Company. Refer to Note 2(xi) to the financial statements.

(ii) As at 31 December 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.

(iii) As at 31 December 2020, \$197,000 (2019: \$1,199,000) 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 (2019: \$Nil) is payable to the joint operator for the proportionate share of revenue from sale of drama production.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

21 TRADE AND OTHER PAYABLES (CONTINUED)

- (iv) As at 31 December 2019, amount of \$2,800,000 due to a shareholder of the Company pertains to amount owing from share buy-back of 10,000,000 shares by the Company (Note 27). The amount was subsequently settled in 2020.
- (v) As of 31 December 2019, the advances of \$1,631,000 from the director of a subsidiary is unsecured, interest-free and repayable on demand. The amount was subsequently settled in 2020.
- (vi) As of 31 December 2018, the advances of \$4,118,000 from an entity connected to a shareholder of the Company bore fixed interest rate at 10% per annum. The principal was subsequently repaid in September 2019 and the remaining balance of \$410,000 was repaid in January 2020.
- (vii) As at 31 December 2020, deferred income of \$76,000 and \$1,027,000 (2019: \$Nil and \$1,238,000) represented Jobs Support Scheme and government grant received for drama production in progress, respectively. The deferred income will be recognised in profit or loss when the Group recognises as expenses the related cost for which the grants are intended to compensate.
- (viii) As at 31 December 2020, 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 41).

22 FILM INVESTMENT FUNDS FROM INVESTORS

	Group	
	2020 \$'000	2019 \$'000
At amortised cost:		
Balance at beginning of year	2,708	–
Additions		
Cash	4,381	2,708
Settlement		
Cash	(3,186)	–
Currency translation differences	169	–
Balance at end of year	4,072	2,708
At FVTPL:		
Balance at beginning of year	–	2,692
Additions		
Cash	–	6,977
Non-cash ⁽ⁱ⁾	–	2,302
Fair value increase in amount due to an external investor (Note 31)	–	1,523
Settlement		
Cash	–	(11,256)
Non-cash ⁽ⁱ⁾	–	(2,302)
Others	–	143
Currency translation differences	–	(79)
Balance at end of year	–	–
Total	4,072	2,708
Total losses for the year included in:		
<u>Profit or loss</u>		
Fair value increase in amount due to an external investor (Note 31)	299	1,523
<u>Other comprehensive loss</u>		
Currency translation differences arising from consolidation	169	(79)

As at 31 December 2020, the film investment funds from two investors (2019: one) for two (2019: one) drama and film productions is carried at amortised cost, bore interest ranging from 8% to 15% per annum (2019: 10% per annum) and is repayable within 12 months.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

22 FILM INVESTMENT FUNDS FROM INVESTORS (CONTINUED)

- (i) In financial year ended 31 December 2019, the repayment of film investment funds from investor of \$2,302,000 was netted against additional cost of investment required from investor on the production upon settlement.

23 CONTRACT LIABILITIES

	Group	
	2020 \$'000	2019 \$'000
Contract liabilities	6,894	21,629

As at 1 January 2019, contract liabilities amounted to \$9,951,000.

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.

As at 31 December 2019, the contract liabilities mainly pertain to advance receipts of ticket sales for upcoming concerts in 2020. This amount has been recognised as revenue when the concerts took place in 2020.

Revenue recognised in the financial year ended 31 December 2020 amounting to \$16,023,000 (2019: \$9,751,000) was included in contract liabilities at the beginning of the financial year.

24 AMOUNT DUE FROM (TO) RELATED PARTIES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
AMOUNT DUE FROM RELATED PARTIES:				
Trade				
(a) With a company controlled by a shareholder of the Company and non-executive director	—	6,989	—	—
(b) With entities associated to a shareholder of the Company and non-executive director				
– prepayment of grant of rights for concert production	1,257	2,093	—	—
	1,257	9,082	—	—

The credit period for trade-related balances is 30 days (2019: 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.

The non-trade receivables represent expenses paid on behalf of the related parties. They are unsecured, non-interest bearing and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

24 AMOUNT DUE FROM (TO) RELATED PARTIES (CONTINUED)

None of the amounts due from related parties at the end of the reporting period is past due.

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>AMOUNT DUE TO RELATED PARTIES:</u>				
<u>Non trade</u>				
(a) With ultimate controlling shareholder and director	—	14,894	—	—
(b) With an associate company	—	1,404	—	—
(c) With family members of ultimate controlling shareholder and director	3	2	—	—
(d) With directors of the Company	11	—	11	—
<u>Trade</u>				
(e) With a company controlled by a shareholder of the Company and non-executive director	—	6,784	—	—
(f) With family members of ultimate controlling shareholder and director – artiste fees	—	97	—	—
(g) With an entity controlled by a family member of ultimate controlling shareholder and director – artiste fees	1,044	48	—	—
	1,058	23,229	11	—

Trade payables principally comprise amounts outstanding for trade-related services received from related parties. The credit period taken for trade purchases is 30 days (2019: 30 days).

The non-trade payables representing advances received from related parties which are unsecured, interest-free and repayable on demand unless otherwise stated.

25 LEASE LIABILITIES (THE GROUP AS LESSEE)

	Group	
	2020 \$'000	2019 \$'000
Maturity analysis:		
Year 1	1,686	1,345
Year 2	1,093	939
Year 3	791	332
Year 4	528	—
Year 5	504	—
Year 6 onwards	756	—
	5,358	2,616
Less: Unearned interest	(668)	(137)
	4,690	2,479
Analysed as:		
Current	1,469	1,251
Non-current	3,221	1,228
	4,690	2,479

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

25 LEASE LIABILITIES (THE GROUP AS LESSEE) (CONTINUED)

The Group does not face a significant liquidity risk regarding its lease liabilities.

As at 31 December 2020, the weighted average incremental borrowing rate applied to the lease liabilities is 5.53% (2019: 5.44%) per annum.

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.

	1 January 2020 \$'000	Financing cash flows ⁽ⁱ⁾ \$'000	Non-cash changes New lease liabilities \$'000	Foreign exchange movement \$'000	Dividends declared \$'000	Other changes ⁽ⁱⁱⁱ⁾ \$'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 (Note 21)	410	—	—	—	—	(410)	—
Loan due to director of a subsidiary (Note 21)	1,631	(1,631)	—	—	—	—	—
Amount due to related parties (Note 24)	16,298	(16,780)	—	482	—	—	—
Other payables (Note 21)	7,600	—	—	—	—	(7,600)	—
Amount due to a shareholder of the Company (Note 21)	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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

25 LEASE LIABILITIES (THE GROUP AS LESSEE) (CONTINUED)

	Non-cash changes						
	1 January	Financing	New	Foreign	Non-	Other	31
	2019	cash	lease	exchange	recourse	changes ⁽ⁱⁱⁱ⁾	December
	\$'000	flows ⁽ⁱ⁾	liabilities	movement	factoring	\$'000	2019
		\$'000	\$'000	\$'000	facilities		\$'000
Film investment funds from investors (Note 22)	2,692	(1,571)	–	(79)	–	1,666	2,708
Lease liabilities (Note 25)	726	(968)	2,757	(36)	–	–	2,479
Borrowings (Note 26)	5,873	4,825	–	–	(5,873)	–	4,825
Loan from an entity connected to a shareholder of the Company (Note 21)	4,152	(4,118)	–	–	–	376	410
Loan due to director of a subsidiary (Note 21)	5,490	(3,859)	–	–	–	–	1,631
Amount due to related parties (Note 24)	–	16,298	–	–	–	–	16,298
Other payables (Note 21)	–	7,500	–	–	–	100	7,600
	18,933	18,107	2,757	(115)	(5,873)	2,142	35,951

(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.

26 BORROWINGS

As at the end of the reporting period, the Group have the following borrowings:

	Group	
	2020	2019
	\$'000	\$'000
Short-term bank loans	7,125	4,825

Bank borrowings bore interest rate at 6.73% per annum (2019: 5.01%) and are repayable within 12 months from the financial year end.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

27 SHARE CAPITAL

	Number of shares	Par value US\$	Share capital US\$
Authorised share capital of the Company: At 31 December 2019 and 2020	500,000,000	0.0001	50,000

For the purpose of presenting the paid-in capital/share capital of the Group prior to the completion of the Corporate Reorganisation Exercise as disclosed in Note 2, the balance at 1 January 2019 and 31 December 2019 represented the aggregate amounts of the paid-in capital under the ultimate controlling shareholder, which represents the share capital of the Company and Tianjin Changxin Film & Media Co., Ltd.

The share capital as at 31 December 2020 represented the issued share capital of the Company.

	Number of shares	
	2020	2019
<u>Company</u>		
Issued and fully paid:		
At beginning of year	90,000,000	100,000,000
Capitalisation of amount due to Mr. Ong Pang Aik (Note 2(xi)) ⁽ⁱⁱ⁾	1,093,000	—
Share split ⁽ⁱⁱⁱ⁾	819,837,000	—
Issue of shares during the year	162,862,000	—
Share buy-back and cancelled during the year ⁽ⁱ⁾	—	(10,000,000)
Deemed capital contribution ^(iv)	—	—
At end of year	1,073,792,000	90,000,000

	Share capital			
	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Issued and fully paid:				
At beginning of year	641	642	12	13
Capitalisation of amount due to Mr. Ong Pang Aik (Note 2(xi)) ⁽ⁱⁱ⁾	*	—	*	—
Share split ⁽ⁱⁱⁱ⁾	—	—	—	—
Issue of shares during the year	2	—	2	—
Share buy-back and cancelled during the year ⁽ⁱ⁾	—	(1)	—	(1)
Deemed capital contribution ^(iv)	(629)	—	—	—
At end of year	14	641	14	12

(i) In December 2019, the Company repurchased 10,000,000 shares at a consideration of \$2,800,000 from one of the shareholder of the Company. The shares are cancelled and the share capital of the Company was reduced from US\$10,000 (100,000,000 shares) to US\$9,000 (90,000,000 shares). These difference between consideration paid and shares buy back of \$2,799,000 are offset against share premium as of 31 December 2019.

(ii) As described in Note 2(xi), 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

27 SHARE CAPITAL (CONTINUED)

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 28).

(iii) 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.

(iv) 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 (Note 2).

28 SHARE PREMIUM

	Group and Company 2020 \$'000	2019 \$'000
At beginning of year	5,713	8,512
Share buy-back from a shareholder of the Company (Note 27)	—	(2,799)
Issue of shares during the year	107,487	—
IPO listing expenses	(3,047)	—
Capitalisation of amount due to Mr. Ong Pang Aik (Note 2(xi) and Note 27)	7,736	—
At end of year	117,889	5,713

29 REVENUE

	2020 \$'000	Group 2019 \$'000
Sale of television, drama and film production	108,528	60,651
Revenue from artistic performance and sponsorship revenue		
– Revenue as Concert Organiser	14,790	818
– Revenue from Concert Management	—	203
	14,790	1,021
Talent management service income	1,441	1,450
Costume, make-up and props services	666	2,643
Others	1,670	—
	127,095	65,765
Operating lease income from concert equipment	—	235
	127,095	66,000

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

29 REVENUE (CONTINUED)

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2020 \$'000	2019 \$'000
Timing of revenue recognition:		
At a point in time	49,534	49,126
Over time	77,561	16,639
	127,095	65,765

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	
	2020 \$'000	2019 \$'000
Performance obligations that are unsatisfied (or partially unsatisfied)	6,894	21,629

Management expects that full amount will be recognised as revenue during the next operating cycle.

30 OTHER INCOME

	Group	
	2020 \$'000	2019 \$'000
Interest income	83	51
Government grant	5,783	6,450
Gain on structured deposits	27	15
Net foreign currency exchange gain	367	–
Gain on disposal of right-of-use assets	34	–
Gain from bargain purchase of investment in a subsidiary (Note 19(a))	154	–
Fair value gain on previously held interest in an associate (Note 19(a))	61	–
Gain on disposal of associate (Note 20B)	3,153	–
Others	6	59
	9,668	6,575

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

YEAR ENDED 31 DECEMBER 2020

31 OTHER EXPENSES

	Group	
	2020 \$'000	2019 \$'000
Net foreign currency exchange loss	—	183
Fair value increase in amount due to an external investor (Note 22)	299	1,523
Allowance for expected credit losses	82	89
Donation	187	176
Written-off of plant and equipment	8	—
Others	47	64
	623	2,035

32 FINANCE COSTS

	Group	
	2020 \$'000	2019 \$'000
Interest expense on:		
Amount due to an entity connected to a shareholder of the Company (Note 21)	—	376
Lease liabilities	256	96
Amount due to third party (Note 21)	136	100
Bank guarantee fee	41	124
Borrowings	132	190
Film investment funds from external investors (Note 22)	420	45
	985	931

33 INCOME TAX EXPENSE

	Group	
	2020 \$'000	2019 \$'000
Tax expense comprises:		
Current tax		
— Current year	5,008	2,700
— Underprovision of prior year tax	55	—
Deferred tax (Note 18)	2,877	149
Withholding tax	69	113
Total	8,009	2,962

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 2020 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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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	
	2020	2019
	\$'000	\$'000
Profit before income tax	46,075	15,396
Income tax expenses calculated at 17%	7,833	2,617
Effect of expenses that are not deductible in determining taxable profit	601	71
Effect of income not taxable in determining taxable profit	(4)	(78)
Stepped income exemption	(17)	(17)
Effect of tax rebate	—	(15)
Effect of applying 5% tax rate under Development and Expansion incentive	(2,714)	(515)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	11	—
Effect of previously unrecognised tax losses now recognised as deferred tax assets	—	(5)
Effects of different tax rate of subsidiaries operating in other jurisdictions	2,177	790
Others	(2)	1
Withholding tax	69	113
	7,954	2,962
Underprovision of prior year tax	55	—
Income tax expenses	8,009	2,962

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

34 PROFIT FOR THE YEAR

Profit for the year has been arrived at after (crediting) charging:

	Group	
	2020	2019
	\$'000	\$'000
Fair value gain on previously held interest in associate	(61)	–
Gain from bargain purchase of investment in subsidiary	(154)	–
Gain on disposal of right-of-use assets	(34)	–
Gain on disposal of investment in associate	(3,153)	–
Government grants	(5,783)	(6,450)
Net foreign currency exchange (gain) loss	(367)	183
Rent concession	(24)	–
Allowance for expected credit losses	82	89
Amortisation of films and drama products included in the cost of television, drama and film production recognised as cost of sales	9,439	30,359
Amortisation of intangible assets	62	7
Cost of defined contribution plans included in employee benefits expense	277	413
Cost of television, drama and film production recognised as cost of sales	62,398	43,841
Depreciation of plant and equipment included in the cost of concert organisation recognised in cost of sales	392	63
Depreciation of plant and equipment recognised in administrative expenses and selling and general expenses	337	252
Depreciation of right-of-use assets	1,634	993
Employee benefits expense	6,802	4,453
Expenses relating to leases of low value assets	1	1
Expenses relating to short-term leases	392	100
Fair value increase in amount due to an external investor	299	1,523
Impairment loss of contract costs	728	–
Listing expenses ⁽ⁱ⁾	4,666	–
Written-off of plant and equipment	8	–
Audit/non-audit fees to auditors of the Company:		
– Annual audit fees	350	–
– Audit fees in connection with the listing of the Company ⁽ⁱ⁾	451	–
– Annual non-audit fees	61	–
– Non-audit fees in connection with the listing of the Company ⁽ⁱ⁾	336	–
Audit/non-audit fees to other auditors:		
– Annual audit fees	130	–
– Audit fees in connection with the listing of the Company ⁽ⁱ⁾	255	–
– Annual non-audit fees	85	–

The total cash outflow for leases amount to \$1,618,000 and \$1,466,000 for the financial year ended 31 December 2020 and 2019.

During the financial year, the total employee benefits expense incurred of \$6,802,000 (2019: \$4,720,000) and recognised in profit or loss is \$6,802,000 (2019: \$4,453,000). During the financial year, total employee benefit expenses incurred of \$Nil (2019: \$267,000) is capitalised in the line item 'films and drama productions in progress'.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

34 PROFIT FOR THE YEAR (CONTINUED)

- (i) Included in listing expenses are audit fees of \$451,000 and \$255,000 (2019: \$Nil and \$Nil) paid to auditors of the Company and other auditors of the Group respectively, and non-audit fees of \$336,000 (2019: \$Nil) paid to auditors of the Company.

Included in IPO listing expenses taken to equity are audit fees of \$79,000 and \$45,000 (2019: \$Nil and \$Nil) paid to auditors of the Company and other auditors of the Group respectively, and non-audit fees of \$59,000 (2019: \$Nil) paid to auditors of the Company.

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 \$277,000 (2019: \$436,000) was incurred and expense of \$277,000 (2019: \$413,000) was recognised in the profit or loss. At the end of reporting period, total expense incurred of \$Nil (2019: \$23,000) is 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 2020, contributions of \$88,000 (2019: \$38,000) due in respect of current financial period 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.

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.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

36 SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

	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				(619)
				127,095
Gross profit	45,295	7,837	1,889	55,021
Inter-segment elimination				648
				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

	Group For the year ended 31 December 2019			
	Television Program and Film Production \$'000	Concert Production \$'000	All Other Segments \$'000	Total \$'000
Revenue	60,651	1,256	5,771	67,678
Inter-segment elimination				(1,678)
				66,000
Gross profit	16,810	469	2,258	19,537
Inter-segment elimination				(721)
				18,816
Other income				6,575
Share of result from associate				35
Administrative expenses				(5,177)
Selling and distribution expenses				(1,887)
Other expenses				(2,035)
Finance costs				(931)
Profit before tax				15,396
Income tax expense				(2,962)
Profit for the year				12,434

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

36 SEGMENT INFORMATION (CONTINUED)

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 2020 and 2019 of \$619,000 and \$1,678,000.

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.

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 associates, and deferred tax assets are based on the geographical location of the assets.

	Revenue from external customers	
	2020	2019
	\$'000	\$'000
Singapore	38,783	924
Australia	—	—
China	88,312	65,076
Malaysia	—	—
	127,095	66,000
	Non-current assets	
	2020	2019
	\$'000	\$'000
Singapore	2,123	1,276
Australia	—	—
China	6,838	5,137
Malaysia	1,943	292
	10,904	6,705

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

36 SEGMENT INFORMATION (CONTINUED)

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	
	2020 \$'000	2019 \$'000
Customer A	72,860	60,651
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	
	2020 \$'000	2019 \$'000
Profit for the year	38,066	12,434
Weighted average number of ordinary shares (in '000 shares) for the purpose of computation of basic and diluted earnings per share	916,731	910,930
Basic and diluted earnings per share (cents)	4.15	1.36

For the year ended 31 December 2019, for illustrative purposes, the earnings per share had been computed based on profit attributable to owners of the Company and the Company's enlarged share capital of 910,930,000 shares, assuming the share split of 91,093,000 shares into 910,930,000 shares had been completed as at 31 December 2019.

The fully diluted earnings per share and basic earnings per share for the years ended 31 December 2019 and 31 December 2020 are the same because there is no dilutive share.

38 LEASE ARRANGEMENTS

The Group is committed to \$88,000 for short-term leases as at 31 December 2020 (2019: \$Nil).

39 CAPITAL COMMITMENTS

The Group's share of the capital commitment of the joint operation is as follows:

	Group	
	2020 \$'000	2019 \$'000
Commitments for the acquisition of rights to the film set	—	1,391

In December 2019, the Group signed a 10 years agreement with a joint investor to operate and manage the business of licensing and exploiting the jointly owned film sets. The Group has a 50% share of rights to the film set located in Malaysia (Note 17). The Group has fully settled the commitments for the acquisitions of rights to the film set during the year ended 31 December 2020.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

40 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 ending 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. Subject to the fulfilment of the conditions, the interim dividends will be paid within six months from the date of the Listing, subject to the level of the cash and retained earnings, actual and projected financial performance, expected future earnings, cash flow, working capital requirements, general business and financing conditions, as well as other factors which the Directors may determine appropriate and which the Audit and Risk Management Committee will monitor until the interim dividends have been fully paid.

As at 31 December 2020, \$5,000,000 was paid out to the Existing Shareholders. The remaining \$5,000,000 was settled subsequent to the year end.

41 IMPACT OF THE CORONAVIRUS DISEASE 2019 ("COVID-19")

The recent 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, the Group had to delay the production schedule of two dramas and one online short form video series as at 31 December 2020. There has been no material and adverse effect on the Group's business, financial conditions and results of operations up to the date of this report. 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 originally slated for 29 February 2020 and 14 March 2020, 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 \$728,000 of contract cost (Note 11) and refund liabilities of \$721,000 (Note 21) as at 31 December 2020.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

42 SUBSEQUENT EVENTS

Dividend

The directors propose the payment of a tax-exempt final dividend of 1.07 Singapore cents per share in respect of the financial year ended 31 December 2020 amounting approximately \$11.5 million representing approximately 30% of the Group's net profit after tax for the financial year ended 31 December 2020, 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 31 December 2020.

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*.

Incorporation of a Joint Venture Limited Partnership

On 19 January 2021, the Group has incorporated a joint venture limited partnership, 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)) ("Xiamen Kaimen") in the People's Republic of China, with a 48.92% share in the ownership.

Xiamen Kaimen has a registered capital of RMB10.22 million (equivalent to \$2 million) and its principal business activities will include literary and artistic creation, in particular, script development and creation.

Memorandum of Understanding in respect of a Joint Venture with iQIYI International

On 17 March 2021, the Company has entered into a non-binding memorandum of understanding ("MOU") with a customer and also a shareholder of the Company, iQIYI International Singapore Pte. Ltd. ("iQIYI") to establish a talent management agency to be based in Singapore. The joint venture entity to be established aims to identify and promote talent across Southeast Asia.

CORPORATE GOVERNANCE REPORT

G.H.Y Culture & Media Holding Co., Limited (the “**Company**” and together with its subsidiaries and associated⁽¹⁾ companies, 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 to 31 December 2020 (being the end of the Company’s latest financial year) (“**Relevant Period 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 to 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 Director:

Mr. Yang Jun Rong
(all reference to “Yang Jun Rong” in this Report shall be a reference to “Yang Chun-Jung”)

Independent Directors:

Mr. Yeo Guat Kwang (Lead Independent Director)
Dr. Jiang Minghua
Mr. Ang Chun Giap
Mr. Sng Peng Chye
Mr. Chen Mingyu

The Board comprises Directors from diverse business, industry, management, and financial aspects. The Directors bring with them a wide spectrum of skills, experiences, expertises and objective perspectives to effectively lead and direct the Group. The diversity of the Directors’ experiences allow for meaningful exchange of ideas and views in the development of the Group’s strategy and performance. The profiles of the Directors are set out on pages 4 to 6 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;

⁽¹⁾ Refers to company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control. For the avoidance of doubt, our PRC Affiliated Entities are associated companies of our Company and our Group includes our PRC Affiliated Entities.

CORPORATE GOVERNANCE REPORT

- Overseeing the processes for evaluating the adequacy of the Group's internal controls (including financial, operational compliance and information technology controls) and risk management systems of the Group, including the risk areas identified by the Audit and Risk Management Committee that need to be strengthened, for assessment and its recommendations on actions to be taken to address and monitor the 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-yearly and full year results announcements and 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 a 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.

Newly-appointed Directors will 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 will also be provided with extensive background information on the Group's corporate structure, history, industry-specific knowledge, missions, and values. Directors will also be briefed on the key audit matters in the auditors' reports and receive quarterly updates on the strategic development of the Group.

The Board will also be 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 will be circulated to the Board.

CORPORATE GOVERNANCE REPORT

As set out in the Company's Prospectus dated 11 December 2020, Mr. Guo Jingyu, Ms. Yue Lina, Ms. Wang Qing, Mr. Yang Jun Rong, Mr. Chen Mingyu and Dr. Jiang Minghua 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. Mr. Guo Jingyu, Ms. Yue Lina, Ms. Wang Qing, and Mr. Yang Jun Rong have completed the prescribed mandatory training while Mr. Chen Mingyu and Dr. Jiang Minghua will complete the said mandatory training as specified under Practice Note 2.3 of the Listing Manual within one year from the date of their respective appointments to the Board.

Newly-appointed Directors will also be given letters explaining the terms of their appointment as well as their duties and obligations. The Company will also arrange for any new Director with no prior experience of serving as a director in a 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 the 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.

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 has 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.

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**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These 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 the scope, function and other relevant information on the various 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.

CORPORATE GOVERNANCE REPORT

The composition 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. Sng Peng Chye
Member	Mr. Sng Peng Chye	Mr. Guo Jingyu	Mr. Yeo Guat Kwang
Member	Mr. Chen Mingyu	Dr. Jiang Minghua	Mr. Chen Mingyu

Provision 1.5 – Board meetings, attendance and multiple commitments

The Board has scheduled at least 2 meetings a year to coincide with the announcements of the Group's interim 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.

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 permits all persons participating in meetings to communicate with each other simultaneously. Matters concerning the Group requiring approval of the Board are also put to the Board for its decision by way of written resolutions.

The Company was admitted to the Official List of the Mainboard of the SGX-ST on 18 December 2020. No Board Meetings or Board Committees meetings have been held in the Relevant Period 2020 subsequent to the Company's admission to the Official List of the Mainboard of the SGX-ST.

Post-Listing, in January and February 2021, the ARMC held its first and second Board Committee meetings. In February 2021, the Company also held its first Board, NC and RC Board Committee meetings.

The Board Meetings and Board Committee meetings were attended by all the Directors and the relevant Board members, respectively. During the meetings, members of the Board and the respective Board Committees deliberated and approved, amongst others, the new policies to be implemented, the unaudited full year results of the Group for the financial year ended 31 December 2020 ("**FY2020**") and various post-Listing matters. The external auditors of the Company, the previous Company Secretary and other professional advisers were invited to join the relevant meetings.

Provision 1.6 – Access to information

The Board is furnished with complete, detailed and timely information concerning the Group prior to Board and Board Committee meetings and on an ongoing basis, to enable them to be fully apprised of the conditions and 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 and 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 the Directors 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 Directors 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.

CORPORATE GOVERNANCE REPORT

Directors may request for further explanations, briefings or discussions on any aspect of the Group's operations or business from the Management. When circumstances require, the Board members may also exchange their views outside the formal environment of Board meetings.

Provision 1.7 – Access to the Management, Company Secretaries and External Advisers

The Company Secretaries and/or their representatives attend the Board and Board Committee meetings. The current Company Secretaries were appointed on 31 March 2021. 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 ensures 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 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 9 members, 5 of whom are independent. The Independent Directors made up a majority of the directors.

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 and the Board will state the reasons if it determines that a Director is independent notwithstanding the existence of such relationships or circumstances which might suggest otherwise.

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, assess 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 9 years from the date of his appointment.

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. Sng Peng Chye and Mr. Chen Mingyu, are independent in accordance with the 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 judgment on the business activities of the Group as well as any transactions involving conflicts of interest and other complexities.

CORPORATE GOVERNANCE REPORT

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 the Provision 2.2 of the Code where Independent Directors make up a majority of the Board where the Chairman of the Board is not independent, and Provision 2.3 of the Code where 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's 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 and culture and 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.

In recognition of the importance and value of gender diversity in the composition of the Board, the Board had considered diversity in the appointment of the Directors in connection with the Company's listing on the Mainboard of the SGX-ST on 18 December 2020. The current Board comprises of 2 female Directors and 7 male Directors, with Ms. Yue Lina and Ms. Wang Qing appointed as the Executive Directors 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 the businesses of the Group. The Board, in concurrence of the NC, is of the view that the Directors possess the necessary competencies to provide the Management with a diverse and objective perspective 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 the Management

Non-Executive and 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.

Post-Listing, in January and February 2021, the ARMC held its first and second Board Committee meetings. In February 2021, the Company also held its first Board, NC and RC Board Committee meetings. 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 appropriate balance of power, increased accountability and greater capacity of the Board independent decision making. Presently, the Chairman of the Board, Mr. Guo Jingyu is also the Group CEO.

CORPORATE GOVERNANCE REPORT

However, 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, Mr. Yeo Guat Kwang has been appointed as the Lead Independent Director 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 the Independent Directors. Each of the ARMC, NC and RC is also chaired by Independent Directors. The Board believes that the Independent Directors have demonstrated high commitments in their roles as Directors and have ensured that there is a good balance of power and authority on the Board.

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 on 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 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 a 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 role 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 when 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 members of the NC are as follows:

Mr. Yeo Guat Kwang (Chairman)
Mr. Guo Jingyu
Dr. Jiang Minghua

CORPORATE GOVERNANCE REPORT

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 committees 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, its Board Committees and the 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 duties;
- (g) reviewing the appointment of the relevant persons as the director and legal representative of the Group's WFOE(s)¹;
- (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;

¹ Refers to wholly-foreign owned enterprises, which includes Tianjin Xinyuan Culture & Broadcast Co., Ltd. and Beijing Xinyuan Culture & Broadcast Co., Ltd., and each a "GHY WFOE".

CORPORATE GOVERNANCE REPORT

- (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).

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.

CORPORATE GOVERNANCE REPORT

In accordance with the Listing Manual and the Company's Articles of Association, each Director is requested to retire at least once in every 3 years. New Directors, who are appointed during the financial year, will submit themselves for re-election at the next Annual General Meeting ("**AGM**"). Pursuant to Articles 85(6) and 86(1) of the Company's Articles of Association, all Directors will be retiring at the forthcoming AGM. All Directors have signified their consent to remain in office.

The NC having considered the attendance and participation of all Directors at the Board and Board Committee meetings thus far, in particular, their contribution to the business and operations of the Group has nominated all 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.

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 was 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; or (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.

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 2021 (which does not fall in the Relevant Period 2020), 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. Sng Peng Chye and Mr. Chen Mingyu 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. Sng Peng Chye and Mr. Chen Mingyu, is of the view that their multiple board representations 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, thus one should not be presumptuous as time commitment cannot be objectively determined in all situations.

CORPORATE GOVERNANCE REPORT

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 would, through the NC, adopt 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 will complete the respective performance evaluation questionnaires of the Board, the relevant Board Committees and in their capacity as an individual director, and the findings would be analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board, Board Committees and individual Director.

The assessment of the Board's performance will focus on a set of performance criteria for the Board which includes Board structure, strategy and performance, governance on Board risk management and internal controls, information to the Board, Board procedures, the CEO and 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 others, each Director's attendance as well as generation of constructive debate and participation for meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment.

As the Company was newly listed on 18 December 2020, the Board will commence the evaluation process to assess the effectiveness of the Board and each Board Committee for the financial year ending 31 December 2021.

There was no external facilitator engaged for the Relevant Period 2020. However, the NC will consider such engagement, to carry out the evaluation process at the Company's expense, if the need arises.

(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 3 members, all of whom are Independent and non-Executive Directors. The members of the RC are as follows:

Mr. Sng Peng Chye (Chairman)
Mr. Yeo Guat Kwang
Mr. Chen Mingyu

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;

CORPORATE GOVERNANCE REPORT

- (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;
- (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 SGX-ST Listing Manual and/or the Code (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 the Relevant Period 2020.

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.

CORPORATE GOVERNANCE REPORT

Provision 6.4 – Remuneration consultant

No external remuneration consultants were appointed in FY2020 or the Relevant Period 2020. 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 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.

The remuneration packages of Executive Directors and key management personnel consist of fixed, 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 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 with the interests of shareholders and other stakeholders and promote long-term success of the Group.

The Company has also adopted employee share incentive schemes, the GHY Performance Share Plan and GHY Employee Share Option Scheme, which have been adopted by the Company on 25 November 2020 (the **"GHY Share Incentive Schemes"**). The GHY Share Incentive Schemes will 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 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 account criteria such as his or her rank, job performance during the performance period, potential for future development, 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 thereafter be 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 their Service Agreements at any time if they, among others, are guilty of any dishonesty, gross misconduct, or material breach of the Service Agreements, or if Executive Director acts in a manner that is likely to bring himself/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.

CORPORATE GOVERNANCE REPORT

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.

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 \$11,232 as Directors' fees for the Relevant Period 2020 and \$310,000 as Directors' fees for the financial year ending 31 December 2021. The Board will table these at the forthcoming AGM for shareholders' approval. No Director or a member of the RC is involved in deciding his 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 FY2020:

Name of Directors	Remuneration Band ^{1,2}	Salary %	Fees %	Bonus %	Other Benefits ⁴ %	Total %
Mr. Guo Jingyu ³	B	86.2	–	5.6	8.2	100
Ms. Yue Lina	B	89.6	–	5.1	5.3	100
Ms. Wang Qing	A	58.3	–	29.3	12.4	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	–	100	–	–	100
Mr. Chen Mingyu	A	–	100	–	–	100
Dr. Jiang Minghua	A	–	100	–	–	100

The aggregate total remuneration paid to the Directors for FY2020 is approximately \$690,000.

CORPORATE GOVERNANCE REPORT

In addition, the Group only has 3 key management personnel who are not Directors or the CEO. A breakdown, showing the level of the 3 key management personnel's remuneration (who are not Directors or the CEO) in bands of \$250,000 for FY2020 is set out below:

Name of Key Management Personnel (who are not Directors or the Chief Executive Officer)	Remuneration Band ^{1,2}	Salary %	Fees %	Bonus %	Other Benefit ⁴ %	Total %
Mr. Xue Xin	A	63.6	–	34.7	1.7	100
Ms. Low Hui Min	A	74.3	–	18.6	7.1	100
Ms. Chan Pui Yin	A	75.2	–	14.7	10.1	100

Notes:

1. Remuneration band "A" refers to remuneration below the equivalent of \$250,000.
2. Remuneration band "B" refers to remuneration between the equivalent of \$250,000 and \$500,000.
3. No compensation or remuneration was paid to Mr. Guo Jingyu for his roles or his services rendered in his capacity as 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 refer to post-employment benefits and benefit-in-kind such as housing allowance which is made to Directors as appropriate.

The aggregate total remuneration paid to the abovenamed 3 key management personnel (who are not Directors or the CEO) for FY2020 is approximately \$485,000.

In considering the disclosure of remuneration of the Directors and the key management personnel, 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 and the key management personnel (who are not Directors or the CEO) as recommended by the Code would be prejudicial to the interests of the Group. The Board has deviated from complying with Provision 8.1 of the Code and presented such information in remuneration bands no wider than \$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, 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 that 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.

CORPORATE GOVERNANCE REPORT

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 in bands of \$250,000 above. Ms. Yue Lina, the Executive Director, is also the spouse of Mr. Guo Jingyu and her remuneration is disclosed in the band of between the equivalent of \$250,000 and \$500,000.

Except for Mr. Guo Jingyu and Ms. Yue Lina, 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 \$100,000 during FY2020.

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 Schemes 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 stretched 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 based on 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 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 over 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 its commencement 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.

CORPORATE GOVERNANCE REPORT

(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 judgment 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 Management with respect to risk management. The key elements of the Group's system of internal controls are as follows:

Operating structure

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.

Policies, procedures and practices

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.

Risk management

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 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. 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 also reviewed regularly to ensure that an effective system of internal controls is maintained in the Group.

CORPORATE GOVERNANCE REPORT

Whistle-blowing 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.

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 foreign exchange risk, 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 and Chief Financial Officer ("CFO")

As required under the Code, the Board had received written assurances from:–

- (a) the Executive Chairman and Group CEO and the 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 Group CEO and an Executive Director regarding the effectiveness and adequacy of the Company's risk management and internal control systems.

Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, 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 are adequate and effective to address the financial, operational, compliance and information technology risks for FY2020.

CORPORATE GOVERNANCE REPORT

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. Sng Peng Chye
Mr. Chen Mingyu

The Board is of the opinion that the ARMC Chairman and its members are appropriate qualified, with the necessary accounting, financial, business management and corporate experience to discharge their responsibilities. In compliance with the Code, none of the ARMC member is a former partner or director of the external auditors or hold any financial interest in the auditing firm.

The ARMC has met twice in the financial year ending 31 December 2021 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 auditors' audit plan and audit report, the external auditors' 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);

CORPORATE GOVERNANCE REPORT

- (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 arrangement 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 auditors and internal auditors;
- (l) reviewing the assurance from the Executive Chairman and Group CEO 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;

CORPORATE GOVERNANCE REPORT

- (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 us from the Offering and the issuance of the New Cornerstone Shares 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;

CORPORATE GOVERNANCE REPORT

- (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 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;
- (pp) reviewing the half-yearly 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 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 the 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 of the SGX-ST.

CORPORATE GOVERNANCE REPORT

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/payable to the external auditors for FY2020 is as follows:

	\$
Audit/non-audit fees to auditors of the Company:	
– Annual audit fees	350,000
– Audit fees in connection with the listing of the Company ¹	451,000
– Annual non-audit fees	61,000
– Non-audit fees in connection with the listing of the Company ¹	336,000
Audit/non-audit fees to other auditors:	
– Annual audit fees	130,000
– Audit fees in connection with the listing of the Company ¹	255,000
– Annual non-audit fees	85,000

¹ Included in IPO listing expenses are audit fees of \$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. The 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.

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 FY2020 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.

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 and the external auditors have been included as Key Audit Matters (“KAM”) in the audit report for FY2020 on pages 38 and 39 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 the 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.

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 the Relevant Period 2020.

CORPORATE GOVERNANCE REPORT

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 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 the Management, the external auditors and the Company Secretaries of changes to accounting standards, SGX-ST Listing Manual ST 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.

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 had received Limited Scope Internal Controls Review Reports of significant subsidiaries and its follow up review reports from Internal Auditors for the purpose of listing of the Company on the Mainboard of The Singapore Exchange Securities Trading Limited. The ARMC has also reviewed the effectiveness of actions taken by the 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;

CORPORATE GOVERNANCE REPORT

- (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 the 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 the Management at least annually and shall establish that both the internal and external auditors have the full co-operation of the 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.

All the Directors in particular the Chairman of the Board, the respective Chairman 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. No general meeting was held during the Relevant Period 2020.

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 at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

CORPORATE GOVERNANCE REPORT

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 Secretary of the Company, 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 the 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 2 proxies to attend and vote at the general meetings of the Company. Where a member is a relevant intermediary, it may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/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.

Provision 11.5 – Minutes of general meetings

The Company Secretaries prepare the minutes of the Company's meetings, which will incorporate comments or queries from shareholders and the corresponding responses from the Board and the Management. The minutes will be made publicly available on SGX-ST and/or the Company's corporate website after the general meeting.

Provision 11.6 – Dividend policy

The Group does not have a fixed dividend policy. As stated in the Company's Prospectus dated 11 December 2020, the Board intends to recommend dividends of at least 30.0% of the net profit after tax generated in FY2020 (excluding the interim dividends of \$10.0 million declared by the Board in FY2020) and FY2021 (collectively, the **"Proposed Dividend"**). The foregoing statements, including the statement on the Proposed Dividend, are merely statements of the present intention and shall not constitute legally binding obligations on the Company or legally binding statements in respect of the Group's future dividends (including those proposed for FY2020 and FY2021), which may be subject to modification (including reduction or non-declaration thereof) at Board's sole and absolute discretion. In considering any declaration of dividends in the future, the Company will have to take into consideration the Group's profit growth, 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 26 February 2021, the Directors have proposed the payment of a tax-exempt final dividend of 1.07 Singapore cents per share in respect of FY2020 amounting to approximately \$11.5 million representing approximately 30% of the FY2020 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 2020.

CORPORATE GOVERNANCE REPORT

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 be communicated 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-yearly 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
- 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 Company's website of which the Company may respond to such questions.

CORPORATE GOVERNANCE REPORT

(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 interests 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 Company stakeholders may find such information on the investor relations section of the Company's corporate website.

As the Company was listed on the Mainboard of the SGX-ST on 18 December 2020, the SGX-ST Listing Manual provides 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 will be 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 Environmental, Social and Governance impacts and strategy in relation to the management of stakeholder relationships.

(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.

The Group has obtained a general mandate from the shareholders as at listing date (the "**IPT General Mandate**"). 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 takes part in the discussions nor exercises 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 \$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 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. Minutes of the review committee meetings are also circulated to the ARMC and Board for their information.

For IPTs outside the ambit of the IPT Mandate, a list of IPTs including those less than \$100,000 and their aggregate is submitted quarterly to the ARMC for its review. Any IPT exceeding \$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.

CORPORATE GOVERNANCE REPORT

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).

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 interested person transactions under Chapter 9 of the 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.

CORPORATE GOVERNANCE REPORT

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 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.

Details of IPTs for FY2020 are presented as below:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than \$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 \$100,000) (\$'000)
Sure Legend International Limited ⁽¹⁾	–	1,061.6
JVR Music International Ltd ⁽²⁾	7,055.2	–
Eastern Eagle Investment Co. Ltd ⁽³⁾	7,154.4	–
Taiho Holding Limited ⁽⁴⁾	439.0	–
Mr. Guo Jingyu ⁽⁵⁾	3,513.0	–
Ms. Yue Lina ⁽⁶⁾	–	482.4
Mr. Yang Zhigang ⁽⁷⁾	–	139.4

Notes:

- (1) Related to grant of the rights to undertake the production of concerts for Jay Chou in Singapore, Malaysia and Australia by Sure Legend International Limited, which is 45.0% owned by Mr. Yang Jun Rong, our Non-Executive Director and non-controlling shareholder.
- (2) Related to amounts paid to JVR Music International Ltd for the grant of rights to undertake production of PRC Concerts, royalties for the licensing of intellectual property rights to music and insurance fee for Singapore FY2020 Jay Chou concert. JVR Music International Ltd is 45.0% owned by Mr. Yang Jun Rong, our Non-Executive Director and non-controlling shareholder.
- (3) Related to amounts paid by Eastern Eagle for appointment as agent to undertake production of the PRC Concerts. Eastern Eagle Investment Co. Ltd is 45.0% owned by Mr. Yang Jun Rong, our Non-Executive Director and non-controlling shareholder.
- (4) Related to 50% of interim dividends in respect of FY2020 paid to Taiho Holding Limited, which is 50.0% owned by Mr. Yang Jun Rong, our Non-Executive Director and non-controlling shareholder. The remaining 50% balance is paid subsequent to 31 December 2020 using internally generated funds.
- (5) Related to 50% of interim dividends in respect of FY2020 paid to Mr. Guo Jingyu, our Executive Chairman and Group CEO and Controlling Shareholder. The remaining 50% balance is paid subsequent to 31 December 2020 using internally generated funds.
- (6) Related to amounts received by the Group for provision of talent management service fee to Ms. Yue Lina and acting service fee paid to Ms. Yue Lina, our Executive Director.
- (7) Related to amounts received by the Group for provision of talent management service fee to Mr. Yang Zhigang and acting service fee paid to Mr. Yang Zhigang, who is the brother of Mr. Guo Jingyu, our Executive Chairman and Group CEO.

CORPORATE GOVERNANCE REPORT

(G) MATERIAL CONTRACTS

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 2020 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 and 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, the 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 yearly and full year financial statements and 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.

(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 than 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 system of internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board, with the concurrence of the ARMC is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2020.

For FY2020, the Board has received assurances from the Executive Chairman and Group 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 management is discussed under the Note 5 to 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 ("**IPO**") have been utilised and described in the table below:

	Amount allocated \$'M	Amount utilised \$'M	Balance as at 14 April 2021 \$'M
Expansion of the TV Program and Film Production business via investment in production ⁽¹⁾ , acquisitions, joint ventures and/or strategic alliances ⁽³⁾	64.5	(8.6)	55.9
Expansion of the Concert Production business via investment in production ⁽²⁾ , acquisitions, joint ventures and/or strategic alliances	21.5	–	21.5
General working capital purposes ⁽³⁾	15.0	(1.9)	13.1
Issue expenses	6.5	(5.7)	0.8
Total	107.5	(16.2)	91.3

Notes:

- (1) Such investments may include, but are not limited to, the production of dramas, films, online short drama series, musicals and stage plays. It is intended that out of the gross proceeds to be used for expansion of the television program and film production business segment will be via investment in production, acquisitions, joint ventures and/or strategic alliances.
- (2) Such investments may include, but are not limited to, undertaking the production of concerts for a larger number of artistes in Singapore and in the region.
- (3) General working capital purposes included but are not limited to payment of professional fees, salaries, rental expenses etc.

The use of the IPO proceeds is in accordance with the Company's Prospectus dated 11 December 2020.

CORPORATE GOVERNANCE REPORT

(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 29 April 2021 ("AGM") under Ordinary Resolutions 3 to 11 as set out in the Notice of AGM dated 14 April 2021 (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, 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:

Mr. Guo Jingyu and Ms. Yue Lina

Name of Director	Mr. Guo Jingyu	Ms. Yue Lina
Date of Appointment	29 May 2018	23 November 2020
Date of Last Re-Appointment	Not Applicable	Not Applicable
Age	47	46
Country of principal residence	People's Republic of China	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Mr. Guo, is of the view that he is suitable for re-election as Executive Chairman and Group CEO of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Ms. Yue, is of the view that she is suitable for re-election as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Guo is responsible for supervising the overall business operations and management of the Group, as well as business strategies and providing executive leadership and supervision to the senior management team. He is also responsible for directing and producing the drama, film and online video series project produced by the Group.	Executive Ms. Yue is responsible for promotion and distribution of drama and film projects.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Group CEO and member of Nominating Committee.	Executive Director.
Professional qualifications	Please refer to Director's Profile on page 4 of Annual Report.	Please refer to Director's Profile on page 4 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Director's Profile on page 4 of Annual Report.	Please refer to Director's Profile on page 4 of Annual Report.

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Guo Jingyu	Ms. Yue Lina
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 1,882,600 ordinary shares in the Company Deemed interest – 640,000,000 ordinary shares in the Company	Nil
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	Mr. Guo and Ms. Yue are spouses. Mr. Guo is the sole shareholder and director of G.Y Media & Entertainment Limited, a Director of Kang Ru Investments Limited and investment manager of Guo Yue Family Trust. The aforementioned entities are substantial shareholder of the Company.	Mr. Guo and Ms. Yue are spouses.
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
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)	<ul style="list-style-type: none"> Tianjin Changxin Film & Media Co., Ltd. Beijing Changxin Film & Media Co., Ltd. Chengde Hengyu Pawn Co. Ltd. Beijing Perfect Jianxin Film & Culture Co., Ltd. Chengde Perfect Jianxin Film & Culture Co., Ltd. Chengde Jianxin Hanzheng Culture & Media Co., Ltd. Chongqing Perfect Jianxin Film & Culture Co., Ltd. 	Nil
Present	<ul style="list-style-type: none"> G.H.Y Culture & Media (Singapore) Pte. Ltd. GHY Culture & Media (Malaysia) Sdn. Bhd. G.H.Y Culture & Media (Australia) Pty Ltd G.Yue Culture and Media Limited Kang Ru Investments Limited G.Y Media & Entertainment Limited GHY Culture & Media (IMS) Sdn. Bhd. GHY Culture & Media (ISK) Sdn. Bhd. 	<ul style="list-style-type: none"> G.H.Y Culture & Media (Singapore) Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Guo Jingyu	Ms. Yue Lina
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
(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
(c) Whether there is any unsatisfied judgment against him?	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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Guo Jingyu	Ms. Yue Lina
(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
(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
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Guo Jingyu	Ms. Yue Lina
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(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
(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
(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
(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
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Guo Jingyu	Ms. Yue Lina
(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
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.
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.
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.
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

CORPORATE GOVERNANCE REPORT

Ms. Wang Qing and Mr. Yang Jun Rong

Name of Director	Ms. Wang Qing	Mr. Yang Jun Rong
Date of Appointment	23 November 2020	23 November 2020
Date of Last Re-Appointment	Not Applicable	Not Applicable
Age	42	57
Country of principal residence	People's Republic of China	Taiwan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Ms. Wang, is of the view that she is suitable for re-election as Executive Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Mr. Yang, is of the view that he is suitable for re-election as an Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Ms. Wang is responsible for overseeing the accounting function of the entities of the Group in People's Republic of China, including finance-related matters and tax-related matters, and overall day-to-day management of the operations of the Group in People's Republic of China.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Non-Executive Director
Professional qualifications	Please refer to Director's Profile on page 4 of Annual Report.	Please refer to Director's Profile on page 5 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Director's Profile on page 4 of Annual Report.	Please refer to Director's Profile on page 5 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Deemed interest – 76,230,000 ordinary shares in the Company
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	Nil	Mr. Yang holds 50.0% of the issued and paid-up share capital of Taiho Holding Ltd, a substantial shareholder of the Company. He is also a director of Taiho Holding Ltd.
Conflict of interest (including any competing business)	Nil	Nil

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Wang Qing	Mr. Yang Jun Rong
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
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)	Nil	<ul style="list-style-type: none"> G.H.Y Culture & Media (Singapore) Pte. Ltd. Dream Started Limited
Present	Nil	<ul style="list-style-type: none"> JVR Music International Ltd. Eastern Eagle Investment Co., Limited Sure Legend International Limited Taiho Holding Ltd 8 Dimension Corporation OMusic Co., Ltd SelvaRey GC Limited
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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Wang Qing	Mr. Yang Jun Rong
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Wang Qing	Mr. Yang Jun Rong
(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
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Ms. Wang Qing	Mr. Yang Jun Rong
(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
(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
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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
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.
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.
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.
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

CORPORATE GOVERNANCE REPORT

Mr. Yeo Guat Kwang and Mr. Ang Chun Giap

Name of Director	Mr. Yeo Guat Kwang	Mr. Ang Chun Giap
Date of Appointment	23 November 2020	23 November 2020
Date of Last Re-Appointment	Not Applicable	Not Applicable
Age	60	63
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Mr. Yeo, is of the view that he is suitable for re-election as Lead Independent Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Mr. Ang, is of the view that he is suitable for re-election as an Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, a Chairman of Nominating Committee and a member of Remuneration Committee.	Independent Director and Chairman of Audit and Risk Management Committee.
Professional qualifications	Please refer to Director's Profile on page 5 of Annual Report.	Please refer to Director's Profile on page 5 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Director's Profile on page 5 of Annual Report.	Please refer to Director's Profile on page 5 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Yeo Guat Kwang	Mr. Ang Chun Giap
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)	Nil	<ul style="list-style-type: none"> • J Wong & Associates PAC • JPL Wong & Co • Acevision Solutions Pte. Ltd.
Present	<ul style="list-style-type: none"> • SIIC Environment Holdings Ltd. • Koyo International Ltd. • Motorway Automotive Pte. Ltd. • Poh Ern Shih 	<ul style="list-style-type: none"> • Acevision & Associates PAC • Acevision Blast & Coat Pte Ltd • Lian Beng Group Ltd • Acevision Management Consultants
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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Yeo Guat Kwang	Mr. Ang Chun Giap
(c) Whether there is any unsatisfied judgment against him?	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
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Yeo Guat Kwang	Mr. Ang Chun Giap
(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
(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
(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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Yeo Guat Kwang	Mr. Ang Chun Giap
(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
(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
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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
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.
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.
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.
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

CORPORATE GOVERNANCE REPORT

Mr. Sng Peng Chye, Mr. Chen Mingyu and Dr. Jiang Minghua

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
Date of Appointment	23 November 2020	23 November 2020	23 November 2020
Date of Last Re-Appointment	Not Applicable	Not Applicable	Not Applicable
Age	64	58	55
Country of principal residence	Singapore	Singapore	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Mr. Sng, is of the view that he is suitable for re-election as Independent Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Mr. Chen, is of the view that he is suitable for re-election as an Independent Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, performance, attendance, qualifications and work experience of Dr. Jiang, is of the view that he is suitable for re-election as an Independent Director of the Company.
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, a Chairman of Remuneration Committee and a member of Audit and Risk Management Committee.	Independent Director, a member of Audit and Risk Management Committee and Remuneration Committee.	Independent Director, a member of Nominating Committee
Professional qualifications	Please refer to Director's Profile on page 6 of Annual Report.	Please refer to Director's Profile on page 6 of Annual Report.	Please refer to Director's Profile on page 6 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Director's Profile on page 6 of Annual Report.	Please refer to Director's Profile on page 6 of Annual Report.	Please refer to Director's Profile on page 6 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
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	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
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)	Level 8 (Group) Pte. Ltd.	Nil	<ul style="list-style-type: none"> Beijing Fund River Investment Co., Ltd AVIC Culture Co., Ltd
Present	Chemical Industries (Far East) Limited	<ul style="list-style-type: none"> D&E (Beijing) Business Consulting Co., Ltd Fujian Cosunter Pharmaceutical Co., Ltd. 	Nil
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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
(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
(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

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
(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
(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:			

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
(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
(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?	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Mr. Sng Peng Chye	Mr. Chen Mingyu	Dr. Jiang Minghua
(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

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 15 March 2021, approximately 19.78% 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⁾	1,738,800	0.2%	640,000,000	59.6%	641,738,800	59.8%
Mr. Yang Jun Rong ⁽⁴⁾	–	–	76,230,000	7.1%	76,230,000	7.1%
Mr. John Ho ⁽⁵⁾	113,289,300	10.6%	–	–	113,289,300	10.6%
Kang Ru Investments Limited ⁽³⁾	640,000,000	59.6%	–	–	640,000,000	59.6%
Da Yuan Developments Limited ⁽³⁾	–	–	640,000,000	59.6%	640,000,000	59.6%
G.Y Media & Entertainment Limited ⁽³⁾	–	–	640,000,000	59.6%	640,000,000	59.6%
Guo Yue Family Trust ⁽³⁾	–	–	640,000,000	59.6%	640,000,000	59.6%
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	59.6%	640,000,000	59.6%

Notes:

- (1) Based on the total number of issued Shares as at 15 March 2021.
- (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 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 113,289,300 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 15 MARCH 2021

ISSUED AND FULLY PAID CAPITAL

Number of issued shares	:	1,073,792,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil
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	182	18.44	169,700	0.02
1,001 – 10,000	567	57.45	2,851,700	0.26
10,001 – 1,000,000	227	23.00	15,043,200	1.40
1,000,001 AND ABOVE	11	1.11	1,055,727,400	98.32
TOTAL	987	100.00	1,073,792,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	703,435,400	65.51
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	150,447,000	14.01
3	UOB KAY HIAN PRIVATE LIMITED	79,005,800	7.36
4	HO AH HUAT	63,289,300	5.89
5	LIAN LEE LEE	30,000,000	2.79
6	RAFFLES NOMINEES (PTE.) LIMITED	10,371,900	0.97
7	DB NOMINEES (SINGAPORE) PTE LTD	9,880,900	0.92
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,921,200	0.37
9	HSBC (SINGAPORE) NOMINEES PTE LTD	2,046,700	0.19
10	OCBC SECURITIES PRIVATE LIMITED	1,741,000	0.16
11	CITIBANK NOMINEES SINGAPORE PTE LTD	1,588,200	0.15
12	ICH CAPITAL PTE LTD	717,000	0.07
13	PHILLIP SECURITIES PTE LTD	694,300	0.06
14	IFAST FINANCIAL PTE. LTD.	552,000	0.05
15	SU GUANING	509,600	0.05
16	ABN AMRO CLEARING BANK N.V.	508,500	0.05
17	SINMAH POULTRY PROCESSING (S) PTE LTD	500,000	0.05
18	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	467,000	0.04
19	ONG HUNG HENG	413,000	0.04
20	ASDEW ACQUISITIONS PTE LTD	356,300	0.03
TOTAL		1,060,445,100	98.76

APPENDIX DATED 14 APRIL 2021**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 Form 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 ADOPTION OF THE SHARE PURCHASE MANDATE; AND

**(2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE
FOR INTERESTED PERSON TRANSACTIONS.**

CONTENTS

Page

DEFINITIONS

LETTER TO SHAREHOLDERS

1.	INTRODUCTION	190
2.	THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE	191
3.	THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS	207
4.	DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	219
5.	DIRECTORS' RECOMMENDATIONS	221
6.	ANNUAL GENERAL MEETING	221
7.	ABSTENTION FROM VOTING	221
8.	NO DESPATCH OF PRINTED COPIES OF APPENDIX, NOTICE OF AGM AND PROXY FORM	221
9.	ACTION TO BE TAKEN BY SHAREHOLDERS	222
10.	DIRECTORS' RESPONSIBILITY STATEMENT	224
11.	INSPECTION OF DOCUMENTS	224

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated.

"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company to be held on 29 April 2021 at 5.00 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 FY2020 dated 14 April 2021
"Appendix"	:	This appendix dated 14 April 2021 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. Sng Peng Chye and Mr. Chen Mingyu
"Beijing Changxin"	:	Beijing Changxin Film & Media Co., Ltd. (北京长信影视传媒有限公司), an indirect associated company of the Company
"Beijing Yizhongdao"	:	Beijing Yizhongdao Film & Media Co., Ltd. (北京易中道影视传媒有限公司), an indirect associated company of the Company
"Cayman Islands Companies Act"	:	The 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")

"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"	:	Financial year ended 31 December 2020
"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"	:	7 April 2021, 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
"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, Beijing Yizhongdao, Tianjin Changxin and Tianjin Ruyang (each a "PRC Affiliated Entity")

"Prospectus"	:	The prospectus dated 11 December 2020 issued by the Company in connection with its initial public offering and listing on the SGX-ST
"Register of Members"	:	The 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, Chapter 289 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 at the AGM to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, issued Shares
"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
"Take-Over Code"	:	Singapore Code on Take-overs and Mergers
"Tianjin Changxin"	:	Tianjin Changxin Film & Media Co., Ltd. (天津长信影视传媒有限公司), an indirect associated company of the Company
"Tianjin Ruyang"	:	Tianjin Ruyang Film & Media Co., Ltd. (天津如阳影视传媒有限公司), an indirect associated company of the Company
"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
"\$" 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, Chapter 50 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 adoption 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 adoption of the Share Purchase Mandate and the proposed renewal of the IPT General Mandate.

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 (岳麗娜) (Executive Director)
 Ms. Wang Qing (王清) (Executive Director)
 Mr. Yang Jun Rong (楊峻榮) (Non-Executive Director)
 Mr. Yeo Guat Kwang (Lead Independent Director)
 Mr. Ang Chun Giap (Independent Director)
 Mr. Sng Peng Chye (Independent Director)
 Mr. Chen Mingyu (陳明宇) (Independent Director)
 Dr. Jiang Minghua (江明華) (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

14 April 2021

To: The Shareholders of G.H.Y Culture & Media Holding Co., Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 **AGM.** The Company has on 14 April 2021 issued the Notice of AGM convening the AGM to be held on 29 April 2021 at 5.00 p.m. by way of electronic means to seek Shareholders' approval for, *inter alia*:

(a) the proposed adoption 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.

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 in respect of the Proposed Resolutions.

2. THE PROPOSED ADOPTION 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 adoption of the Share Purchase Mandate to enable the Company to purchase or acquire its issued Shares.

If approved by Shareholders at the AGM, the authority conferred by the Share Purchase Mandate will continue in force until 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 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 1,073,792,000 Shares in issue as at the Latest Practicable Date 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 85,903,360 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.

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 adoption 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;
- (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.

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.

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.

Pursuant to the Articles of Association of the Company and 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.

- 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 FY2020 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 1,073,792,000 Shares in issue, with approximately 19.8% of the issued Shares held by public Shareholders. The Company does not hold any Treasury Shares and does not have any subsidiary holdings.

Purely for illustrative purposes, on the basis of 1,073,792,000 issued Shares as at the Latest Practicable Date 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 85,903,360 Shares.

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 85,903,360 Shares at the Maximum Price of \$0.74⁽¹⁾ 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 85,903,360 Shares is approximately \$63,770,359.30⁽¹⁾.

⁽¹⁾ 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.

- (b) In the case of Off-Market Purchases by the Company, assuming that the Company purchases or acquires the 85,903,360 Shares at the Maximum Price of \$0.77⁽¹⁾ 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 85,903,360 Shares is approximately \$66,807,043.07⁽¹⁾.

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 2020;
- (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 85,903,360 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 FY2020 are set out below:

⁽¹⁾ 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.

- (a) Purchases of 85,903,360 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 2020						
Share capital	14	14	14	14	14	14
Share premium	117,889	117,889	117,889	117,889	117,889	117,889
Capital reserve	629	629	629	–	–	–
Statutory reserve	297	297	297	–	–	–
Retained earnings	38,731	38,731	38,731	7,719	7,719	7,719
Treasury shares	–	(63,770)	(66,807)	–	(63,770)	(66,807)
Translation reserves	1,066	1,066	1,066	–	–	–
Total Equity	158,626	94,856	91,819	125,622	61,852	58,815
NTA ⁽¹⁾	149,572	85,802	82,765	117,104	53,334	50,297
Current Assets	219,689	155,919	152,882	127,104	63,334	60,297
Current Liabilities	67,053	67,053	67,053	10,000	10,000	10,000
Total Borrowings	7,125	7,125	7,125	–	–	–
Cash and Cash Equivalents	111,931	48,161	45,124	101,648	37,878	34,841
Profit for the year	38,066	38,066	38,066	17,861	17,861	17,861
Number of Shares ('000) (Excluding Treasury Shares)	1,073,792	987,889	987,889	1,073,792	987,889	987,889
Weighted Average Number of Shares ('000)	916,731	873,779	873,779	916,731	873,779	873,779
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	13.93	8.69	8.38	10.91	5.40	5.09
Basic EPS ⁽³⁾⁽⁴⁾ (cents)	4.15	4.36	4.36	1.95	2.04	2.04
Current Ratio (times)	3.28	2.33	2.28	12.71	6.33	6.03
Gearing Ratio ⁽⁵⁾ (times)	0.10	0.17	0.17	–	–	–

Notes:

- (1) NTA refers to net assets less intangible assets, which include right-of-use assets, goodwill, intangible assets, deferred tax assets and investment in subsidiaries.
- (2) NTA per Share equals to NTA divided by the number of issued Shares outstanding as at 31 December 2020.
- (3) Basic Earnings Per Share (EPS) equals to profit for the year divided by the weighted average number of Shares during FY2020.
- (4) Based on the total number of 1,073,792,000 issued Shares before the Share Purchase as at the Latest Practicable Date and 987,888,640 issued Shares (excluding Treasury Shares) after the Share Purchase.
- (5) Gearing ratio is computed based on the sum of borrowings, lease liabilities and film investment funds from investors over total equity.

- (b) Purchases of 85,903,360 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 2020						
Share capital	14	14	14	14	14	14
Share premium	117,889	117,889	117,889	117,889	117,889	117,889
Capital reserve	629	629	629	–	–	–
Statutory reserve	297	297	297	–	–	–
Retained earnings	38,731	38,731	38,731	7,719	7,719	7,719
Treasury shares	–	(63,770)	(66,807)	–	(63,770)	(66,807)
Translation reserves	1,066	1,066	1,066	–	–	–
Total Equity	158,626	94,856	91,819	125,622	61,852	58,815
NTA ⁽¹⁾	149,572	85,802	82,765	117,104	53,334	50,297
Current Assets	219,689	155,919	152,882	127,104	63,334	60,297
Current Liabilities	67,053	67,053	67,053	10,000	10,000	10,000
Total Borrowings	7,125	7,125	7,125	–	–	–
Cash and Cash Equivalents	111,931	48,161	45,124	101,648	37,878	34,841
Profit for the year	38,066	38,066	38,066	17,861	17,861	17,861
Number of Shares ('000) (Excluding Treasury Shares)	1,073,792	987,889	987,889	1,073,792	987,889	987,889
Weighted Average Number of Shares ('000)	916,731	873,779	873,779	916,731	873,779	873,779
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	13.93	8.69	8.38	10.91	5.40	5.09
Basic EPS ⁽³⁾⁽⁴⁾ (cents)	4.15	4.36	4.36	1.95	2.04	2.04
Current Ratio (times)	3.28	2.33	2.28	12.71	6.33	6.03
Gearing Ratio ⁽⁵⁾ (times)	0.10	0.17	0.17	–	–	–

Notes:

- (1) NTA refers to net assets less intangible assets, which include right-of-use assets, goodwill, intangible assets, deferred tax assets and investment in subsidiaries.
- (2) NTA per Share equals to NTA divided by the number of issued Shares outstanding as at 31 December 2020.
- (3) Basic Earnings Per Share (EPS) equals to profit for the year divided by the weighted average number of Shares during FY2020.
- (4) Based on the total number of 1,073,792,000 issued Shares before the Share Purchase as at the Latest Practicable Date and 987,888,640 issued Shares (excluding Treasury Shares) after the Share Purchase.
- (5) Gearing ratio is computed based on the sum of borrowings, lease liabilities and film investment funds from investors over total equity.

- (c) Purchases of 85,903,360 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 2020						
Share capital	14	13	13	14	13	13
Share premium	117,889	54,120	51,083	117,889	54,120	51,083
Capital reserve	629	629	629	-	-	-
Statutory reserve	297	297	297	-	-	-
Retained earnings	38,731	38,731	38,731	7,719	7,719	7,719
Treasury shares	-	-	-	-	-	-
Translation reserves	1,066	1,066	1,066	-	-	-
Total Equity	158,626	94,856	91,819	125,622	61,852	58,815
NTA ⁽¹⁾	149,572	85,802	82,765	117,104	53,334	50,297
Current Assets	219,689	155,919	152,882	127,104	63,334	60,297
Current Liabilities	67,053	67,053	67,053	10,000	10,000	10,000
Total Borrowings	7,125	7,125	7,125	-	-	-
Cash and Cash Equivalents	111,931	48,161	45,124	101,648	37,878	34,841
Profit for the year	38,066	38,066	38,066	17,861	17,861	17,861
Number of Shares ('000) (Excluding Treasury Shares)	1,073,792	987,889	987,889	1,073,792	987,889	987,889
Weighted Average Number of Shares ('000)	916,731	873,779	873,779	916,731	873,779	873,779
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	13.93	8.69	8.38	10.91	5.40	5.09
Basic EPS ⁽³⁾⁽⁴⁾ (cents)	4.15	4.36	4.36	1.95	2.04	2.04
Current Ratio (times)	3.28	2.33	2.28	12.71	6.33	6.03
Gearing Ratio ⁽⁵⁾ (times)	0.10	0.17	0.17	-	-	-

Notes:

- (1) NTA refers to net assets less intangible assets, which include right-of-use assets, goodwill, intangible assets, deferred tax assets and investment in subsidiaries.
- (2) NTA per Share equals to NTA divided by the number of issued Shares outstanding as at 31 December 2020.
- (3) Basic Earnings Per Share (EPS) equals to profit for the year divided by the weighted average number of Shares during FY2020.
- (4) Based on the total number of 1,073,792,000 issued Shares before the Share Purchase as at the Latest Practicable Date and 987,888,640 issued Shares (excluding Treasury Shares) after the Share Purchase.
- (5) Gearing ratio is computed based on the sum of borrowings, lease liabilities and film investment funds from investors over total equity.

- (d) Purchases of 85,903,360 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 2020						
Share capital	14	13	13	14	13	13
Share premium	117,889	60,497	57,764	117,889	60,497	57,764
Capital reserve	629	629	629	-	-	-
Statutory reserve	297	297	297	-	-	-
Retained earnings	38,731	32,354	32,050	7,719	1,342	1,038
Treasury shares	-	-	-	-	-	-
Translation reserves	1,066	1,066	1,066	-	-	-
Total Equity	158,626	94,856	91,819	125,622	61,852	58,815
NTA ⁽¹⁾	149,572	85,802	82,765	117,104	53,334	50,297
Current Assets	219,689	155,919	152,882	127,104	63,334	60,297
Current Liabilities	67,053	67,053	67,053	10,000	10,000	10,000
Total Borrowings	7,125	7,125	7,125	-	-	-
Cash and Cash Equivalents	111,931	48,161	45,124	101,648	37,878	34,841
Profit for the year	38,066	38,066	38,066	17,861	17,861	17,861
Number of Shares ('000) (Excluding Treasury Shares)	1,073,792	987,889	987,889	1,073,792	987,889	987,889
Weighted Average Number of Shares ('000)	916,731	873,779	873,779	916,731	873,779	873,779
Financial Ratios						
NTA per Share ⁽²⁾ (cents)	13.93	8.69	8.38	10.91	5.40	5.09
Basic EPS ⁽³⁾⁽⁴⁾ (cents)	4.15	4.36	4.36	1.95	2.04	2.04
Current Ratio (times)	3.28	2.33	2.28	12.71	6.33	6.03
Gearing Ratio ⁽⁵⁾ (times)	0.10	0.17	0.17	-	-	-

Notes:

- (1) NTA refers to net assets less intangible assets, which include right-of-use assets, goodwill, intangible assets, deferred tax assets and investment in subsidiaries.
- (2) NTA per Share equals to NTA divided by the number of issued Shares outstanding as at 31 December 2020.
- (3) Basic Earnings Per Share (EPS) equals to profit for the year divided by the weighted average number of Shares during FY2020.
- (4) Based on the total number of 1,073,792,000 issued Shares before the Share Purchase as at the Latest Practicable Date and 987,888,640 issued Shares (excluding Treasury Shares) after the Share Purchase.
- (5) Gearing ratio is computed based on the sum of borrowings, lease liabilities and film investment funds from investors over total equity.

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 FY2020, 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 1,073,792,000 issued Shares, approximately 19.8% 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 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.

- 2.10 **Share Purchases in the Previous 12 Months.** The Company has not purchased or acquired any Shares in the previous 12 months prior to the Latest Practicable Date.
- 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.

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
- (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;
- (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.

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 adoption 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.** On 11 December 2020, the Shareholders had adopted the IPT General Mandate. The terms of the IPT General Mandate are set out in the section entitled "Interested Person Transactions and Potential Conflicts of Interests – General Mandate for Interested Person Transactions" of the Prospectus.

The IPT General Mandate enables the EAR Group, which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, 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 **Renewal of the IPT General Mandate.** Pursuant to Rule 920(2) of the Listing Manual, the IPT General Mandate as disclosed in the Prospectus is effective until the earlier of the following: (a) the conclusion of the forthcoming annual general meeting of the Company; or (b) the first anniversary of the date of the Company's listing on the SGX-ST. Accordingly, the Directors propose that the IPT General Mandate be renewed at the AGM, to take effect until the conclusion of the next annual general meeting of the Company.
- 3.3 **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 3.6 of this Appendix.
- 3.4 **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.

- 3.5 **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 FY2020, the latest audited net total assets of the Group was \$158,626,000. 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 2021 are published, 5.0% of the Group's latest audited net total assets would be approximately \$7,931,300.

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;
- (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); and
- (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 \$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.

3.6 **Renewal of the IPT General Mandate**

3.6.1 **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.

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.

3.6.2 **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.

3.6.3 **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"**).

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.

3.6.4 **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 actors 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.

3.6.5 **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;
- (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

- (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.

- (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.

Category of Mandated Transaction	Designated Approval Authority
(iii) Provision of acting services by Ms. Yue Lina and Mr. Yang Zhigang to the EAR Group	<p data-bbox="842 450 1449 689">(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</p> <p data-bbox="842 719 1449 1563">(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.</p>

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.

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 Prospectus.

3.6.6 **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;

- (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 Prospectus.

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 85,903,360 Shares; and (b) there is no change in the number of Shares (whether deemed or direct) held by the Directors, are set out below:

Directors	Before the Share Purchase						After the Share Purchase
	Direct Interest No. of Shares	% ⁽¹⁾	Deemed Interest ⁽²⁾ No. of Shares	% ⁽¹⁾	Total Interest No. of Shares	% ⁽¹⁾	Total Interest %
Mr. Guo Jingyu ⁽³⁾	1,882,600	0.2%	640,000,000	59.6%	641,882,600	59.8%	65.0%
Ms. Yue Lina	—	—	—	—	—	—	—
Ms. Wang Qing	—	—	—	—	—	—	—
Mr. Yang Jun Rong ⁽⁴⁾	—	—	76,230,000	7.1%	76,230,000	7.1%	7.7%
Mr. Yeo Guat Kwang	—	—	—	—	—	—	—
Mr. Ang Chun Giap	—	—	—	—	—	—	—
Mr. Sng Peng Chye	—	—	—	—	—	—	—
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 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 85,903,360 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 987,888,640 issued Shares (excluding Treasury Shares).

- 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 85,903,360 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:

Substantial Shareholders (other than Directors)	Before the Share Purchase					After the Share Purchase	
	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 ⁽⁸⁾	113,289,300	10.6%	–	–	113,289,300	10.6%	11.5%
Kang Ru Investments Limited ⁽³⁾	640,000,000	59.6%	–	–	640,000,000	59.6%	64.8%
Da Yuan Developments Limited ⁽³⁾	–	–	640,000,000	59.6%	640,000,000	59.6%	64.8%
G.Y Media & Entertainment Limited ⁽³⁾	–	–	640,000,000	59.6%	640,000,000	59.6%	64.8%
Guo Yue Family Trust ⁽³⁾	–	–	640,000,000	59.6%	640,000,000	59.6%	64.8%
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	59.6%	640,000,000	59.6%	64.8%

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 85,903,360 Shares pursuant to the Share Purchase Mandate, the percentage after the Share Purchase is calculated based on 987,888,640 issued Shares (excluding Treasury Shares).
- (8) Mr. John Ho holds 113,289,300 Shares directly of which 50,000,000 Shares are held in his nominee account with DBS Nominees (Private) Limited.

5. DIRECTORS' RECOMMENDATIONS

- 5.1 **The Proposed Adoption of the Share Purchase Mandate.** The Directors, having considered, *inter alia*, the rationale for the proposed adoption of the Share Purchase Mandate, are of the opinion that the proposed adoption 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 18 relating to the proposed adoption of the Share Purchase Mandate.

- 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 19 in relation to the proposed renewal of the IPT General Mandate.

6. ANNUAL GENERAL MEETING

The AGM will be held on 29 April 2021 by way of electronic means at 5.00 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 dated 14 April 2021 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 2 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 adoption 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 FORM

- 8.1 No printed copies of this Appendix, the Notice of AGM and the Proxy Form in respect of the AGM will be despatched to Shareholders. Copies of this Appendix, the Notice of AGM and the Proxy Form 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.

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 5.00 p.m. on 26 April 2021 (the “**Registration Deadline**”) at the following URL <http://smartagm.sg/ghy2021>, and to enable the Company to verify the Shareholders’ status.

Following verification, authenticated Shareholders will receive a confirmation email by 5.00 p.m. on 27 April 2021 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 5.00 p.m. on 27 April 2021 should contact the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., for assistance at the following email address: ghy2021@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.

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 5.00 p.m. on 26 April 2021. 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 29 April 2021. Where substantial and relevant questions submitted by Shareholders are unable to be addressed prior to the AGM, the Company will address them at the AGM. The Company will publish the minutes of the AGM and its responses to relevant and substantial questions that were not answered prior to 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 5.00 p.m. on 26 April 2021 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 the URL <https://smartagm.sg/ghy2021>; 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 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.

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 Proxy Form, 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. An electronic copy of the Proxy Form can be accessed via the Company's website at the URL <https://ghyculturemedia.com/investor-relations/sqx-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 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
- (b) if submitted electronically, be submitted via email to ghy2021@boardroomlimited.com,

in either case, by not later than 5.00 p.m. on 26 April 2021, being not later than 72 hours before the time appointed for holding the AGM.

A member or Depositor who wishes to submit an instrument of proxy must first download and/or complete and sign the relevant 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.

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 Proxy Form by post, Shareholders are strongly encouraged to submit completed Proxy Form electronically via email.

Shareholders who hold their Shares through a Relevant Intermediary as defined in Section 181 of the Companies Act, Chapter 50 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 5.00 p.m. on 19 April 2021, 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.

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 Prospectus; and
- (b) the Memorandum and the Articles of Association of the Company.

The Prospectus 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

Ong Beng Hong
Lee Yuan
Company Secretaries
14 April 2021

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

(Incorporated in the Cayman Islands)
(Company Registration No.: 337751)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **G.H.Y Culture & Media Holding Co., Limited** (the “**Company**”) will be held by way of electronic means on 29 April 2021 at 5.00 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 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of 1.07 Singapore cents per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**
3. To re-elect the following Directors who are retiring pursuant to Article 86(1) or Article 85(6) of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

Mr. Guo Jingyu	[Retiring under Article 86(1)]	(Resolution 3)
[See explanatory note (i)]		
Ms. Yue Lina	[Retiring under Article 85(6)]	(Resolution 4)
[See explanatory note (ii)]		
Ms. Wang Qing	[Retiring under Article 85(6)]	(Resolution 5)
[See explanatory note (iii)]		
Mr. Yang Chun-Jung	[Retiring under Article 85(6)]	(Resolution 6)
[See explanatory note (iv)]		
Mr. Yeo Guat Kwang	[Retiring under Article 85(6)]	(Resolution 7)
[See explanatory note (v)]		
Mr. Ang Chun Giap	[Retiring under Article 85(6)]	(Resolution 8)
[See explanatory note (vi)]		
Mr. Sng Peng Chye	[Retiring under Article 85(6)]	(Resolution 9)
[See explanatory note (vii)]		
Mr. Chen Mingyu	[Retiring under Article 85(6)]	(Resolution 10)
[See explanatory note (viii)]		
Dr. Jiang Minghua	[Retiring under Article 85(6)]	(Resolution 11)
[See explanatory note (ix)]		
4. To approve the payment of Directors’ fees of S\$11,232 for the year ended 31 December 2020. **(Resolution 12)**
5. To approve the payment of Directors’ fees of S\$310,000 for the year ending 31 December 2021, to be paid half-yearly in arrears. **(Resolution 13)**
6. 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 14)**
7. 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:

8. 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;
- (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 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
- (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 (x)]

(Resolution 15)

9. **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 (xi)]

(Resolution 16)

10. **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 (xi)]

(Resolution 17)

11. **Adoption of the Share Purchase Mandate**

That:

- (a) for the purposes of 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**"); 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 Manual 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
- (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 Manual 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 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 (xii)]

(Resolution 18)

12. 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 31 December 2020 (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 may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (xiii)]

(Resolution 19)

By Order of the Board of Directors

Ong Beng Hong
Lee Yuan
Company Secretaries

14 April 2021

Explanatory Note to Resolutions to be passed:

- (i) Pursuant to Article 86(1) of the Company's Articles of Association, each Director shall retire at least once every 3 years. Mr. Guo Jingyu was appointed as a Director by the Board on 29 May 2018. Mr. Guo Jingyu, if re-elected as a Director of the Company, will remain as Executive Chairman and Group Chief Executive Officer and a member of the Nominating Committee. Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), further information on Mr. Guo Jingyu is set out on Page 4 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 Annual General Meeting ("AGM") of the Company and shall then be eligible for re-election at that meeting. Ms. Yue Lina was appointed as a Director by the Board on 23 November 2020. Ms. Yue Lina, if re-elected as a Director of the Company, will remain as Executive Director. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Ms. Yue Lina is set out on Page 4 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. Wang Qing was appointed as a Director by the Board on 23 November 2020. Ms. Wang Qing, if re-elected as a Director of the Company, will remain as Executive Director. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Ms. Wang Qing is set out on Page 4 of the Company's Annual Report.
- (iv) 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. Yang Chun-Jung was appointed as a Director by the Board on 23 November 2020. Mr. Yang Chun-Jung, if re-elected as a Director of the Company, will remain as Non-Executive Director. Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, further information on Mr. Yang Chun-Jung is set out on Page 5 of the Company's Annual Report.
- (v) 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. Yeo Guat Kwang was appointed as a Director by the Board on 23 November 2020. Mr. Yeo Guat Kwang, if re-elected as a Director of the Company, will remain as Lead Independent Director, Chairman of the Nominating Committee and a member of the Remuneration Committee. Mr. Yeo Guat Kwang will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr. Yeo Guat Kwang 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 the SGX-ST, further information on Mr. Yeo Guat Kwang is set out on Page 5 of the Company's Annual Report.
- (vi) 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. Ang Chun Giap was appointed as a Director by the Board on 23 November 2020. Mr. Ang Chun Giap, if re-elected as a Director of the Company, will remain as Chairman of the Audit and Risk Management Committee. Mr. Ang Chun Giap will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr. Ang Chun Giap 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 the SGX-ST, further information on Mr. Ang Chun Giap is set out on Page 5 of the Company's Annual Report.
- (vii) 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. Sng Peng Chye was appointed as a Director by the Board on 23 November 2020. Mr. Sng Peng Chye, if re-elected as a Director of the Company, will remain as Chairman of the Remuneration Committee and a member of Audit and Risk Management Committee. Mr. Sng Peng Chye will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr. Sng Peng Chye 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 the SGX-ST, further information on Mr. Sng Peng Chye is set out on Page 6 of the Company's Annual Report.

- (viii) 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. Chen Mingyu was appointed as a Director by the Board on 23 November 2020. Mr. Chen Mingyu, if re-elected as a Director of the Company, will remain as a member of Audit and Risk Management Committee and Remuneration Committee. Mr. Chen Mingyu will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Mr. Chen Mingyu 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 the SGX-ST, further information on Mr. Chen Mingyu is set out on Page 6 of the Company's Annual Report.
- (ix) 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. Dr. Jiang Minghua was appointed as a Director by the Board on 23 November 2020. Dr. Jiang Minghua, if re-elected as a Director of the Company, will remain as a member of Nominating Committee. Dr. Jiang Minghua will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Dr. Jiang Minghua 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 the SGX-ST, further information on Dr. Jiang Minghua is set out on Page 6 of the Company's Annual Report.
- (x) The Ordinary Resolution 15 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of 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).
- (xi) The Ordinary Resolutions 16 and 17 proposed in items 9 and 10 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.
- (xii) The Ordinary Resolution 18 proposed in item 11 above, if passed, will empower the Directors of the Company, 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.
- (xiii) The Ordinary Resolution 19 proposed in item 12 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

- 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).
- 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.
- 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 <http://smartagm.sg/ghy2021> by 26 April 2021, 5.00 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., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, at ghy2021@boardroomlimited.com in addition to the registration procedures as set out in paragraph above, by 26 April 2021, 5.00 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 2021, 5.00 p.m. Members who do not receive an email by 27 April 2021, 5.00 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 ghy2021@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 <http://smartagm.sg/ghy2021> or by depositing a physical copy of the questions at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 by the Registration Deadline.

The Company will endeavour to address all substantial and relevant questions submitted by shareholders prior to or during the AGM. The Company will publish the responses to such questions together with 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 in advance of the AGM.

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., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
- (b) if submitted electronically, be submitted via email to the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at ghy2021@boardroomlimited.com.

in either case, by the Registration Deadline, 26 April 2021, 5.00 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.

6. The Chairman of the AGM, as proxy, need not be a Member of the Company.
7. Investors who hold 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://smartagm.sg/ghy2021> 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 5.00 p.m. on 19 April 2021.
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 announcement 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 (Cap. 19) 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 (Cap. 289) and holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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/DEPOSITORS 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 2020 (the "**Annual Report**"), the appendix to the Annual Report in relation to the Company's proposed adoption 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 Singapore Exchange Securities Trading Limited's ("**SGX's**") website 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 **5.00 p.m. on 26 April 2021** (the "**Registration Deadline**") at the URL <https://smartagm.sg/ghy2021>, 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 **5.00 p.m. on 27 April 2021** 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, Chapter 50 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://smartagm.sg/ghy2021> 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 **5.00 p.m. on 27 April 2021** may contact the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. for assistance at the following email address: ghy2021@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 **5.00 p.m. on 26 April 2021**. 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 28 April 2021. Where the Company is not able to address the substantial and relevant questions submitted by members prior to the AGM, the Company will address them at the AGM. The Company will publish the minutes of the AGM and its responses to relevant and substantial questions that were not answered prior to 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 **5.00 p.m. on 26 April 2021** through any one of the following means:—
- (a) via the pre-registration website at the following URL <https://smartagm.sg/ghy2021>; 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., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.
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 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 5.00 p.m. 19 April 2021), 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., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
 - (b) if submitted electronically, be submitted via email to ghy2021@boardroomlimited.com;

in either case, not later than 5.00 p.m. on 26 April 2021, 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'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 the Cayman Islands)

(Company Registration 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, 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 **5.00 p.m. on Monday, 26 April 2021** (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, 29 April 2021 at 5.00 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 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 2020 together with the Auditors' Report thereon			
2.	Declaration of proposed first and final tax exempt (one-tier) dividend of 1.07 Singapore cents per ordinary share for the financial year ended 31 December 2020			
3.	To re-elect Mr. Guo Jingyu as a Director who is retiring pursuant to Article 86(1) of the Company's Articles of Association			
4.	To re-elect Ms. Yue Lina as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
5.	To re-elect Ms. Wang Qing 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
	6.	To re-elect Mr. Yang Chun-Jung as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
	7.	To re-elect Mr. Yeo Guat Kwang as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
	8.	To re-elect Mr. Ang Chun Giap as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
	9.	To re-elect Mr. Sng Peng Chye as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
	10.	To re-elect Mr. Chen Mingyu as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
	11.	To re-elect Dr. Jiang Minghua as a Director who is retiring pursuant to Article 85(6) of the Company's Articles of Association			
	12.	To approve the payment of Directors' fees of \$11,232 for the year ended 31 December 2020			
	13.	To approve the payment of Directors' fees of \$310,000 for the year ending 31 December 2021, to be paid half-yearly in arrears			
	14.	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			
	15.	To approve authority to allot and issue shares in the capital of the Company			
	16.	To approve authority to grant awards and issue shares pursuant to the GHY Performance Share Plan			
	17.	To approve authority to grant options and issue shares pursuant to the GHY Employee Share Option Scheme			
	18.	To approve the proposed adoption of the Share Purchase Mandate			
	19.	To approve the proposed renewal of the Shareholders' General Mandate for Interested Person Transactions			

Dated this _____ day of _____ 2021

III. The Central Depository (Pte) Limited



Signature of Director

IV. TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO NOMINATE THE CHAIRMAN OF THE AGM AS PROXY			
For Individuals:	For Corporations:		
Signature of Direct Account Holder	Signature of Director	Signature of Director/ Secretary	Common Seal

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 IV 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 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623; or
- (b) emailed to the Company's Share Transfer Agent at ghy2021@boardroomlimited.com,

in either case, not less than 72 hours before the time appointed for the holding of the AGM, i.e. by **5.00 p.m. on Monday, 26 April 2021**.

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 14 April 2021.

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 14 April 2021.

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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 Mainboard of the Singapore Exchange Securities Trading Limited. The Joint Issue Managers and Global Coordinators assume no responsibility for the contents of this annual report.



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)
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Contact: +65 6352 6778