spackmanentertainmentgroup

(Company Registration No.: 201401201N)
(Incorporated in the Republic of Singapore on 10 January 2014)

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www.spackmanentertainmentgroup.com

spackmanentertainmentgroup

ANNUAL REPORT 2022

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CORPORATE PROFILE

ABOUT SPACKMAN ENTERTAINMENT GROUP

Spackman Entertainment Group Limited ("**SEGL**" or the "**Company**"), and together with its subsidiaries, (the "**Group**"), is one of Korea's leading entertainment production groups. SEGL is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures in Korea.

Since its founding, SEGL had produced more than 30 major motion pictures including a number of the highest grossing and award-winning films in Korea, namely *#ALIVE* (2020), *CRAZY ROMANCE* (2019), *DEFAULT* (2018), *MASTER* (2016), *THE PRIESTS* (2015), *SNOWPIERCER* (2013), *COLD EYES* (2013) and *ALL ABOUT MY WIFE* (2012).

Our films are theatrically distributed and released in Korea and overseas markets, as well as for subsequent post-theatrical worldwide release in other forms of media, including online streaming, cable TV, broadcast TV, IPTV, video-on-demand, and home video/DVD, etc. Generally, we release our motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

The Group also invests into and produces Korean television dramas. In addition to our content business, we also own equity stakes in entertainment-related companies and film funds that can financially and strategically complement our existing core operations. SEGL is listed on the Catalist of the Singapore Exchange Securities Trading Limited under the ticker 40E.

Production Labels

SEGL owns a 100% equity interest in Studio Take Co., Ltd. ("**Studio Take**") which produced *STONE SKIPPING* (2020) and *THE BOX* (2021). Its latest film, *A MAN OF REASON*, premiered in the US at the 42nd Hawaii International Film Festival. The film was also invited to the 47th Toronto International Film Festival, the largest film festival in North America, and the 55th Sitges Film Festival, one of the world's top three genre film festivals. *A MAN OF REASON* is expected to be released in the third quarter of 2023. Studio Take shall also release an upcoming film, *THE GUEST*, which is at the post-production stage and scheduled to be released in the second half of this year.

SEGL owns Novus Mediacorp Co., Ltd. ("**Novus Mediacorp**"), an investor, presenter, and/or post-theatrical distributor for a total of 81 films (60 Korean and 21 foreign) including *COME BACK HOME* (2022), *OKAY MADAM* (2020), *LONG LIVE THE KING* (2019), *MY FIRST CLIENT* (2019), *ROSE OF BETRAYAL* (2018), *THE OUTLAWS* (2017) and *SECRETLY, GREATLY* (2013), which was one of the biggest box office hits of 2013 starring Kim Soo-hyun of *MY LOVE FROM THE STARS* (2013), as well as *FRIEND 2: THE GREAT LEGACY* (2013). In 2012, Novus Mediacorp was also the post-theatrical rights distributor of *ALL ABOUT MY WIFE* (2012), a top-grossing romantic comedy produced by Zip Cinema. In 2018, *THE OUTLAWS*, co-presented by Novus Mediacorp broke the all-time highest Video On Demand ("**VOD**") sales records in Korea. For more information, please visit http://novusmediacorp.com

The Company owns a 100% equity interest in Greenlight Content Limited ("**Greenlight Content**") which is mainly involved in the business of investing into dramas and movies, as well as providing consulting services for the production of Korean content. Through the acquisition of Greenlight Content, the Group's first co-produced drama, *MY SECRET TERRIUS*, starring top Korean star, So Ji Sub, achieved #1 in drama viewership ratings for its time slot and recorded double digits for its highest viewership ratings. Greenlight Content was one of the main investors of *MY SECRET TERRIUS*.

The Company owns a 100% equity interest in Simplex Films Limited ("**Simplex Films**") which is an early stage film production firm. The maiden film of Simplex Films, *JESTERS: THE GAME CHANGERS* (2019), was released in Korea on 21 August 2019. Simplex Films has several line-up of films including *HURRICANE BROTHERS* (working title).

The Company owns a 20% equity interest in The Makers Studio Co. Ltd., which plans to produce and release four upcoming films, the first of which will be *THE ISLAND OF THE GHOST'S WAIL*, a comedy horror film.

Talent Representation

The Company holds an effective shareholding interest of 43.88% in Spackman Media Group Limited ("**SMGL**"). SMGL, a company incorporated in Hong Kong, together with its subsidiaries, is collectively one of the largest entertainment talent agencies in Korea in terms of the number of artists under management, including some of the top names in the Korean entertainment industry. SMGL operates its talent management business through renowned agencies such as SBD Entertainment Inc. (Son Suk-ku, Han Ji-hyun, Park Keun-rok), MSteam Entertainment Co., Ltd. (Son Ye-jin, Wi Ha-jun, Lee Min-jung, Ko Sung-hee, Lee Cho-hee), UAA&CO Inc. (Kim Sang-kyung) and Play Content Co., Ltd. (Hwang-hwi). Through these full-service talent agencies in Korea, SMGL represents and guides the professional careers of a leading roster of award-winning actors/actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment. SMGL leverages its unparalleled portfolio of artists as a platform to develop, produce, finance and own the highest quality of entertainment content projects, including theatrical motion pictures, variety shows and TV dramas. This platform also creates and derives opportunities for SMGL to make strategic investments in development stage businesses that can collaborate with SMGL artists. SMGL is an associated company of the Company. For more information, please visit http://www.spackmanmediagroup.com

The Company owns a 100% equity interest in Constellation Agency Pte. Ltd. ("**Constellation Agency**"). Constellation Agency, which owns The P Factory Co., Ltd. ("**The P Factory**") and Platform Media Group Co., Ltd. ("**PMG**"), is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market. The P Factory is an innovative marketing solutions provider specializing in event and branded content production. PMG is a talent management agency which represents and manages the careers of major artists in film, television, commercial endorsements and branded entertainment.

Strategic Businesses

The Company also operates a café-restaurant, Upper West, in the Gangnam district of Seoul and own a professional photography studio, noon pictures Co., Ltd.

For more details, please visit http://www.spackmanentertainmentgroup.com/

The Company has prepared this annual report, and the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), has reviewed its contents for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This annual report has not been examined or approved by the SGX-ST, and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The details of the contact person for the Sponsor are:–

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Address: 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906
Tel: (65) 6241 6626

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spackmanentertainmentgroup

LEADING KOREAN ENTERTAINMENT COMPANY

DRAMA & FILM PRODUCTION

spackmanentertainmentgroup

greenlight content

NOVUS MEDIACORP

TAKE

SIMPLEX

TALENT MANAGEMENT

smg

CONSTELLATION AGENCY

COLLABORATIVE BUSINESS

UPPER WEST

SKIN INC

noon pictures

OUR FILMS AND UPCOMING FILMS

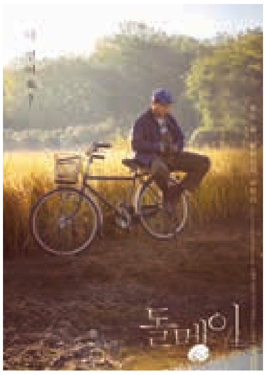
OUR FILMS

THE BOX (2021)
Musical

Producer: Spackman Entertainment Group (Studio Take)
Distributor: Cinepirun Co., Ltd.
Director: Yang Jung-woong
Lead actors: Park Chanyeol, Jo Dal-hwan

#ALIVE (2020)
Suspense | Zombie Thriller

Producer: Spackman Entertainment Group
Presenter: Lotte Entertainment
Directors: Cho Il-hyung
Lead actors: Yoo Ah-in, Park Shin-hye



STONE SKIPPING (2020)
Human Drama

Producer: Spackman Entertainment Group (Studio Take)
Distributor: Little Big Pictures
Directors: Kim Jung Sik
Lead actors: Kim Dae-myung, Jeon Chae-eun, Kim Eui-sung, Song Yun-ah

CRAZY ROMANCE (2019)
Romance | Comedy

Producer: Spackman Entertainment Group
Presenter: Next Entertainment World
Directors: Kim Han-gyeol
Lead actors: Kim Rae-won, Gong Hyo-jin

OUR FILMS AND UPCOMING FILMS

OUR FILMS

JESTERS: THE GAME CHANGERS (2019)
Historical Comedy

Producer: Spackman Entertainment Group (Simplex Films)
Distributor: Warner Bros. Korea
Directors: Kim Joo-ho
Lead actors: Cho Jin-woong, Son Hyun-joo

DEFAULT (2018)
Crime | Thriller

Producer: Spackman Entertainment Group
Presenter: CJ Entertainment
Directors: Choi Kook-hee
Lead actors: Yoo Ah-in, Kim Hye-soo, Heo Joon-ho, Jo Woo-jin, Vincent Cassel

BE WITH YOU (2018)
Melodrama | Romance

Producer: Movie Rock
Co-Presenter: MSteam Entertainment (subsidiary of Spackman Media Group) & Fiftyone K
Director: Lee Jang-hoon
Lead actors: Son Ye-jin (artist managed by Spackman Media Group), So Ji Sub
Co-investor: Spackman Entertainment Group

GOLDEN SLUMBER (2018)
Action | Drama

Producer: Spackman Entertainment Group
Presenter: CJ Entertainment
Director: Noh Dong-seok
Lead actors: Gang Dong-won, Han Hyo-jin

OUR FILMS AND UPCOMING FILMS

OUR FILMS

THE OUTLAWS (2017)
Crime | Action

Producer: Hong Film/B.A. Entertainment
Co-Presenter: Spackman Entertainment Group (Novus Mediacorp)
Director: Kang Yoon-sung
Lead actors: Ma Dong-seok, Yoon Kye-sang

MASTER (2016)
Crime | Action

Producer: Spackman Entertainment Group
Presenter: CJ Entertainment
Director: Choi Ui-seok
Lead actors: Lee Byung-hun, Gang Dong-won, Kim Woo-bin

THE PRIESTS (2015)
Mystery | Thriller

Producer: Spackman Entertainment Group
Presenter: CJ Entertainment
Director: Jang Jae-hyun
Lead actors: Gang Dong-won, Kim Yoon-seok

MY BRILLIANT LIFE (2014)
Romance | Drama

Producer: Spackman Entertainment Group
Presenter: CJ Entertainment
Director: E J-yong
Lead actors: Song Hye-kyo, Gang Dong-won

OUR FILMS AND UPCOMING FILMS

OUR FILMS

FOR THE EMPEROR (2014)
Action

Producer: Spackman Entertainment Group
Presenter: Next Entertainment World, United Pictures
Director: Park Sang-joon
Lead actors: Lee Min-ki, Park Sung-woong, Lee Tae-im

SNOWPIERCER (2013)
Action | Sci-fi

Producer: Spackman Entertainment Group
Presenter: The Weinstein Company, CJ Entertainment
Director: Bong Joon-ho (Won the Oscar for Best Director for *PARASITE* (2019))
Lead actors: Chris Evans, Song Kang-ho, Tilda Swinton, Jamie Bell, Octavia Spencer, Ewen Bremner, Go Ah-sung, John Hurt, Ed Harris

COLD EYES (2013)
Crime | Thriller

Producer: Spackman Entertainment Group
Presenter: Opus Pictures
Directors: Cho Ui-Seok and Kim Byung-Seo
Lead actors: Seol Kyung-gu, Jung Woo-sung, Han Hyo-joo and Lee Jun-ho

ALL ABOUT MY WIFE (2012)
Romance | Comedy

Producer: Spackman Entertainment Group
Presenter: United Pictures
Director: Min Kyu-dong
Lead actors: Im Soo-jung, Lee Sun-kyun, Ryou Seung-ryong

OUR FILMS AND UPCOMING FILMS

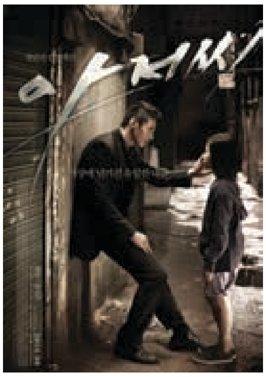
OUR FILMS

HOWLING (2012)
Drama | Thriller

Producers: Spackman Entertainment Group
Presenter: CJ Entertainment, United Pictures
Director: Yoo Ha
Lead actors: Song Kang-ho, Lee Na-young

HAUNTERS (2010)
Action | Thriller

Producers: Spackman Entertainment Group
Presenter: Next Entertainment World
Director: Kim Min-suk
Lead actors: Gang Dong-won, Go Soo

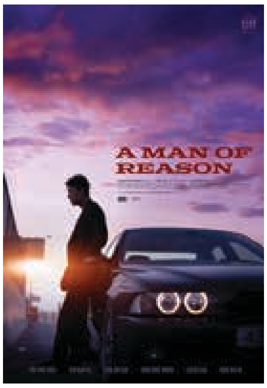


THE MAN FROM NOWHERE (2010)
Action | Thriller

Producer: Spackman Entertainment Group
Presenter: CJ Entertainment
Director: Lee Jeong-beom
Lead actors: Won Bin, Kim Sae-ron

OUR FILMS AND UPCOMING FILMS

OUR UPCOMING FILMS



A MAN OF REASON (Expected to be released in Korea in the third quarter of 2023)

Producer: Spackman Entertainment Group (Studio Take)
Distributor: Acemaker
Director: Jung Woo-sung
Lead actors: Jung Woo-sung, Kim Nam-gil, Park Sung-woong

THE GUEST (Expected to be released in Korea in the second half of 2023)

Producer: Spackman Entertainment Group (Studio Take)
Distributor: TBC
Director: Yeon Je-gwang
Lead actors: Lee Joo-seung, Oh Hye-won

FILM BUSINESS MODEL

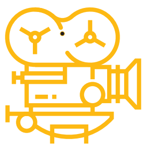
TOTAL BOX OFFICE REVENUE (100%)

(-MINUS)

THEATRE OPERATOR FEES (50%)

Theatre Operator Takes Approximately **50%** of Gross Box Office

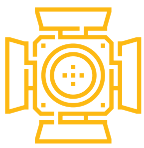
(-MINUS)



DISTRIBUTION FEE & MARKETING COSTS & PRESENTER FEE

Distributor takes **10%** of the amount of box office revenue not kept by theatre operators. Presenter takes **2%** of Total Production Budget

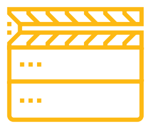
(-MINUS)



TOTAL PRODUCTION BUDGET

Production Budget and P&A* Budget

(+PLUS)

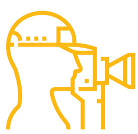


POST-THEATRICAL SALES

IPTV, Internet VOD, Mobile, DVD

(=EQUAL)

NET PROFITS FROM REVENUE



PRODUCER – RECEIVE 40% OF PROFITS

INVESTOR – RECEIVE 60% OF PROFITS

*P&A: Prints and advertising

JOINT MESSAGE FROM NON-EXECUTIVE CHAIRMAN AND CEO

DEAR SHAREHOLDERS,

On behalf of the Board of Spackman Entertainment Group Limited ("**Spackman Entertainment Group**" or the "**Company**" and together with its subsidiaries, the "**Group**"), we present to you our annual report for the financial year ended 31 December 2022 ("**FY2022**").

Against the backdrop of the pro-longed COVID-19 situation, the Group is picking momentum in preparation for a new pipeline of films and dramas. Following the Group's disposal of Zip Cinema Co., Ltd. and Frame Pictures Co., Ltd., we have been focusing on the development and production of Korean content and reviewing projects for the co-production and financing of US films, which would potentially bring higher income stream and raise our profile as a cross-border production company.

CAPITALIZING ON THE POPULARITY OF KOREAN CONTENT WITH NEW PIPELINE

As Korean content continues to find success and traction amongst global audiences, the Group is currently investing into the development and production of a line-up of Korean films and dramas via its wholly owned subsidiaries including Studio Take Co., Ltd. ("**Studio Take**"), Greenlight Content Limited and Platform Media Group Co., Ltd. Korean films and dramas are well-known for their creative concepts, elevated production values and quality screenwriting. There has been a paradigm shift as to how entertainment content is being consumed which became increasingly clear during the prolonged COVID-19 situation. Digital content on preferred mobile and home devices, with the convenience of time and comfort, had grown in popularity amongst consumers of different generations.

Global streaming providers such as Netflix and Disney+ have been stepping up its efforts in increasing their portfolio of Korean content. In January this year, Netflix announced that it is planning its biggest-ever slate of Korean content, with 34 new and returning titles set to roll out this year. Three of Netflix's most-watched shows ever are from Korea, one of which is *SQUID GAME*[1], starring Wi Ha-jun of the Group's associated company, Spackman Media Group Limited ("**Spackman Media Group**").

Disney+ has also recently greenlit new and original titles from Korea in a bid to tap on the popularity and buzz of Korean films and dramas internationally. An on-going exemplary drama series on Disney+ is *BIG BET*, starring Son Suk-ku of Spackman Media Group, which broke the record for the highest viewing of all time in the first week of its release among all previous Disney+Korean original content.

The Group's upcoming film, *A MAN OF REASON*, produced by its wholly owned subsidiary, Studio Take, premiered in the US at the 42nd Hawaii International Film Festival and was invited to the 47th Toronto International Film Festival, and the 55th Sitges Film Festival. In addition, Epic Pictures Group, an independent film and television studio which has extensive experience in distributing genre films in the US and Canada, acquired the North American rights of this film. *A MAN OF REASON* is expected to be released in the third quarter of 2023.

Our following film is *THE GUEST*, which is also produced by Studio Take. It is based on the short film with the same title directed by Yeon Je-gwang, which was invited to the 2016 Cannes Film Festival. The current status of the film is at the post-production stage and scheduled to be released in the second half of this year.

We are also currently working on an Over-the-Top drama project based on an award-winning novel. It is currently at the development and pre-production stage. As some of these projects are still in the development and production stage, we will announce if there are material updates to our pipeline of films and dramas.

JOINT MESSAGE FROM NON-EXECUTIVE CHAIRMAN AND CEO

REVIEWING PROJECTS IN THE CO-PRODUCTION AND FINANCING OF US FILMS

Besides the development and production of Korean content, we are also reviewing projects for the co-production and financing of US films, which could potentially increase our revenue and enhance our visibility as a production company in cross-border projects.

This would allow us to leverage on the talent management platform of Spackman Media Group as it would present opportunities for Spackman Media Group's flagship artists to take on roles in US Hollywood movies to broaden their experience working with western expertise in film making.

PROSPECTS OF ASSOCIATED COMPANY, SPACKMAN MEDIA GROUP

In light of the booming demand for Korean content and the softening of China's ban on the Korean wave, Spackman Media Group will continue to look out for participation in top quality content production and collaborate with international brands for advertisements and endorsements. Spackman Media Group is collectively one of the largest entertainment talent agencies in Korea in terms of the number of artists under management, including some of the top names in the Korean entertainment industry. It operates its talent management business through renowned agencies such as SBD Entertainment Inc. ("**SBD**"), MSteam Entertainment Co., Ltd. ("**MSteam**"), UAA&CO Inc. ("**UAA**") and Play Content Co., Ltd. ("**Play Content**").

Spackman Media Group's flagship artists include Korea's top star Son Suk-ku, iconic Korean actress Son Ye-jin, emerging international star Wi Ha-jun, leading Korean actress Lee Min-jung, veteran actor Kim Sang-kyung and rising star Han Ji-hyun.

The Group currently holds an effective shareholding interest of 43.88% in Spackman Media Group. On 28 February this year, the Group announced that Spackman Media Group and one of its wholly-owned subsidiaries, Crystal Planet Limited, entered into a share exchange agreement with Spackman Equities Group Inc. (a company listed on TSX VENTURE: SQG, "SQG") ("**Proposed Transaction**").

The Proposed Transaction will allow Spackman Media Group artists to be better positioned to enter the North American film market by leveraging on the geographical advantage of SQG being listed in Canada, and to have more opportunities to obtain financing for growth from the capital market in Canada, through its ownership of SQG.

APPRECIATION

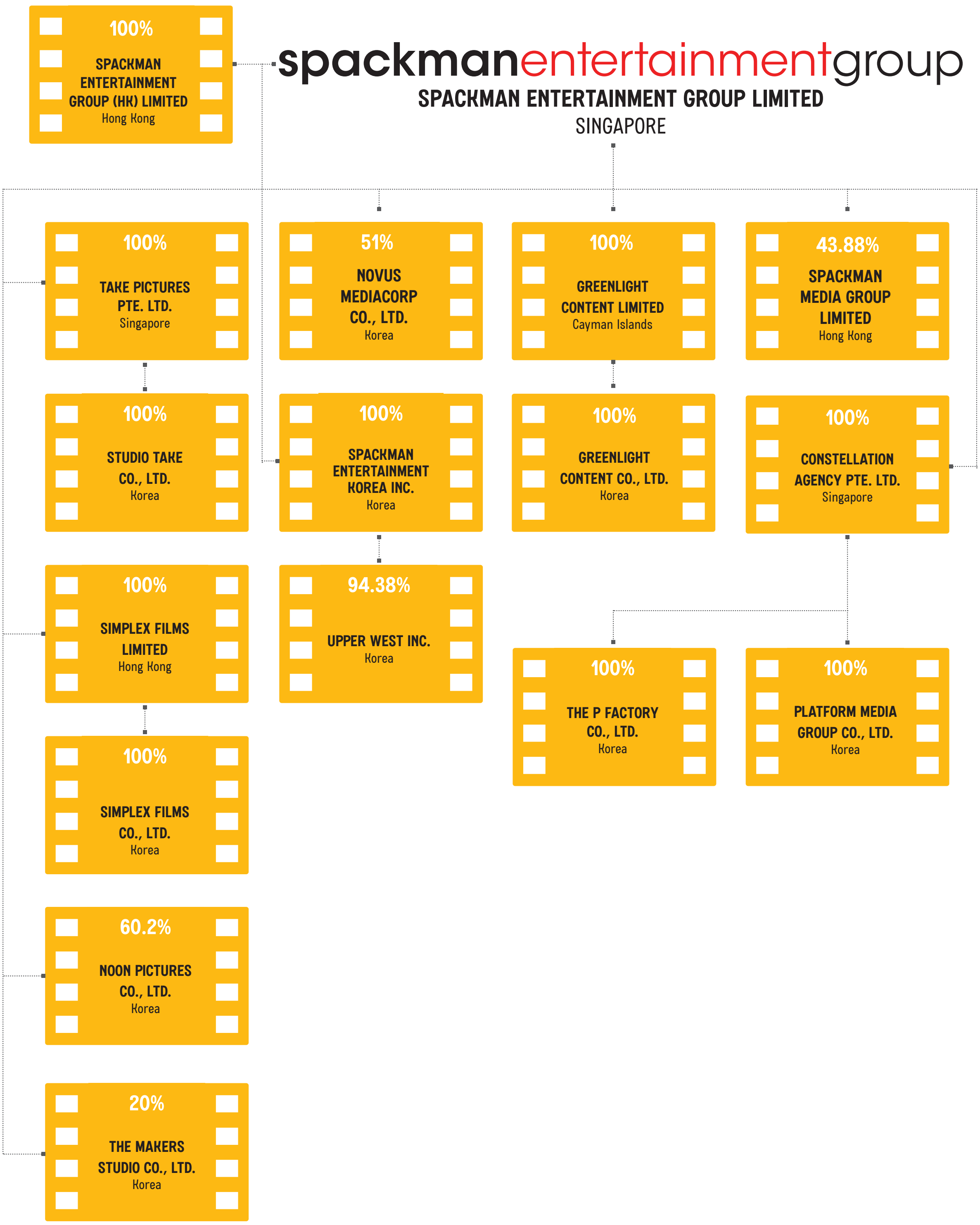
I would like to express my gratitude and appreciation to all of Spackman Entertainment Group's stakeholders, including our employees, shareholders, partners and associates, who have been supporting us all these while.

ANTHONY WEI KIT WONG
Non-executive & Independent Chairman

KO JIHWAN
Chief Executive Officer

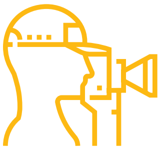
[1] CNN, https://edition.cnn.com/2023/01/16/business/netflix-korean-content-expansion-2023-intl hnk/index.html, Netflix plans its biggest-ever slate of Korean content, 16 January 2023

GROUP STRUCTURE



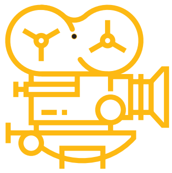
OUR FILM BUSINESS

PRODUCER



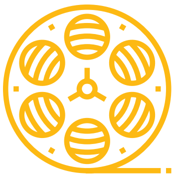
- Originate & develop screenplay
- Procure screenwriters, directors, cast and crew
- Oversee & manage actual filming
- Manage post-production
- Develop marketing strategies for film
- License and/or sell films to overseas markets

PRESENTER



- Raise finance for total production budget
- Enter agreement to distribute film in theatres and overseas
- Enter agreement for ancillary distribution
- Administer expenses of production, distribution & marketing
- Settle & distribute revenue from film

DISTRIBUTOR



- Distribute foreign films in Korea
- Distribute on picture-by-picture basis
- Distribute in theatres & via IPTV & VOD or only via IPTV & VOD

INVESTOR

- Invest money into films for a percentage share of the film's profits to the investors
- Investors as a group typically receive a total of 60% of film's profit, with the other 40% paid to Producer
- Generally invest up to 30% of total production budget (including P&A)

OPERATIONS AND FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

Revenue decreased by US$11.53 million or 77% year-on-year ("**YoY**") to US$3.40 million in FY2022. This was mainly due to the decrease in the production of films as a result of the disposal of production subsidiary Zip Cinema Co., Ltd ("**Zip Cinema**") in FY2021. The percentage-of-completion "POC" for production revenue of US$0.10 million was attributed by Studio Take Co., Ltd ("**Studio Take**") for *A MAN OF REASON* for which the majority of filming was completed in FY2021 and is expected to be released in the third quarter of 2023. Revenue from the distribution of films for FY2022 of US$2.31 million was mainly from Novus Mediacorp Co., Ltd ("**Novus**") for *THE OUTLAWS* and *COME BACK HOME*. Distribution revenue was higher by US$0.26 million YoY due to *COME BACK HOME* from Novus. The Group recorded higher revenue from sales of content, consulting services and restaurant sales and cafe lounge business as compared to the previous year.

COST OF SALES

Cost of sales decreased by US$10.97 million or 85% YoY in FY2022, mainly due to decrease of the production costs incurred in FY2021 for *THE BOX* by Studio Take, as well as *ACCIDENT* and *BROKER* by Zip Cinema.

GROSS PROFIT

The Group registered gross profit of US$1.41 million in FY2022. This was US$0.57 million or 29% lower than its corresponding period in FY2021. Gross margin wise, it was higher by 28% YoY because of lower film production margin from *THE BOX* in FY2021.

OTHER INCOME AND GAINS

Other income and gains decreased by US$8.61 million or 93% YoY to US$0.65 million in FY2022. The decrease is mainly due US$8.31 million gain in disposal of subsidiaries in FY2021 and US$0.76 million gain in disposal of property, plant and equipment in FY2021. This is partially offset by higher fair value gain on investments in financial assets for Skin Inc of US$0.32 million.

SELLING EXPENSES

Selling expenses increased marginally by US$0.17 million or 40% YoY to US$0.58 million in FY2022 mainly due to a slight increase in business travel numbers from the lifting of border restrictions and the gradual reopening of air traffic.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses decreased marginally by 23% YoY to US$4.51 million in FY2022 mainly attributable by the decrease in salaries by US$1.22 million and employment benefits by US$0.11 million as Zip Cinema and Frame Pictures were disposed in FY2021.

OTHER EXPENSES

Other expenses increased by US$2.90 million YoY to US$4.00 million in FY2022 mainly due to impairment loss on goodwill of US$2.55 million and impairment loss on investment in associates of US$0.78 million. This is partially offset by lower fair value on loss on investments in financial assets of US$0.23 million and foreign currency losses of US$0.07 million.

SHARE OF RESULTS OF ASSOCIATE

The share of results of associate recognised a US$1.51 million gain YoY. This was mainly attributable by the profits from the Group's 43.88% owned associated company, Spackman Media Group Limited ("**SMGL**") of US$0.42 million. The profit recorded by SMGL was US$1.02 million in FY2022 as compared to the loss of US$2.56 million in FY2021. This was US$3.58 million higher than FY2021 as more talent management revenue was generated from filming and endorsement activities.

TAX EXPENSE

The Group recorded a tax credit of US$4,407 in FY2022 mainly because of the loss-making position of the Group in FY2022. The tax expense of US$2.06 million in FY2021 was mainly because of the tax expenses incurred for the disposal of subsidiaries.

PROFIT AFTER TAX

As a result of the above, the Group recorded a loss after tax of US$6.63 million in FY2022 as compared to a profit after tax of US$0.66 million in FY2021.

OPERATIONS AND FINANCIAL REVIEW

FINANCIAL POSITION

NON-CURRENT ASSETS

The Group's non-current assets as of 31 December 2022 was US$18.71 million, which decreased by US$2.97 million or 14% from US$21.68 million as compared to 31 December 2021. This was mainly due to:

i) decrease in property, plant and equipment and intangible assets by US$0.26 million was mainly attributable to the depreciation charged during FY2022;

ii) decrease in intangible assets by US$2.68 million was mainly due to the impairment loss on goodwill for Constellation Agency Pte Ltd ("**Constellation**") of US$1.03 million, Simplex Films Limited ("**Simplex**") of US$0.88 million, Greenlight Content Limited ("**Greenlight**") of US$0.39 million and Novus of US$0.25 million;

iii) decrease in investment in the associated company by US$0.40 million. This was mainly due to US$0.42 million gain in the share of results of associate for the year, US$0.04 million in other comprehensive losses from foreign exchange variation and US$0.78 million impairment loss on investment in associated company;

iv) decrease in film production inventories of US$0.19 million mainly from sales of the production rights of film in development by Novus; and

v) partially offset by the increase in financial assets at fair value through profit or loss by US$0.30 million from the investment in Skin Inc.

CURRENT ASSETS

The Group's current assets decreased by US$6.54 million from US$21.27 million as of 31 December 2021 to US$14.73 million as of 31 December 2022. This was mainly due to the decrease in cash and cash equivalents of US$5.14 million as explained in the consolidated statement of cash flow below, decrease in financial assets at fair value through profit or loss of US$1.12 million and decrease in trade and other receivables of US$1.22 million. This is partially offset by the increase in film production inventories of US$0.98 million by Studio Take.

OPERATIONS AND FINANCIAL REVIEW

NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by US$0.25 million from US$0.51 million as of 31 December 2021 to US$0.76 million as of 31 December 2022. This was mainly due to an increase in non-current borrowings of US$0.24 million.

CURRENT LIABILITIES

The Group's current liabilities amounted to US$6.52 million as of 31 December 2022 as compared to the current liabilities of US$9.41 million as of 31 December 2021. it was mainly due to decrease in trade and other payables of US$0.73 million, contract liabilities of US$1.39 million and borrowings of US$1.44 million. This was partially offset by increase in film obligation and production loan of US$0.66 million.

CASHFLOW

As of 31 December 2022, the Group had cash and cash equivalents amounting to US$6.21 million as compared to cash and cash equivalents amounting to US$11.34 million as of 31 December 2021. The significant cash movements during FY2022 as compared to FY2021 can be summarised as follows: Cash flow used in operating activities for FY2022 amounted to US$5.15 million as compared to cash flow used in operating activities of US$0.65 million for FY2021. The cash flow used in operating activities for FY2022 was mainly attributed to the operating loss before working capital changes of US$3.12 million, payables and contract liabilities of US$2.17 million, film production inventories of US$0.95 million. This was partially offset by the receivables and contract assets of US$0.77 million and currency translation gain of US$0.31 million. Cash flow generated from investing activities for FY2022 was US$0.62 million as compared to cash flow used in investing activities of US$6.34 million for FY2021. The cash flow generated from investing activities was mainly due to the disposal of investments of US$1.39 million, the net receipt of consideration by the disposal of the subsidiaries of US$1.06 million, proceeds from the collection of short-term loans of US$0.27 million. This was partially offset by investment of financial assets at fair value through profit or loss of US$0.54 million, additional short-term loans of US$0.36 million and purchases of property, plant and equipment of US$0.23 million and net advances given to associated company of US$0.91 million. Cash flow used in financing activities was US$0.63 million for FY2022 as compared to cash flow generated from financing activities of US$13.70 million for FY2021. The cash flow used in financing activities for FY2022 was mainly due to the repayment of borrowings US$1.97 million, repayment of lease liabilities of US$0.48 million, purchase of treasury shares of US$0.23 million and interest paid of US$0.08 million. This was partially offset by the proceeds from borrowings of US$1.28 million and net proceeds from film obligations and production loans of US$0.68 million and recovery from leasehold deposits of US$0.13 million.

OUR SUBSIDIARIES (STUDIO TAKE)

TAKE PICTURES

On 27 October 2017, the Group completed the acquisition of the entire issued and paid-up share capital of Take Pictures Pte. Ltd. ("**Take Pictures**"). Take Pictures owns 100% of the equity interest in Studio Take Co., Ltd. ("**Studio Take**"), which is a development motion picture production company founded by veteran movie producer, Mr. Song Dae-chan ("**Mr. Song**") and incorporated in the Republic of Korea. Studio Take seeks to produce top quality films that will be theatrically distributed and released in Korea and overseas markets, as well as for subsequent post theatrical worldwide release in other forms of media, including cable television, broadcast television, IPTV, video-on-demand, and home video/DVD, etc. Studio Take will release all of its motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

Mr. Song is currently the founder and Chief Executive Officer of Studio Take. Studio Take currently owns a line-up of several films including *THE GUEST* and *A MAN OF REASON*. Studio Take's first production, *STONE SKIPPING*, a human drama film, was released on 15 October 2020 in Korea. It released its second film *THE BOX*, starring EXO's Chanyeol, on 24 March 2021. Prior to establishing Studio Take, Mr. Song spent 13 years working alongside well-known producer Ms. Eugene Lee ("**Ms. Lee**"), the CEO of Zip Cinema Co., Ltd. Mr. Song began his career in 2002 apprenticing under Kang Jekyu, director of classic hits *SIRI* (1999) and *TAEGUKKI* (2004) at the eponymous film company, Kang JEKYU Film. Mr. Song continued his career at B.O.M. Pictures working with Ms. Lee on *A BITTERSWEET LIFE* (2005), and then joined her at Zip Cinema where they collaborated on numerous projects for the next 12 years.

Studio Take is starting to contribute to the Group's film production capability with its first and second film releases, and the Group believes that Studio Take is well-equipped to continue delivering a healthy pipeline of top quality films.

Photo Stills from *THE BOX:*

Photo Stills from *STONE SKIPPING:*

OUR SUBSIDIARIES (SIMPLEX FILMS)

Photo Stills from *JESTERS: THE GAME CHANGERS:*

SIMPLEX FILMS

On 20 August 2019, the Group completed the acquisition of the entire issued and paid-up share capital of Simplex Films Limited ("**Simplex Films**"). Simplex Films is an early stage film production firm headed by veteran Korean producer, Lim Ji Young. Simplex intends to produce top quality films to be theatrically released and distributed in Korea and overseas.

The CEO of Simplex, Lim Ji Young, achieved the following accolades, namely, 2014 PGK (Producer Guild of Korea) Vice President, 2014 Winner for Best Female Producer of the 15th Annual Woman's Film Awards, 2012 Grand Prize for Best Story for *DEMI HUMAN* from the Korean Creative Contents Agency and 2012 Grand Prize for Best Story for *DEMI HUMAN* from the Ministry of Culture, Sports and Tourism. She has produced the following Korean films: *JESTERS: THE GAME CHANGERS* (2019), *FABRICATED CITY* (2017), *MISS GRANNY* (2014), *DERANGED* (2012), *INTO THE WHITE LIGHT* (2009), *ATTACK ON THE PIN-UP BOYS* (2007), *LOVELY RIVALS* (2004) and *SEDUCING MR. PERFECT* (2006). Notably, *MISS GRANNY* (2014) recorded total admissions of 8.6 million at the Korean box office.

The maiden movie of Simplex Films, *JESTERS: THE GAME CHANGERS* (2019), was released in Korea on 21 August 2019. Simplex Films has several films in the pipeline including, *HURRICANE* BROTHERS (working title).

OUR SUBSIDIARIES (NOVUS MEDIACORP)

Incorporated in 2009, Novus Mediacorp Co., Ltd. ("**Novus Mediacorp**"), a 51% subsidiary of Spackman Entertainment Group Limited, is a renowned investor, presenter, and/or post-theatrical distributor for a total of 81 films (60 Korean and 21 foreign).

The key strength of Novus Mediacorp lies in its capability to select its role either as an Investor, Presenter and/or Distributor to strategically maximize its profits for the film that it participates in.

Novus Mediacorp is the post-theatrical distributor of comedy film *COME BACK HOME (2022)*, starring Ra Mi-ran of *THE HIMALAYAS (2015)*, Song Sae-byeok of *THE SERVANT (2010)* and Lee Beom-soo of *SINGLES (2003)* and *OK! MADAM* (2020) which features Uhm Jung-hwa, one of the most influential women in the Korean entertainment industry and Park Sung-woong of *THE DEAL* (2015). In 2019, Novus Mediacorp was the investor and post-theatrical distributor of *LONG LIVE THE KING* starring Kim Rae-won of *CRAZY ROMANCE* (2019), which was produced by Spackman Entertainment Group, and ranked as the best romance film of 2019. During the same year, Novus Mediacorp was the post-theatrical distributor of *MY FIRST CLIENT*, headlined by Lee Dong-hwi of tvN series *REPLY 1988* (2015). In 2018, Novus Mediacorp was the post-theatrical distributor of comedy film, *TOO HOT TO DIE* and action drama film, *SNATCH UP*. In 2017, Novus Mediacorp was the post-theatrical distributor of *THE OUTLAWS*, which broke the all-time highest Video On Demand ("**VOD**") sales records in Korea. *THE OUTLAWS*, headlined by Ma Dong-seok of *TRAIN TO BUSAN* (2016), was one of the highest-grossing domestic film in that year. In the same year, Novus Mediacorp was the post-theatrical distributor of *MAN OF WILL* starring Cho Jin-woong of television series *SIGNAL* (2016) and Song Seung-heon of television series *PLAYER* (2018). In 2016, Novus Mediacorp was the presenter and post-theatrical distributor of *LIFE RISKING ROMANCE*, a romance thriller starring Ha Ji-won, Chun Jung-myung and Chen Bolin. *LIFE RISKING ROMANCE* was released in Korea on 14 December 2016. On 25 July 2016, Alibaba Pictures purchased the rights to distribute the film in movie theatres and online platforms in China.

Other notable films post-theatrically distributed by Novus Mediacorp include *SECRETLY, GREATLY* starring Kim Soo-hyun of *MY LOVE FROM THE STARS*, which was one of the biggest box office hits of 2013 in Korea, *FRIEND 2: THE GREAT LEGACY*, the sequel to the 2001 box office hit *FRIEND*, and *ALL ABOUT MY WIFE*, a top-grossing romantic comedy produced by Spackman Entertainment Group.

For more information, do visit www.novusmediacorp.com.

PORTFOLIO OF NOVUS MEDIACORP

NOVUS MEDIACORP

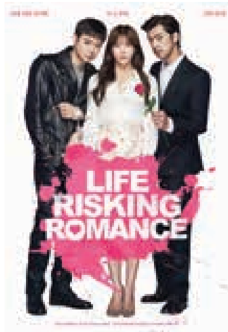
MAJOR MOVIES PRESENTED AND/OR DISTRIBUTED (ANCILLARY MARKET) BY NOVUS MEDIACORP

COME BACK HOME
2022

OK! MADAM
2020

LONG LIVE THE KING
2019

THE OUTLAWS
2017



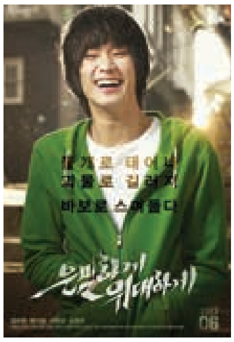
LIFE RISKING ROMANCE
2016

INNOCENT THING
2014

FRIEND: THE GREAT LEGACY
2013

HOPE
2013

VERY ORDINARY COUPLE
2013



SECRETLY GREATLY
2013

ALL ABOUT MY WIFE
2012

THE SCENT
2012

WAR OF THE ARROWS
2011

ALWAYS
2011

BLADES OF BLOOD
2010

OTHER BUSINESSES

UPPER WEST

YOU DESERVE TO CHILL OUT

UPPER WEST

Upper West Inc., a 94.38% indirect subsidiary of the Group, which was established on 28 September 2012, operates the café-restaurant, Upper West, in the trendy Gangnam district of Seoul.

noon pictures

NOON PICTURES

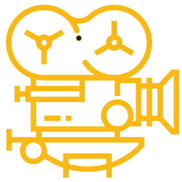
noon pictures Co., Ltd. ("**Noon**"), a 60.2% subsidiary of the Group, is a professional photography studio servicing corporate clientele in film and TV production, media, magazines, advertising, and agency pictures. Noon has provided high end photography services to clients such as Forbes, Bloomberg, Businessweek, Getty Images, and its list of celebrity clients is a roll call of Korea's most famous people including UN Secretary General Ban Ki-Moon, and entertainment stars such as Rain, Jung Woo-sung, and Kim Hye-soo.

STRATEGY AND FUTURE PLANS

TO BE A LEADING ENTERTAINMENT GROUP IN PARTICIPATING AND INVESTING INTO THE HIGHEST TOP QUALITY PROJECTS

DRAMA & FILM PRODUCTION

- To develop and produce only the best dramas and films in terms of quality and commercial viability
- To pursue opportunities to produce, finance and participate in Korean dramas and US films targeted for the global audience

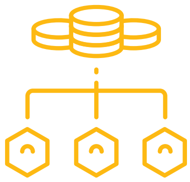


TALENT MANAGEMENT

- Leverage on Spackman Media Group's unparalleled portfolio of artists to participate into the highest quality content projects and build portfolio of collaborative businesses
- To collaborate with SMGL to reap potential benefits from various sources including investment, artist fees and co-presenting fees

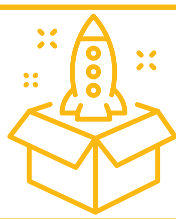
ACQUISITION

- To make acquisitions of entertainment companies that can financially and strategically complement our existing core operations



COLLABORATIVE BUSINESS

- To explore investment opportunities in businesses across a range of industries that offer compelling growth opportunities, in partnership with SMGL
- To invest in brands that can leverage on association with Korean celebrities such as the investment into Skin Inc. Global



BOARD OF DIRECTORS

ANTHONY WEI KIT WONG
Non-Executive & Independent Chairman

Mr. Anthony Wong is an Independent Director and Non-Executive Chairman of the Board of Spackman Entertainment Group Limited. From August 2021 to present, Mr. Wong is the Chief Financial Officer of Canada Rare Earth Corp. (TSXV.LL), a company listed on the TSX venture Exchange, Canada. He is also the Chairman of the Audit and Risk Management Committee and the Nominating Committee, and serves on the Remuneration Committee. From 10 December 2014 to 31 March 2017, he was the Chief Financial Officer of China Public Procurement Limited, a public company in Hong Kong. From January 2009, he worked for e-Kong Group Limited, a public company in Hong Kong and served as its Chief Financial Officer from January 2011 until January 2014. From June 2006 until December 2008, Mr. Wong served as the Chief Executive Officer and director of New Legend Group Limited, a start-up Canadian capital pool company listed on the Toronto Venture Exchange. He was previously the finance director of Hutchison Telecommunications Group, the telecommunication subsidiary of Hutchison Whampoa, where he led the mergers and acquisitions team to start up international joint ventures and investment projects. Mr. Wong has also worked at Deloitte Touche Chartered Accountants in Vancouver, and worked as Senior Audit Manager with PricewaterhouseCoopers in Hong Kong.

Currently, Mr. Wong is a member of the Chartered Professional Accountants Association and the Institute of Chartered Accountants of British Columbia, Canada. He graduated with a B.A. from Simon Fraser University, British Columbia, Canada, majoring in business and economics.

NA KYOUNGWON
Chief Operating Office, President and Executive Director

Mr. Kay Na is the Chief Operating Officer, President and Executive Director of Spackman Entertainment Group Limited. He previously served as the Chief Financial Officer of Spackman Entertainment Group from September 2013 to February 2019. He also serves on the Nominating Committee. He is responsible for overseeing the key financial, operating and business matters of the Group. Prior to joining the Group, Mr. Na worked with KPMG Korea and KPMG Singapore, providing audit, tax and advisory services to many private and public companies over a period of nine years. He is a member of the Institute of Singapore Chartered Accountants and a member of the Korean Institution of Certified Public Accountants. Mr. Na graduated with a Master of Science in Business Administration (majoring in Accounting) and a Bachelor of Science in Engineering from Seoul National University.

BOARD OF DIRECTORS

LEE JAE SEUNG
Independent Director

Mr. Lee Jae Seung is the Independent Director of Spackman Entertainment Group Limited. He is also the Chairman of the Remuneration Committee and serves on the Audit and Risk Management Committee and the Nominating Committee. Since 2018, Mr. Lee has been the directing consultant at LG CNS in Korea. He provides management and business consulting advice in various industries including the entertainment sector in Korea. From 2013 to 2018, he was the directing consultant at Samsung SDS. Previously, he was also a director at Ernst & Young (EY) advisory and Accenture in Korea. Mr. Lee graduated from Hanyang University with a Bachelor degree in Industrial Chemistry.

LEE DOO HEE
Independent Director

Mr. Lee Doo Hee is an Independent Director of Spackman Entertainment Group Limited. He also serves on the Audit and Risk Management Committee and the Remuneration Committee. From 2018 to present, he is a director at Widus Partners Pte. Ltd in Singapore. He worked as an attorney at Latham & Watkins LLP from 2015 to 2018. He was formerly a senior legal counsel at Samsung Life Insurance Co. Ltd. and an attorney at Sidley Austin LLP. He graduated with a Juris Doctor degree from University of California, Berkeley School of Law, in the US and a Bachelor of Arts from Emory University Georgia, US. He is an Attorney at Law in New Jersey State and New York State in the US.

KEY MANAGEMENT

KO JIHWAN
Chief Executive Officer

Mr Ko is the Chief Executive Officer of Spackman Entertainment Group Limited. He is overall in-charge of overseeing and monitoring the Group's business and chartering the growth direction of the Group. Mr Ko is actively involved in the business development and business collaboration in the aspect of Korean entertainment. As a 20-year veteran in the media and technology sector, his area of expertise also includes advisory in drama production and investments in media & entertainment related projects. Mr Ko is presently the Chief Executive Officer and Director of the Group's subsidiary, Greenlight Content Co.. Ltd. During 2007 to 2017, he was the director of several companies such as Signal Entertainment Group, Splendid Wave Sdn Bhd and CENIT Co., Ltd. that span across entertainment, hotel and cinema sectors. From 2004 to 2007, he worked as a management consultant for Sidus Pictures in Korea. Mr Ko graduated with Bachelor of Science from Hanyang University in Korea.

NA KYOUNGWON
Chief Operating Officer, President and Executive Director

Profile as disclosed under Board of Directors

JASMINE LEONG
General Manager & Head of Investor Relations

Ms. Leong is the Head of Investor Relations of Spackman Entertainment Group Limited and is primarily responsible for overseeing the Company's corporate actions, investor relations and operational matters. Ms. Leong has several years of experience in handling investor relations and corporate communications of listed companies on the SGX-ST. Previously, she was the Investor Relations Manager at Accordia Golf Trust Management Pte. Ltd. and worked at Financial PR Pte Ltd. She started her career with Europtronic Group where she was based in China. She is a holder of the International Certificate of Investor Relations (ICIR). Ms. Leong graduated with a Masters in Communication Management and a Bachelor in Business Management from the Singapore Management University.

LAEMIN RYU
Group Financial Controller

Mr. Ryu is the Group Financial Controller of Spackman Entertainment Group Limited and is primarily responsible for managing and overseeing the financial related activities including accounting, financing and taxation matters of the Group. Previously, he was the finance & accounting manager at Reed Exhibitions Korea and senior accountant at Nike Korea. He started his career in finance as an associate at JB Woori Capital and later on as an assistant finance manager at Sisley Korea. Mr. Ryu graduated from Sungkyunkwan University with a Bachelor of Science in Chemical Engineering and a Bachelor of Arts in Economics.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ANTHONY WEI KIT WONG
(Non-Executive and Independent Chairman)
NA KYOUNGWON
(Chief Operating Officer, President and Executive Director)
LEE JAE SEUNG
(Non-Executive and Independent Director)
LEE DOO HEE
(Non-Executive and Independent Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

ANTHONY WEI KIT WONG (Chairman)
LEE JAE SEUNG
LEE DOO HEE

NOMINATING COMMITTEE

ANTHONY WEI KIT WONG (Chairman)
LEE JAE SEUNG
NA KYOUNGWON

REMUNERATION COMMITTEE

LEE JAE SEUNG (Chairman)
ANTHONY WEI KIT WONG
LEE DOO HEE

JOINT COMPANY SECRETARIES

NA KYOUNGWON (CA (Singapore))
NORAINI BINTE NOOR MOHAMED ABDUL LATIFF (ACIS, MBA)

REGISTERED OFFICE

16 Collyer Quay
#17-00
Singapore 049318
Tel: +65 6311 0042

PRINCIPAL PLACE OF BUSINESS

Singapore
390 Orchard Road
#04-01 Palais Renaissance
Singapore 238871

South Korea
Proom Building
82 Nonhyun-Dong
Gangnam-Gu
Seoul 135-818
Korea

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-Charge: Low See Lien
(Appointed with effect from financial year ended 31 December 2021)

PRINCIPAL BANKERS

Industrial Bank of Korea (Sinsa-Dong Branch)
Shinhan Bank (Jamsil-Nam Branch)
Woori Bank (Young Dong Branch)

CATALIST SPONSOR

Evolve Capital Advisory Private Limited
138 Robinson Road
Oxley Tower, #13-02
Singapore 068906

MEDIA AND INVESTOR RELATIONS

Spackman Entertainment Group Limited
JASMINE LEONG
Email: info@spackmanentertainment.com

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

The Board of Directors (the "**Board**") of Spackman Entertainment Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximization of long-term shareholder value.

Unless otherwise stated, this report outlines the Group's corporate governance practices that were in place during the financial year ended 31 December 2022 ("**FY2022**"), with specific reference made to the principles of the Code of Corporate Governance issued on 6 August 2018 (the "**Code**") and the disclosure guide (the "**Guide**") as set out in the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	Compliance with the principles and guidelines of the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide. The Company did not adopt any alternative corporate governance practices in FY2022.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affair</u></td></tr>
<tr><td>1.1</td><td>Principle duties of the Board</td><td>
The Board currently has 4 members and comprises the following:
<table>
<tr><th colspan="2">Composition of the Board</th><th colspan="3">Composition of the Board Committees
• C – Chairman
• M – Member</th></tr>
<tr><th>Name of Director</th><th>Designation</th><th>Audit and Risk Management Committee ("ARMC")(1)</th><th>Nominating Committee ("NC")(2)</th><th>Remuneration Committee ("RC")(3)</th></tr>
<tr><td>Anthony Wei Kit Wong ("Anthony Wong")</td><td>Non-Executive Chairman and Independent Director</td><td>C</td><td>C</td><td>M</td></tr>
<tr><td>Na Kyoungwon ("Kay Na")</td><td>Executive Director, Chief Operating Officer ("COO"), President and Company Secretary</td><td>–</td><td>M</td><td>–</td></tr>
<tr><td>Lee Jae Seung</td><td>Independent Director</td><td>M</td><td>M</td><td>C</td></tr>
<tr><td>Lee Doo Hee</td><td>Independent Director</td><td>M</td><td>–</td><td>M</td></tr>
</table>
Notes:
(1) The ARMC comprises 3 members, all of whom, including the ARMC Chairman, are independent and non-executive.
(2) The NC comprises 3 members, the majority of whom, including the NC Chairman, are independent.
(3) The RC comprises 3 members, all of whom, including the RC Chairman, are independent and non-executive.
All directors recognise that they have to discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company and hold Management accountable for performance while the Board is accountable to shareholders through effective governance of the business.
The Board has put in place a Code of Conduct to guide employee's compliance with internal controls, policies and procedures of the Group, and to guide their observance of ethics and integrity in the day-to-day conduct of the Group's business.
The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interest of the Company. Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		In addition to its statutory duties, the Board's principal functions are to: • Set out overall long-term strategic plans and objectives for the Group and ensure that the necessary financial and human resources are in place for the Company to meet its objectives; • Establish a framework of prudent and effective internal controls and risk management strategies which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets; • Review management performance and monitor the reporting of performance; • Ensure good corporate governance practices to protect the interests of shareholders; and • Appoint directors of the Company and key management personnel of the Group.
1.2	Continuous Training for Directors and Orientation for Incoming Director	All newly appointed directors of the Company will undergo an orientation programme where the director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the director would visit the Group's operational facilities and meet with key management personnel of the Group. Two new independent directors were appointed to the Board in FY2022, namely Mr Lee Jae Seung who was appointed on 8 July 2022 and Mr Lee Doo Hee who was appointed on 1 September 2022. As they do not have prior experience as a director of an issuer listed on SGX, they will endeavour to attend the requisite training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX within 1 year from their respective appointment as a director of the Company, according to the availability of the training modules. The Board values on-going professional development and recognises that it is important that all directors receive regular training so as to be able to serve effectively on and contribute to the Board.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		To ensure directors can fulfil their obligations and to continually improve the performance of the Board, all directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman and CEO if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such training costs would be borne by the Company. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (ACRA) and news articles/reports (including analyst reports) which are relevant to the Group's business are regularly circulated to all the directors. During FY2022, the directors were briefed by professionals at ARMC meetings on regulatory changes and changes in financial reporting standards as well as issues which may have an impact on financial statements. In addition, the directors have attended the sustainability training course as required under the enhanced SGX sustainability reporting rules.
1.3	Matters requiring Board's approval	Matters that require the Board's approval include, amongst others, the following: • corporate strategy and business plans of the Group; • overseeing the process of evaluating the adequacy and effectiveness of internal controls, risk management systems and compliance of the Group; • material acquisitions, divestments and capital expenditure of the Group; • share issuance, dividend release or changes in capital of the Company; • budgets, financial results announcements, annual report and audited financial statements of the Group; • material financing and restructuring plans of the Group; and • material interested person transactions of the Group.
1.4	Delegation of Authority to Board Committees	The Board has delegated certain responsibilities to the ARMC, the RC and the NC (collectively, the "**Board Committees**"). The composition of the Board Committees has been set out in Section 1.1 of this report. The terms of reference of the Board Committees are disclosed in subsequent sections of this report.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.5</td><td>Meeting of Board and Board Committees</td><td>
Pursuant to Rule 705(2)(d) of the Catalist Rules, the Board meets on a quarterly basis with effect from the second quarter of FY2022, and as and when circumstances require. The number of Board and Board Committees meetings held and the attendance of each Board member for FY2022 are shown below:
<table>
<tr><th colspan="5">Table 1.5 – Board and Board Committee Meetings in FY2022</th></tr>
<tr><th></th><th>Board</th><th>ARMC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of Meetings Held</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><th>Name of Director</th><th colspan="4">Number of Meetings Attended</th></tr>
<tr><td>Anthony Wong</td><td>4/4</td><td>4/4</td><td>1/1</td><td>1/1</td></tr>
<tr><td>Kay Na</td><td>4/4</td><td>NA</td><td>1/1</td><td>NA</td></tr>
<tr><td>Lee Jae Seung(1)</td><td>3/4</td><td>3/4</td><td>0/1</td><td>0/1</td></tr>
<tr><td>Lee Doo Hee(2)</td><td>2/4</td><td>2/4</td><td>NA</td><td>0/1</td></tr>
<tr><td>Richard Lee(3)</td><td>1/4</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>Thong Yuen Siew Jessie(4)</td><td>1/4</td><td>1/4</td><td>1/1</td><td>1/1</td></tr>
<tr><td>Ng Hong Whee(5)</td><td>1/4</td><td>1/4</td><td>NA</td><td>1/1</td></tr>
</table>
NA – Not applicable, as the directors are not members of the respective Board Committee(s).
The Company's Constitution allows for meetings to be held through telephone and/or video-conference.
(1) Mr Lee Jae Seung was appointed as an Independent Director of the Board, chairman of the RC and a member of the ARMC and the NC on 8 July 2022.
(2) Mr Lee Doo Hee was appointed as an Independent Director of the Board, and a member of the ARMC and the RC on 1 September 2022.
(3) Mr Richard Lee resigned as Non-Executive and Non-Independent Director of the Board on 8 July 2022.
(4) Ms Thong Yuen Siew Jessie resigned as Lead Independent Director of the Board, chairman of the NC and a member of the ARMC and the RC on 8 July 2022.
(5) Mr Ng Hong Whee resigned as Independent Director of the Board, chairman of the RC and a member of the ARMC on 20 July 2022.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	Provision of Information to the Board and Board Committee	It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the half-year and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required). Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to the Board are set out in the table below:

Table 1.6 – Types of information provided by Management to the Board

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly and when necessary
2.	Updates to the Group's operations and the markets in which the Group operates	Quarterly and when necessary
3.	Budgets and/or forecasts (with variance analysis)	Quarterly
4.	Management accounts	Quarterly and when necessary
5.	Reports on on-going or planned corporate actions	When necessary
6.	External Auditors' ("**EA**") report(s) and Internal Auditors' ("**IA**") report(s)	Annually
7.	Research report(s)	As and when available

Management will on best endeavours, encrypt documents which bear material price-sensitive information when circulating documents electronically.

Management will also provide any additional material or information that is requested by the Board or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.7	Access to Management, Company Secretary, and Independent Professional Advice	All directors have separate and independent access to Management and the Joint Company Secretaries. The role of the Joint Company Secretaries, the appointment and removal of whom is a decision of the Board as a whole, is as follows: • Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act 2001 of Singapore, the Companies Act 1967 of Singapore and the Catalist Rules, are complied with; • Assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assisting the Chairman to ensure good information flows within the Board and Board Committees and key management personnel of the Group; • Facilitating orientation and assisting with professional development as required; • Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attending and preparing minutes for all Board and Board Committee meetings; • As secretary to all the other Board Committees, the Joint Company Secretaries assist to ensure coordination and acts as a liaison between the Board, the Board Committees and key management personnel; and • Assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meeting. Individually or collectively, in order to execute their duties, directors are able to obtain independent professional advice at the Company's expense as and when required. Professional advisors may be invited to advise the Board, or and of its members, if the Board or any individual member thereof needs independent advice.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Composition and Guidance		
2.1 2.2 2.3	Board Composition and Degree of Independence of the Board	There is a strong and independent element on the Board, with Independent Directors, including the Chairman of the Board who is independent, making up more than half of the Board. The Non-Executive Directors make up a majority of the Board. As at the date of this report, the Board comprises four (4) directors, one (1) of whom is Executive Director and three (3) of whom are Independent and Non-Executive Directors. The Independent Directors have no relationship with the Company, its related corporations, its substantial shareholders or officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. The Company does not have any alternate directors to the existing directors of the Company. However, alternate directors may be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Board succession plans.
2.4	Composition and Size of the Board	The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required. To meet the changing challenges in the industry and country which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board's dynamics remain optimal. The Board's policy in identifying potential directors is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group and it also takes cognizance on gender and age diversity. The Board has adopted a Board Diversity Policy on 11 November 2022 which endorses the principles that the Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against group think and to ensure that the Group has the opportunity to benefit from all available talents.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
The current Board composition provides a diversity of skills, experience, gender and knowledge to the Company as follows:
<table>
<tr><th colspan="3">Table 2.4 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>2</td><td>50%</td></tr>
<tr><td>– Business management</td><td>4</td><td>100%</td></tr>
<tr><td>– Legal or corporate governance</td><td>1</td><td>25%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>3</td><td>75%</td></tr>
<tr><td>– Strategic planning experience</td><td>4</td><td>100%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>2</td><td>50%</td></tr>
<tr><td>Gender</td><td></td><td></td></tr>
<tr><td>– Male</td><td>4</td><td>100%</td></tr>
<tr><td>– Female</td><td>0</td><td>0%</td></tr>
</table>
The Board has taken the following steps to maintain or enhance its balance and diversity:

Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
Annual evaluation by the directors of the skill sets the other directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.
</td></tr>
<tr><td>2.5</td><td>Meeting without the presence of Management</td><td>
Led by the Chairman of the Board who is Non-Executive and Independent, the Non-Executive Directors and Independent Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.
The Non-Executive Directors and Independent Directors have met once in the absence of key management personnel in February 2022 and provided feedback to the Board accordingly.
</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1 3.2	Role and Responsibility of Chairman and CEO	The roles of Chairman and CEO are handled by two separate persons and their duties are segregated. Mr Anthony Wong is a Non-Executive and Independent Director and is also the Chairman of the Board. As part of his duties, the Chairman also ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with the CEO, acting as facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. In addition, the Chairman ensures that Board members are provided with complete, adequate and timely information, facilitates the effective contribution of Non-Executive Directors, ensures there is effective communication with shareholders and promotes high standards of corporate governance. Mr Ko Jihwan ("**Mr Ko**") is the CEO and assumes executive responsibilities of the overall business and operational decisions of the Company. Mr Ko is currently under a probationary period set out by the Board due to internal control issues in relation to the Company's disposal of Frame Pictures Co., Ltd. ("**Frame Pictures**"), which was announced on 18 November 2022. Subsequently, the NC had assessed his performance for the year and currently deemed him suitable to remain as CEO during the probationary period. In view of the above-average rating of the assessment, the absence of significant deficiency in the Company's current internal controls following the completion of fiscal year 2022 internal audit and that there has been no damage or losses to the Company after the disposal of Frame Pictures so far, the NC viewed that there is no issue to conclude the CEO's probation. However, the NC decided that the CEO's probation should be concluded and finalised after the completion and outcome of a second review of the Company's internal control by adopting a more conservative approach and perspective.
3.3	Lead Independent Director	The Company currently has no Lead Independent Director. The Board is of the opinion that it is not necessary to have a Lead Independent Director given that the Chairman is Non-Executive and Independent and is separate from the role of CEO. The Chairman is available to shareholders to address concerns or issues that shareholders may have and for which communication with the Company's Management has failed to resolve the concerns or issues, or where such communication is inappropriate.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1	Role and Terms of Reference of NC	The NC is guided by key terms of reference as follows: (a) Reviewing and recommending candidates for appointments to the Board (including alternate directors, if necessary) and Board Committees; (b) Reviewing and approving any new employment of related persons and proposed terms of their employment; (c) Re-nominating the Company's directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the director's contribution and performance (including alternate directors, if applicable). All directors are required to retire from office once in every three years. However, a retiring director is eligible for re-election at the meeting at which he retires; (d) Determining on an annual basis whether or not a director of the Company is independent; (e) Deciding whether or not a director of the Company is able to and has been adequately carrying out his duties and responsibilities as a director, including time and effort contributed to the Company, attendance at meetings of the Board and Board Committees, participation at meetings and contributions that are constructive, analytical, independent and well-considered, and taking into consideration the director's board representations in other listed companies and other principal commitments; (f) Deciding how the Board's, Board Committees' and individual director's performance may be evaluated and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value; (g) Recommending to the Board the review of board succession plans for the Company's directors; (h) Reviewing training and professional development programmes for the Board; (i) Recommending the appointment of key management positions, reviewing succession plans for key positions within the Group and overseeing the development of key executives and talented executives within the Group; and (j) Reviewing and assessing from time to time whether any director or any person involved in the day-to-day management of the Group is related to, or is appointed pursuant to an agreement or arrangement with, a controlling shareholder and/or its associates.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.2	Composition of NC	The NC comprises one (1) Executive Director and two (2) Non-Executive and Independent Directors. Accordingly, majority of the NC members, including the Chairman of the NC are independent.
4.3	Board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	See Tables 4.3(a) and 4.3(b) below. The Board will take reference from its Board Diversity Policy in the abovementioned processes.

Table 4.3(a) – Process for the Selection and Appointment of New Directors

1.	Determination of selection criteria	• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board.
2.	Search for suitable candidates	• The NC would consider candidates proposed by the directors, key management personnel or substantial shareholders, and may engage external recruitment consultants where necessary.
3.	Assessment of shortlisted candidates	• The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of Director	• The NC would recommend the selected candidate to the Board for consideration and approval.

Table 4.3(b) – Process for the Re-election of Incumbent Directors

1.	Assessment of Director	• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and • The NC would also consider the current needs of the Board.
2.	Re-appointment of Director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-election of the director to the Board for its consideration and approval.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	Determining Director's Independence	The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a director is independent. In addition, the NC reviews the individual directors' declaration in their assessment of independence. The Independent Directors confirmed their independence in accordance with the Code on an annual basis. The NC has also reviewed and confirmed the independence of the Independent Directors in accordance with the Code during the NC and Board meetings held in February 2022 and is satisfied that the Independent Directors are able to exercise independent business judgement in the best interests of the Company. As at the date of this report, there are no Independent Directors who have served beyond nine (9) years since the date of his first appointment. In accordance to Rule 406(3)(iv) of the Catalist Rules which took effect from 11 January 2023, Mr Anthony Wong who was appointed on 20 June 2014 would be considered non-independent after the conclusion of the Company's annual general meeting held in 2024 for the financial year ended 31 December 2023.
4.5	Assessment of Commitment of Directors, including assessment of Directors sitting on Multiple Boards	The Board has set the maximum number of listed company board representations as 6. Having assessed the capacity of the directors based on factors disclosed below, the Board is of the view that this number would allow directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company. The considerations in assessing the capacity of directors include the following: • Expected and/or competing time commitments of directors, including whether such commitment is a full-time or part-time employment capacity; • Geographical location of directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectations of the other listed directorships and principal commitments held. The NC has reviewed the time spent and attention given by each of the directors to the Company's and the Group's affairs, taking into account the multiple directorships and other principal commitments of each of the directors (if any), and is satisfied that all directors have discharged their duties adequately for FY2022.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The key information of the directors, including their appointment dates and directorships in other listed companies held in the past 3 years, are set out on pages 41 of this annual report. Additional details are also shown below. A list of directorships of the directors of the Company in other listed companies and the principal commitments of each director as at the date of this report is set out below:

Table 4.5 – Directorship Additional Details

Directorship in the Company			Directorship(s) in other listed companies		
Name	**Initial Appointment Date**	**Date of last appointment**	**Present**	**Past preceding three (3) years**	**Principal commitments(1)**
Anthony Wong	20 June 2014	30 April 2019	N.A.	N.A.	• Canada Rare Earth Corp.
Kay Na	18 January 2018	29 June 2020	Spackman Equities Group Inc.	N.A.	• Take Pictures Pte. Ltd. • Spackman Media Group Pte. Ltd. • Constellation Agency Pte. Ltd. • Spackman Media Group Limited • Spackman Entertainment Group (HK) Limited • Spackman Equities Limited • Spackman Entertainment Korea Inc.
Lee Jae Seung	8 July 2022	N.A.	N.A	N.A.	N.A.
Lee Doo Hee	1 September 2022	N.A.	N.A.	N.A.	• Widus Partners Pte. Ltd. • Widus Strategic Investments Pte. Ltd. • BEF GP Pte. Ltd.

Note:

(1) Under the Code, the term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non active related corporations, those appointments should not normally be considered principal commitments.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>Mr Kay Na will retire by rotation pursuant to Article 91 of the Constitution of the Company, and being eligible and having consented, will be nominated for re-election as a director at the forthcoming Annual General Meeting ("AGM"). Upon re-election, Mr Kay Na will remain as Executive Director of the Board, and member of the NC of the Company.

Mr Lee Jae Seung and Mr Lee Doo Hee will retire pursuant to Article 97 of the Constitution of the Company, and being eligible and having consented, will be nominated for re-election as directors at the forthcoming AGM. Upon re-election, Mr Lee Jae Seung will remain as Independent Director of the Board, chairman of the RC and a member of the ARMC and the NC of the Company. Upon re-election, Mr Lee Doo Hee will remain as Independent Director of the Board, and a member of the ARMC and the RC of the Company. There are no relationships (including immediate family relationships) between each of Mr Lee Jae Seung and Mr Lee Doo Hee and the other directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect their independence. Mr Lee Jae Seung and Mr Lee Doo Hee are considered by the Board to be independent for the purpose of Rule 704(7) of the Catalist Rules.

The NC, with the respective member who is interested in the discussion having abstained from the deliberations, had recommended the above respective directors for re-election at the forthcoming AGM.</td></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>5.1
5.2</td><td>Performance criteria and process for evaluation</td><td>The table below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:

<table>
<tr><td colspan="3">Table 5</td></tr>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Strategic planning
5. Board accountability
6. Risk management
7. Succession planning</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Independence (if applicable)
5. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Return on equity
2. Performance of the Company's share price over a 3-year period vis-à-vis the FTSE Straits Time Index and a benchmark of the Company's industry peers</td><td>1. Attendance at Board and Board Committee meetings</td></tr>
</table></td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long-term shareholders value, thereafter propose amendments, if any, to the Board for approval. The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each director is also conducted at least annually and when a particular director is due for re-election. The NC had conducted its review in February 2023 and the process was as follows: 1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual directors based on criteria disclosed in Table 5 above; 2. One of the Joint Company Secretaries collated and submitted the questionnaire results to the NC Chairman in the form of a report; and 3. The NC discussed the report and concluded the performance results during the NC meeting. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her own performance. No external facilitator was used in the evaluation process.
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies		
6.1 and 6.3	Role and Terms of Reference of RC	The RC is guided by key terms of reference as follows: (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each director and key management personnel; (b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/ termination clauses; (c) Reviewing the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes; (d) Considering, reviewing and approving and/or varying (if necessary) the entire specific remuneration package and service contract terms for each member of key management (including salaries, allowances, bonuses, payments, options, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within the Group;

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(e) Considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to each member of key management; (f) Determining, reviewing and approving the design of all option plans, stock plans and/or other equity-based plans that the Group proposes to implement, to determine each year whether awards will be made under such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and keep under review performance hurdles and/or fulfilment of performance hurdles under such plans; (g) Reviewing the remuneration of employees who are related to the directors and substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guideline and commensurate with their respective job scopes and level of responsibilities; and (h) To administer the Spackman Entertainment Group Limited Employee Share Option Scheme.
6.2	Composition of RC	The RC comprises three (3) members, all of whom including the RC Chairman are independent and non-executive.
6.4	Access to Remuneration Consultant	The RC has access to professional advice of external experts in the area of remuneration, where required. No remuneration consultants were engaged by the Company in FY2022.
Level and Mix of Remuneration		
7.	Determining the level of remuneration	In determining the level of remuneration, the RC shall: • give due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate directors and key management personnel needed to run the Company successfully, taking into account the risk policies of the Company and be symmetric with risks outcomes and be sensitive to the time horizon of risks; • ensure that proportion of the remuneration is linked to corporate and individual's performance; and • design remuneration packages in such manner to align interests of the Executive Director(s) and key management personnel with those of shareholders. Annual review is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with the Company's and their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or
Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>7.1</td><td>Remuneration Structure of Executive Director, CEO and Key Management Personnel</td><td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2022. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors, CEO and key management personnel to work in alignment with the goals of all stakeholders:

<table>
<tr><td colspan="3">Table 7.1</td></tr>
<tr><th>Performance Conditions</th><th>Short-term Incentives
(such as performance bonus)</th><th>Long-term Incentives
(such as the Scheme)</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices</td><td>1. Current market and industry practices</td></tr>
<tr><td>Quantitative</td><td>1. Return on equity
2. Relative financial performance of the Group to its industry peers for that particular financial year under assessment</td><td>1. Relative financial performance of the Group to its industry peers over a 3-year period
2. Improvement in the Company's share price over a 3-year period vis-à-vis the FTSE Straits Times Index</td></tr>
</table>
</td></tr>
<tr><td></td><td>Contractual Provision Protecting the Company's Interest</td><td>The Company currently does not have any contractual provisions which would allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances.

The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual performances of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>7.2</td><td>Remuneration of Non-Executive Director</td><td>The Non-Executive Directors do not have any service contracts. Each of them is paid a basic fee, determined by the Board based on their level of contribution and scope of responsibilities.

These fees are subject to approval by shareholders as a lump sum payment at the AGM of the Company. The Board, together with the NC, ensures that the Non-Executive and Independent Directors are not compensated to the extent that their independence is compromised.</td></tr>
<tr><td>7.3</td><td>Remuneration Framework</td><td>The Board is of the view that the current remuneration structure for the Executive Directors, Non-Executive Directors and key management personnel are 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.</td></tr>
<tr><td colspan="3"><u>Disclosure on Remuneration</u></td></tr>
<tr><td>8.</td><td>Company's remuneration policy</td><td>The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Group's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.</td></tr>
<tr><td>8.1 (a)</td><td>Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.</td><td>The breakdown for the remuneration of the directors and CEO for FY2022 is as follows:

<table>
<tr><th colspan="8">Table 8.1 (a) – Remuneration of Directors and CEO</th></tr>
<tr><th>Name</th><th>Remuneration band(1)</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors fee (%)</th><th>Benefits-in-kind (%)</th><th>Others (%)</th><th>Total (%)</th></tr>
<tr><td>Richard Lee*</td><td>A</td><td></td><td>–</td><td>–</td><td></td><td></td><td>100</td></tr>
<tr><td>Thong Yuen Siew Jessie*</td><td>A</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Ng Hong Whee*</td><td>A</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Anthony Wong</td><td>A</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Kay Na</td><td>B</td><td></td><td>–</td><td>–</td><td></td><td></td><td>100</td></tr>
<tr><td>Lee Jae Seung#</td><td>A</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Lee Doo Hee#</td><td>A</td><td>–</td><td>–</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
<tr><td>Ko Jihwan</td><td>A</td><td>100</td><td></td><td></td><td></td><td></td><td>100</td></tr>
</table>

Notes:
(1) Remuneration bands:
"A" refers to remuneration of up to S$250,000 per annum.
"B" refers to remuneration from S$250,001 to S$500,000 per annum.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>

* *The following directors resigned from the Board in FY2022:–*
  - *Mr Richard Lee – resigned on 8 July 2022*
  - *Ms Thong Yuen Siew Jessie – resigned on 8 July 2022*
  - *Mr Ng Hong Whee – resigned on 20 July 2022*

The following directors were appointed to the Board in FY2022:–
  - *Mr Lee Jae Seung – appointed on 8 July 2022*
  - *Mr Lee Doo Hee – appointed on 1 September 2022*

None of the directors received any stock options for FY2022.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each director and key management personnel, the Company is of the view that detailed disclosure would be prejudicial to its business interest given the highly competitive environment. Accordingly, the remuneration of directors and CEO are disclosed in bands no wider than S$250,000.

There were no termination, retirement and post-employment benefits that were granted to the Directors, CEO and the key management personnel (who are not Directors or the CEO) for FY2022.
</td></tr>
<tr><td>8.1 (b)</td><td>(i) Key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.</td><td>

The breakdown for the remuneration of the top five key management personnel (who is not Director or the CEO) of the Group for FY2022 is as follows:

Table 8.1(b) – Remuneration of Key Management Personnel

Name	Remuneration band(1)	Salary (%)	Bonus (%)	Others(2) (%)	Total (%)
Jasmine Leong	A	100	–	–	100
Lae Min Ryu	A	100	–	–	100

Note:
(1) Remuneration band "A" refers to remuneration of up to S$250,000 per annum.

None of the key management personnel received any stock options for FY2022.
</td></tr>
<tr><td></td><td>(ii) Aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to these key management personnel who are not directors or the CEO for FY2022 was less than S$500,000.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.2	Employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$100,000 during the last financial year.	There was no employee of the Group who was a substantial shareholder of the Company, or immediate family members of a director, the CEO or a substantial shareholder of the Company in FY2022.
8.3	Employee share scheme.	The Company has adopted a share option scheme known as the "Spackman Entertainment Group Limited Employee Share Option Scheme" on 20 June 2014 ("**Scheme**"). The Scheme is designed to reward and retain employees whose services are vital to the Group's well-being and success. Factors which will be considered by the Administration Committee (as defined herein) in determining the number of options to be granted, and whether to give a discount and the quantum of the discount, include, inter alia, the performance of the Group and the performance of the participant concerned, the contribution of the participant to the success and development of the Group and the prevailing market conditions. For instance, where the Group needs to provide more compelling motivation for specific business units to improve their performance, grants of options will help to align the interests of employees with those of shareholders by encouraging them to focus more on improving the profitability and return of the Group above a certain level which will benefit all shareholders when these are eventually reflected through share price appreciation. The Scheme allows for participation by confirmed employees of the Group (including Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or prior to the date of grant of the option, provided that none of them is an undischarged bankrupt or have entered into a composition with his creditors. Controlling shareholders and their associates who meet the eligibility criteria above shall be eligible to participate in the Scheme, provided that (a) the participation of, and (b) the terms of any options to be granted and the actual number of options to be granted under the Scheme, to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in separate resolutions for each such person. The Company will at such time provide the rationale and justification for any proposal to grant the controlling shareholder or his associate any options (including the rationale for any discount to the market price, if so proposed).

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Scheme is administered by the RC ("**Administration Committee**"). The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable in respect of all options granted under the Scheme and any other share-based incentive schemes of the Company), shall not exceed 15% of the number of issued shares of the Company (including treasury shares), on the day immediately preceding the date of the relevant grant of the option. Since the commencement of the Scheme up to the date of this report, no options have been granted under the Scheme. Further details on the Scheme were set out in the Company's Offer Document dated 11 July 2014.
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
9.1	Risk Management system	The Board oversees Management in the area of risk management and internal controls. The Board regularly reviews and improves the Company's business and operational activities by identifying areas of significant risks as well as take appropriate measures to control and mitigate these risks. Management highlights and discusses (if any) salient risk management matters to the Board on a half-yearly basis. The Company's risk management framework and internal control system cover financial, operational, compliance and information technology risks and controls. The Board reviews the adequacy and effectiveness of the Company's risk management framework and internal control system annually. For FY2022, the internal audit function of the Group was outsourced to a third-party professional firm. The ARMC evaluates the findings of the EA and IA on the Group's internal controls annually. The ARMC of the Company has been assisting the Board in, among others, overseeing the Group's risk management framework and policies.
9.2	Assurance from CEO and Group Financial Controller	The Board and AC noted on the restrictions on certain activities or transactions with targeted jurisdictions, entities and persons, with the primary aim of achieving foreign policy or national security goals (the "**Sanctions**") which imposed by international bodies and national governments. The Board together with the AC will review and monitor the Sanctions as part of risk management framework and risk policies of the Group and to obtain independent legal advice or appoint a compliance adviser, if necessary. The Board has obtained assurance from Mr Ko Jihwan, CEO and Mr Lae Min Ryu, Group Financial Controller of the Company in respect of FY2022 that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; (ii) the Company's risk management and internal control systems are adequate and effective.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The Board has relied on the independent auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances. The Board has additionally relied on the IA report in respect of the Company's subsidiary, namely, Novus Mediacorp Co., Ltd, which were issued to the Company in February 2022 as assurance that the Company's risk management and internal control systems are adequate and effective. The ARMC will continue to monitor the adequacy and effectiveness of the internal controls and augment them with new controls implementation to ensure the internal controls remain relevant and adequate in the Group's ever-changing operational and business landscape. Going forward, the ARMC will continue to engage the IA to perform periodic reviews on the Group's internal controls.
1204(10) of the Catalist Rule	Board's opinion on Internal Controls	The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2022. The ARMC concurs with the Board's view. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and Group Finance Controller; 2. An internal audit has been done by the IA and significant matters highlighted to the ARMC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the ARMC on material risks; and 4. Discussions were held between the ARMC and auditors in the absence of the key management personnel to review and address any potential concerns. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
Audit and Risk Management Committee		
10.1 10.4	Duties of the ARMC	All members of the ARMC are Independent and Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the ARMC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the ARMC members hold any financial interest in the external audit firm.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		In order to carry out its duties, the ARMC is guided by the following key terms of reference: (a) Reviewing with the IA and the EA the audit plans, scope of work, their evaluation of the system of internal controls, their letter to management and the management's response, and results of the audits compiled by the IA and the EA; (b) Reviewing the quarterly and annual financial statements and results announcements 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 Catalist Rules and any other relevant statutory or regulatory requirements; (c) Reviewing the effectiveness and adequacy of the internal controls and procedures, including accounting and financial controls and procedures, and ensuring co-ordination between the IA and the EA, and the management, and reviewing the assistance given by the management to the auditors, and discussing problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary); (d) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's key internal controls and risk management systems with the Group Financial Controller and the IA and the EA, including financial, operational, compliance and information technology controls via review carried out by the IA; (e) Review the assurance from the CEO and the Group Financial Controller on the financial records and the financial statements; (f) Reviewing and discussing with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response; (g) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA, and to make recommendations to the Board on the proposals to the Shareholders on the appointment or re-appointment of the EA matters relating to the resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the EA;

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(h) Reviewing significant financial reporting issues and judgments with the Group Financial Controller and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors; (i) Reviewing the scope, results and cost-effectiveness of internal audit procedures as well as the effectiveness of the Group and the Company's internal audit function; (j) Reviewing and approving transactions (if any) falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules; (k) Reviewing potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests; (l) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group; (m) 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; (n) Reviewing the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET; (o) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group regarding among other things, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; (p) Reviewing the Group's compliance with such functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time; (q) Generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and (r) Reviewing the whistle blowing policy and arrangements by which the staff and external parties may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The ARMC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation form Management and full discretion to invite any director or executive officer to attend its meetings to enable it to discharge its functions properly and effectively. In the event that a member of the ARMC is interested in any matter being considered by ARMC, he will abstain from reviewing or voting on that particular resolutions.
10.1(f)	Whistle-blowing policy	The Company has put in place a whistle blowing policy and has implemented the procedures, as approved by the ARMC and adopted by the Board. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the appointed officer or Non-Executive and Independent Chairman of the Company or a member of ARMC.
10.1(e)	External Audit Function	The ARMC has been briefed on key audit matters for the Company for FY2022 and has reviewed and is satisfied with the measures taken by the Company in addressing such key audit matters. The fees paid to the EA of the Company for FY2022 for audited services amounted to S$155,000. During FY2022, there was no non-audit related work carried out by the EA and accordingly there was no fee paid in this respect. The ARMC has reviewed, and is satisfied with, the independence of the EA. In addition, the ARMC has also reviewed the adequacy of the resources, experience of the EA and of the audit engagement partner assigned to the audit. The ARMC is satisfied that the EA are able to meet their audit obligations. Accordingly, the Company has complied with Rule 712 of the Catalist Rules. The ARMC has recommended and the Board had approved the nomination to re-appoint the EA at the forthcoming AGM.
10.2	Composition of the ARMC	The ARMC comprises three (3) members, all of whom including the Chairman are Non-Executive Independent Directors. Two of its members have the relevant accounting and financial management expertise and experience.
10.3	No former partners or directors of EA are ARMC members	No ARMC member is a former partner or director of the Company's EA as prescribed by the Code.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
10.4	Internal Audit Function	The internal audit function is currently outsourced to NLA Risk Consulting Pte Ltd ("**NLA Risk Consulting**"). NLA Risk Consulting is part of NLA DFK, a group of accounting and advisory firms with a history in Singapore since 1948. NLA DFK is a member firm of DFK International, a top 10 international association of independent accounting firms and business advisers. NLA Risk Consulting is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The firm currently maintains an outsourced internal audit portfolio of about 20 companies listed on the SGX-ST in various industries, including construction, property development, manufacturing, healthcare, logistics, engineering services and trading. The Engagement Team comprises a Director, a Manager and is supported by a team of trained internal auditors. The Director, Mr Gary Ng has over 20 years of relevant experience and is a Certified Internal Auditor whilst the Manager has more than 10 years of relevant experience and also a Certified Internal Auditor. The internal auditor reports directly to the ARMC Chairman and administratively to the CEO and Group Financial Controller. The ARMC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the EA and together forms a robust risk-based audit approach to facilitate the ARMC's review of the adequacy and effectiveness of the Group's risk management and internal control systems. The ARMC is satisfied that NLA is able to discharge its duties effectively as the internal auditor: • is adequately qualified, given that it is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors; • is adequately resourced as there is a team assigned to the Company's internal audit, led by Gary Ng who has over 20 years of relevant experience; and • has the appropriate standing in the Company, given, inter alia, its involvement in certain ARMC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the ARMC. The Company is in the process of engaging another internal auditor for a second review of the Company's internal control as well.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
10.5	Meeting with the EA and IA in the absence of Management	The ARMC met with the IA and the EA once in the absence of Management in February 2023.
719(3), 1204(10C) of the Catalist Rules	ARMC comment on internal audit function	The ARMC reviews the adequacy and effectiveness of the Group's internal audit function (including whether it is adequately resourced and independent) on an annual basis and is satisfied with its independence, adequacy and effectiveness. The ARMC also reviews the internal audit reports as well as the remedial measures recommended by the IA and adopted by Management to address any deficiencies identified. The ARMC is satisfied that the Company has adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The ARMC also ensures that on an ongoing basis, the Company has an effective internal audit function that is adequately resourced and independent of the activities it audits. The ARMC has put in place a framework to discuss any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the Exchange or any other regulatory authority in Singapore with the EA and, at an appropriate time, report the matter to the Board.
SHAREHOLDER RIGHTS AND ENGAGEMENT		
Shareholder Rights and Conduct of General Meetings		
11.1	Provision of Information to shareholders of the rules, including voting procedures, that govern general meetings of shareholders	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders. In view of the COVID-19 situation in Singapore, general meetings are convened and held by way of electronic means 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 "**Order**"). Alternative arrangements are put in place to allow shareholders to participate in the general meetings by: (a) observing and listening to the general meeting proceedings via a live streaming; (b) voting by proxy at the general meetings; and (c) submitting questions prior to the date of the general meetings. The Order will cease with effect from 1 July 2023. The annual report and other documents are made available on the Company's website at http://www.spackmanentertainmentgroup.com and on SGXNET. All shareholders of the Company can download the notice of AGM, proxy form, a pre-registration form and instructions on the steps for pre-registration, pre-submission of questions and voting at the AGM from the Company's website and also from the SGXNET. The notice of AGM is also advertised in the newspapers.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.2	Table separate resolutions at general meeting	Separate resolutions on each distinct issue are tabled at general meetings. Shareholders of the Company will be given the opportunity to pose questions in relation to any resolutions prior to the date of the general meetings under the Order. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders at the general meetings. The detailed results including the total number and percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting.
11.3	Attendees at General Meeting	The Company requires all directors (including the respective chairmen of the Board Committees) to be present at all general meetings of shareholders, unless in case of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. The entire Board, EA and Management were present at the FY2021 AGM held on 29 April 2022 via a live streaming. All shareholders or their corporate representatives (in the case of corporate shareholders) will be able to observe and listen to the meeting proceedings through a live streaming via their mobile phones, tablets or computers upon pre-registration.
11.4	Voting in Absentia	The Company's Constitution allows for absentia voting, including but not limited to the voting by mail or electronic mail. The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings. In order to limit the number of attendees and pursuant to the alternative arrangements under the Order, shareholders of a company may vote at general meetings by appointing the chairman of the general meetings as proxy, with specific instructions as to his/her manner of voting, or abstentions from voting.
11.5	Minutes of General Meetings	All minutes of general meetings, including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will made available to shareholders upon their request after the general meeting. The Company publishes minutes of general meetings on its corporate website as soon as practicable. The Company has published the minutes of the FY2021 AGM and EGM on SGXNET within one month after the date of AGM and EGM.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.6	Dividend policy	The Company does not have a fixed dividend policy. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration. The Board has not declared or recommended any dividend for FY2022.
Engagement with Shareholders		
12.1	Communication with shareholders	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via the following: • a dedicated internal investor relations officer whose contact details can be found on the Company's corporate website at www.spackmanentertainmentgroup.com or the back inside cover of the annual report; • investor and analyst meetings/briefings; and • investor roadshows. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments and press releases through its corporate website at www.spackmanentertainmentgroup.com. Following the Company's announcement on 14 April 2021, pursuant to Rule 705(2) of the Catalist Rules, the Company is required to make an announcement of its financial statements for each of the first three quarters of its financial year (as set out in Appendix 7C of the Catalist Rules) immediately after the figures are available, but in any event not later than 45 days after the quarter end ("**Quarterly Reporting**"). Under Rule 705(2A) of the Catalist Rules, a grace period of one year commencing from 14 April 2021 is extended to the Company and the Company is required to report the next set of quarterly financial statements for the period from April 2022 to June 2022 (i.e., second quarter of 2022) by 14 August 2022. Accordingly, the Company announced its financial statements on a quarterly basis from the second quarter of FY2022. The Company shall cease to perform Quarterly Reporting as it had resolved the previous issues raised by its Independent Auditor and obtained an unqualified opinion in the current annual report.

CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.2 and 12.3	Investor relations Policy and Mechanism through which shareholders may contact the Company.	The Company has a dedicated investor relations team and has in place an investor relations policy to promote regular, effective and fair communication. The Company's investor relations website (http://spackmanentertainmentgroup.com/corporate-filings) is a key source of information for the investment community. It contains comprehensive information on the Company, including its annual reports, corporate filings, past financial results, announcements, press releases, research reports and related news articles. The Company regularly updates its website to keep its stakeholders up to date. The key media and investor relations contact is also shared on the Company's website.
MANAGING STAKEHOLDERS RELATIONSHIPS		
Engagement with Stakeholders		
13.1 13.2 13.3		The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operation. Such stakeholders include communities, customers, staff, regulators, shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interest of its shareholders. The Company maintains a corporate website at www.spackmanentertainmentgroup.com to communicate and engage with stakeholders.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712 and 715 or 716	Appointment of Auditors	The Company confirms its compliance with Rules 712 and 715 of the Catalist Rules.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any director, or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board is of the opinion and the ARMC concurs with the Board's opinion that the Group's internal controls and risk management systems are adequate to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment based on the following: • internal controls established by the Company; • work performed by the IA and EA; • assurance from the CEO and Group Financial Controller; and • review performed by the various Board Committees and key management personnel. The system of internal controls and risk management established by the Company provides reasonable, but not absolute assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.
1204(17)	Interested Persons Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARMC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Group has not obtained a general mandate from shareholders for interested person transactions.

CORPORATE GOVERNANCE REPORT

<table>
<tr><th colspan="3">COMPLIANCE WITH APPLICABLE CATALIST RULES</th></tr>
<tr><th>Catalist Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The aggregate value of interested person transactions during FY2022 is as follows:
<table>
<tr><th>Name of interested person</th><th>Aggregate value of all interested person transactions for FY2022 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
S$'000</th><th>Aggregate value of all interested person transactions for FY2022 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
S$'000</th></tr>
<tr><td>None</td><td>Not applicable</td><td>Not applicable</td></tr>
</table></td></tr>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>The Company has adopted an internal policy which prohibits the directors and officers from dealings in the securities of the Company while in possession of price-sensitive information.

The Company, its directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the relevant results.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor fees</td><td>The Company appointed Evolve Capital Advisory Private Limited in place of RHT Capital Pte. Ltd. as Catalist Sponsor with effect from 1 February 2023.

There were no non-sponsor fees paid to RHT Capital Pte. Ltd. in FY2022.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
1204(22)	Use of IPO Proceeds	The Company refers to the net proceeds amounting to KRW 17,820 million or US$15.02 million raised from the completion of the disposal of Zip Cinema. The status on the use of the proceeds is as follows:

Use of proceeds	Value (KRW Million)	Value (USD Million)	Amount after reallocation: First[2] (USD Million)	Second[3] (USD Million)	Third[4] (USD Million)	Fourth[5] (USD Million)	Total amount utilized (USD Million)	Total new Balance as of today (USD Million)
Production/ Investments of film projects	4,500	3.79	3.79	3.79	3.79	3.79	(1.54)	2.25
Acquisition/ Investment of new business	5,500	4.63	4.63	3.13	2.13	1.13	–	1.13
Repayment of borrowings	1,800	1.52	1.52	1.52	1.52	1.52	(1.52)	–
Share Buyback	1,000	0.84	0.84	0.84	0.84	0.84	(0.47)	0.37
Payment of tax related to disposal of Zip Korea	2,000	1.69	1.74	1.74	1.74	1.74	(1.73)	–
Working capital[1]	3,020	2.55	2.50	4.00	5.00	6.00	(5.56)	0.44
Total	**17,820**	**15.02**	**15.02**	**15.02**	**15.02**	**15.02**	**(10.82)**	**4.20**

* *Based on exchange rate of USD1:KRW1,182*

Notes:

(1) US$4.87 million of working capital utilised for:
- *Personnel expenses (US$1,408,074);*
- *Audit and professional fees (US$1,477,256);*
- *Rental expenses (US$636,668); and*
- *Others (US$1,352,538).*

(2) As announced on 30 December 2021, US$0.05 million was reallocated from working capital to the payment of tax related to disposal of Zip Cinema.

(3) As announced on 12 August 2022, US$1.50 million was reallocated from the acquisition/investment of new business to working capital.

(4) As announced on 11 November 2022, US$1.00 million was reallocated from the acquisition/ investment of new business to working capital.

(5) As announced on 28 February 2023, US$1.00 million was reallocated from the acquisition/ investment of new business to working capital.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

Issued and paid-up capital	:	S$100,491,806.31
Number of issued shares (including treasury shares)	:	1,949,225,819
Class of shares	:	Ordinary
Number of treasury shares	:	112,834,500
Voting rights	:	On a poll – 1 vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDING	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9	0.46	323	0.00
100 – 1,000	33	1.69	18,700	0.00
1,001 – 10,000	163	8.35	1,205,489	0.06
10,001 – 1,000,000	1,547	79.21	326,446,644	16.75
1,000,001 and above	201	10.29	1,621,554,663	83.19
TOTAL	**1,953**	**100.00**	**1,949,225,819**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%*
1	BIGFOOT CONTENT LIMITED	143,055,556	7.79
2	UOB KAY HIAN PTE LTD	112,834,500	6.14
3	SMALLTALK PRODUCTION HOUSE PTE LTD	92,220,341	5.02
4	REALDEAL ENTERTAINMENT AND PRODUCTIONS CO. LTD.	89,449,033	4.87
5	PHILLIP SECURITIES PTE LTD	86,850,057	4.73
6	OCBC SECURITIES PRIVATE LTD	73,030,200	3.98
7	SPACKMAN EQUITIES GROUP INC.	62,000,000	3.38
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	58,486,034	3.18
9	VANILLA SKY MARKETING AGENCY PTE LTD	49,013,912	2.67
10	DBS NOMINEES PTE LTD	30,198,713	1.64
11	LEONG LAI YEE	26,988,600	1.47
12	RAFFLES NOMINEES (PTE) LIMITED	26,331,500	1.43
13	KIM SOON JA	24,702,500	1.35
14	LIN SONGXIAN	23,814,869	1.30
15	LEE YOO JIN	23,576,000	1.28
16	TAN ENG CHUA EDWIN	23,231,200	1.27
17	IFAST FINANCIAL PTE LTD	23,160,000	1.26
18	LIM JI YOUNG	21,874,356	1.19
19	CHAN HORNG DER	21,309,000	1.16
20	LEE WEE NGAM	20,643,100	1.12
	TOTAL	**1,032,769,471**	**56.23**

*Note: The percentage is based on 1,836,391,319 Shares (excluding 112,834,500 shares held as treasury shares) as at 17 March 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
NAME OF SHAREHOLDER	NO. OF SHARES	%	NO. OF SHARES	%
SPACKMAN EQUITIES GROUP INC.	143,521,000	7.82	–	–
BIGFOOT CONTENT LIMITED	143,055,556	7.79	–	–

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

On the basis of the information available to the Company as at 17 March 2023, approximately 84.15% of the issued ordinary shares of the Company is held in the hands of the public. This is in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires at least 10% of a listed issuer's equity securities to be held by the public.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Na Kyoungwon, Mr. Lee Jae Seung and Mr. Doo Hee are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2023 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is set out below:

Name of Director	**Na Kyoungwon**	**Lee Jae Seung**	**Lee Doo Hee**
Date of Appointment	18 January 2018	8 July 2022	1 September 2022
Date of last re-appointment (if applicable)	30 April 2022	N.A.	N.A.
Age	48	50	39
Country of principal residence	Singapore	Republic of Korea	Singapore
The Board's comments on this appointment ((including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee, and having assessed Mr. Na Kyoungwon's prior working experience and qualifications, is of the view that he has requisite experiences and capabilities to assume the responsibility as Chief Operating Officer, President and Executive Director of the Company.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee, and having assessed Mr. Lee Jae Seung's prior working experience and qualifications, is of the view that he has requisite experiences and capabilities to assume the responsibility as Independent Director of the Company.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee, and having assessed Mr. Lee Doo Hee's prior working experience and qualifications, is of the view that he has requisite experiences and capabilities to assume the responsibility as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Member of the Nominating Committee, and Joint Company Secretary.	Independent Director, Chairman of the Remuneration Committee, member of the Audit and Risk Management Committee, and the Nominating Committee.	Independent Director, member of the Audit and Risk Management Committee, and the Remuneration Committee.
Professional qualifications	Please refer to page 24 of the Annual Report	Please refer to page 25 of the Annual Report	Please refer to page 25 of the Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to page 24 of the Annual Report	Please refer to page 25 of the Annual Report	Please refer to page 25 of the Annual Report

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Na Kyoungwon	Lee Jae Seung	Lee Doo Hee
Shareholding interest in the listed issuer and its subsidiaries	Director Interest – 1,026,800 ordinary shares in the Company (0.06%)	Nil	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) 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(8)	Past (for the last 5 years) Nil Present • Spackman Equities Group Inc. • Spackman Media Group Limited • Spackman Media Group Pte. Ltd. • Constellation Agency Pte. Ltd. • Take Pictures Pte. Ltd.	Past (for the last 5 years) Nil Present Nil	Past (for the last 5 years) • Third Culture Content, Inc. • Mini Bird IT Pte. Ltd. Present • Widus Partners Pte. Ltd. • Widus Strategic Investments Pte. Ltd. • BEF GP Pte. Ltd.
Information required **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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Na Kyoungwon	Lee Jae Seung	Lee Doo Hee
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Na Kyoungwon	Lee Jae Seung	Lee Doo Hee
(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
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Na Kyoungwon	Lee Jae Seung	Lee Doo Hee
(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:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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 (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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Na Kyoungwon	Lee Jae Seung	Lee Doo Hee
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(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
Information required **Disclosure applicable to the appointment of Director only.**			
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. 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. 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).	N.A.	N.A.	N.A.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors:

(i) 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 74 to 144 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 2022 and of 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 in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Na Kyoungwon
Anthony Wei Kit Wong ("Anthony Wong")
Lee Jae Seung (Appointed on 8 July 2022)
Lee Doo Hee (Appointed on 1 September 2022)

Arrangements to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967, except as follows:

	Number of ordinary shares Shareholdings registered in the name of directors	
Name of directors	**At 1.1.2022**	**At 31.12.2022**
Na Kyoungwon	1,026,800	1,026,800

The directors' interests in ordinary shares and share options of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee ("ARMC") during the year and at the date of this report are:

Anthony Wong (Chairman)
Lee Jae Seung (appointed on 8 July 2022)
Lee Doo Hee (appointed on 1 September 2022)
Ng Hong Whee (resigned on 20 July 2022)
Thong Yuen Siew Jessie (resigned on 8 July 2022)

The ARMC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Report on Corporate Governance.

In performing its functions, the ARMC met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The ARMC also reviewed the following:

(a) independent and internal auditors audit plans, scope of work, their evaluation of the system of internal accounting controls, their letter to management and the management's response, and results of the audits compiled by the independent and internal auditor;

(b) quarterly and annual financial statements and results announcements 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 Catalist Rules and any other relevant statutory or regulatory requirements;

(c) effectiveness and adequacy of the internal controls and procedures, including accounting and financial controls and procedures, and ensure co-ordination between the independent and internal auditors, and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(d) report to the Board at least annually the adequacy and effectiveness of the Group's key internal controls with the Chief Operating Officer and Group Financial Controller and the independent and internal auditors, including financial, operational, compliance and information technology controls via review carried out by the internal auditors;

(e) discuss with the independent auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

DIRECTORS' STATEMENT

Audit and Risk Management Committee (Continued)

(f) scope and results of the external audit, and the independence and objectivity of the independent auditor, and to make recommendations to the Board on the proposals to the Shareholders on the appointment or re-appointment of the independent auditor, matters relating to the resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the independent auditor;

(g) significant financial reporting issues and judgments with the Chief Operating Officer and Group Financial Controller and the independent auditor so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;

(h) scope, results and cost-effectiveness of internal audit procedures as well as the effectiveness of the Group and the Company's internal audit function;

(i) approve transactions (if any) falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;

(j) potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(k) approve all hedging policies and instruments (if any) to be implemented by the Group;

(l) undertake 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;

(m) financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(n) establish procedures for receipt, retention and treatment of complaints received by the Group regarding among other things, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(o) Group's compliance with such functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

(p) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time; and

(q) whistle blowing policy and arrangements by which the staff may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up.

The ARMC is satisfied with the independence and objectivity of the independent auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Na Kyoungwon Director	Anthony Wong Director

13 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACKMAN ENTERTAINMENT GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Spackman Entertainment Group Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 79 to 85, which comprise the balance sheets of the Group and of the Company as at 31 December 2022, 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial 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.

Other Matter

Our independent auditor's report for the financial year ended 31 December 2021 contained a qualified opinion as the Audit & Risk Management Committee's ("ARMC") review in respect to the acquisition of Spackman Media Group Limited ("SMGL") dated 1 March 2017, 11 October 2017, 22 December 2017, 22 May 2018 and 6 August 2018 to purchase a total of 6,465,288 SMGL shares at USD3 each ("Past Acquisitions") is still on-going and we were unable to determine the potential financial impact, if any, to the Group in respect of the Past Acquisitions as recorded in the consolidated financial statements of the Group (Note 17). During the financial year, the ARMC review had been completed and independent report was issued. Based on the Board's assessment, the Past Acquisition which determines the consideration for the acquisition of SMGL has no relevance to the Group's consolidated financial statements for the current financial year as the carrying amount of SMGL is recorded at its recoverable amount at the beginning and end of the preceding and current financial year, which was determined based on the value-in-use ("VIU") and the fair value less cost of disposal ("FVLCD") respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACKMAN ENTERTAINMENT GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

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 period. 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.

1. Impairment assessment on intangible assets

Included in the intangible assets as at 31 December 2022, are goodwill and copyrights of USD3,049,778 (2021: USD5,713,489) and USD650,054 (2021: USD620,804) respectively. These intangible assets had been allocated to certain cash generating units ("CGUs") as disclosed in Note 12 to the financial statements. During the financial year, an impairment loss of USD2,549,415 (2021: USDNil) had been recognised to goodwill.

The Group has performed an impairment assessment in accordance with SFRS(I) 1-36 *Impairment of Assets* to determine the recoverable amount. The recoverable amount has been determined based on VIU calculations using cash flow projections from the respective CGUs forecasts. This process requires estimating future cash flows based on management's view of future business prospects and applying appropriate terminal growth rates and discount rates to the cash flow projections. Given the significant level of judgement and estimation involved, and the significance of the assets to the Group's consolidated financial position, we identified this to be a key audit matter.

The key assumptions and estimates used in the VIU calculation are disclosed in Note 3 and Note 12 to the financial statements.

Our procedures to address the key audit matter

We obtained an understanding of the internal controls over impairment assessment and evaluate key operational and accounting controls and assess the design and implementation of key controls. We evaluated the Group's VIU calculations and the process by which they were developed. We assessed and challenged the key estimates applied in the VIU calculations by comparing the cash flow projections to the CGU's historical data and performance, existing contracts and other relevant documents and published industry data. We also compared current year actual results to prior year forecast where relevant, to assess the reliability of the Group's estimates. We assessed the sensitivity of the key estimates on the impairment assessment, based on reasonably possible changes in the key estimates. We involved our internal valuation specialists in assessing the reasonableness of the discount rates used. We recomputed the comparison between the recoverable amounts based on VIU calculation and the carrying value of the CGU in which the intangible assets are attributable to.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACKMAN ENTERTAINMENT GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

2. **Impairment assessment on investment in associated company, Spackman Media Group Limited ("SMGL")**

As at 31 December 2022, the carrying amount of the Group's and the Company's investment in SMGL amount to USD12,396,405 (2021: USD12,793,769) and USD12,462,597 (2021: USD12,877,287) (Note 17). The Group performed an impairment assessment to determine the recoverable amount, which is the higher between the FVLCD and VIU, of the investment in SMGL.

To determine the VIU, the Group engaged an external valuation expert to assist in the VIU calculation using cash flow projections from forecasts of SMGL and its subsidiaries.

The FVLCD of SMGL is primarily determined based on the agreed price of the share exchange agreement entered on 6 February 2023 by SMGL, as a vendor, for the sale of Crystal Planet Limited ("CPL"), which is the most significant subsidiary of SMGL, to Spackman Equities Group Inc. (SQG). SQG will acquire all of the issued and outstanding shares in the capital of CPL from SMGL by issuing new shares of SQG as consideration. In determining the final FVLCD, the Group also takes into consideration the fair value of the other inconsequential entities within SMGL and the assumed cost of disposal.

The Group used the FVLCD as the recoverable amount as this was higher than VIU and based on the computation, the Group and the Company recognised an impairment loss of USD778,978 and USD414,690 respectively for the financial year ended 31 December 2022.

We focus on this area due to the significance of the asset to the Group's and Company's balance sheets as well as the significant estimates and assumptions involved in management's determination of the recoverable amount (Note 3).

Our procedures to address the key audit matter

We obtained an understanding of the internal controls over impairment assessment and evaluate key operational and accounting controls and assess the design and implementation of key controls, and evaluated the reasonableness of the FVLCD (as described above) through the review of management's assumptions and computations.

We then reviewed the Group's VIU computation and the subsequent comparison to the FVLCD to determine the recoverable amount. Our review on the VIU computation includes, evaluated the VIU computation performed by external valuation expert engaged by the Group and assessed the expert's competence, objectivity and capabilities. We assessed and challenged the key estimates and assumptions applied in the VIU calculation by comparing the cash flow projection to historical data and performance, existing contracts and other relevant documents and published industry data. We also compared current year actual results to prior year forecast where relevant, to assess the reliability of the Group's estimates. We assessed the sensitivity of the key estimates on the impairment assessment, based on reasonably possible changes in the key estimates.

We evaluated that the higher between FVLCD and VIU had been used as the recoverable amount to determine whether there is impairment or reversal of impairment loss in the investment in SMGL.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2022, but does not include the financial statements and our auditor's report thereon.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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' responsibilities include 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:

- 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACKMAN ENTERTAINMENT GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- 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.

- 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.

- 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 period 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Low See Lien.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

13 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 USD	Group 2021 USD
Continuing operations			
Revenue	4	**3,401,265**	14,933,036
Cost of sales		**(1,989,463)**	(12,956,124)
Gross profit		**1,411,802**	1,976,912
Other income and gains	5a	**649,836**	9,257,152
Net impairment gains on financial assets		**–**	10,601
Interest income	5b	**64,402**	110,837
Expenses			
Selling expenses		**(577,421)**	(411,199)
General and administrative expenses		**(4,511,790)**	(5,866,935)
Net impairment losses on financial assets		**(13,493)**	–
Finance costs	6	**(83,704)**	(171,147)
Other expenses		**(3,997,253)**	(1,098,199)
Share of results of associated companies		**419,420**	(1,089,506)
(Loss)/profit before tax	7	**(6,638,201)**	2,718,516
Tax credit/(expense)	9	**4,407**	(2,062,206)
(Loss)/profit from continuing operations, net of tax		**(6,633,794)**	656,310
Discontinued operations			
Profit after tax for the financial year from discontinued operation	30	**–**	594,584
(Loss)/profit for the financial year		**(6,633,794)**	1,250,894
(Loss)/profit for the financial year attributable to:			
Equity holders of the Company			
– Continuing operation		**(6,707,704)**	1,124,391
– Discontinued operation	30	**–**	594,584
		(6,707,704)	1,718,975
Non-controlling interests			
– Continuing operation		**73,910**	(468,081)
(Loss)/profit for the financial year		**(6,633,794)**	1,250,894
(Loss)/earnings per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted			
– Continuing operation	10	**(0.36)**	0.06
– Discontinued operation	10	**–**	0.03
Continuing and discontinued operations		**(0.36)**	0.09

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 USD	Group 2021 USD
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**54,793**	(728,424)
Currency translation differences reclassified to profit or loss on:			
– Disposal of subsidiaries		**–**	806,288
Share of other comprehensive loss of associated companies		**(37,833)**	(902,592)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**(8,029)**	(36,271)
Other comprehensive income/(loss), for the financial year net of tax		**8,931**	(860,999)
Total comprehensive (loss)/income for the financial year		**(6,624,863)**	389,895
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company			
– Continuing operation		**(6,690,744)**	194,552
– Discontinued operation		**–**	699,694
		(6,690,744)	894,246
Non-controlling interests			
– Continuing operation		**65,881**	(504,351)
Total comprehensive (loss)/income for the financial year		**(6,624,863)**	389,895

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	USD	USD	USD	USD
Non-current assets					
Property, plant and equipment	11	**830,437**	1,092,816	**68,511**	265,343
Intangible assets	12	**3,703,905**	6,387,202	**–**	–
Film production inventories	13	**885,808**	1,076,585	**–**	–
Deferred tax assets	14	**18,089**	12,447	**–**	–
Investment in subsidiaries	16	**–**	–	**13,157,532**	16,414,804
Investment in associated companies	17	**12,440,043**	12,839,435	**12,505,597**	12,972,287
Financial assets at fair value through profit or loss	18	**510,000**	214,775	**510,000**	192,000
Trade and other receivables	20	**325,643**	59,246	**–**	–
Total non-current assets		**18,713,925**	21,682,506	**26,241,640**	29,844,434
Current assets					
Film production inventories	13	**975,958**	–	**–**	–
Loan to subsidiaries	15	**–**	–	**877,747**	1,815,611
Inventories		**6,404**	8,720	**–**	–
Financial assets at fair value through profit or loss	18	**1,789,132**	2,911,137	**–**	–
Contract assets	19	**5,215**	37,974	**–**	–
Trade and other receivables	20	**5,740,350**	6,965,259	**1,147,621**	1,346,687
Cash and cash equivalents	21	**6,209,209**	11,344,593	**120,067**	1,233,396
Total current assets		**14,726,268**	21,267,683	**2,145,435**	4,395,694
Total assets		**33,440,193**	42,950,189	**28,387,075**	34,240,128
Non-current liabilities					
Borrowings	23	**509,457**	266,246	**1,134,693**	1,390,766
Other non-current liabilities		**250,118**	244,217	**–**	–
Total non-current liabilities		**759,575**	510,463	**1,134,693**	1,390,766
Current liabilities					
Contract liabilities	19	**2,046,236**	3,439,052	**–**	–
Trade and other payables	22	**2,114,297**	2,847,803	**734,418**	648,454
Borrowings	23	**1,295,199**	2,734,035	**5,399,972**	3,504,184
Film obligations and production loans	24	**1,058,146**	393,765	**–**	–
Tax payable		**1,400**	–	**–**	–
Total current liabilities		**6,515,278**	9,414,655	**6,134,390**	4,152,638
Total liabilities		**7,274,853**	9,925,118	**7,269,083**	5,543,404
Net assets		**26,165,340**	33,025,071	**21,117,992**	28,696,724
Equity					
Share capital	25	**70,007,456**	70,007,456	**70,007,456**	70,007,456
Treasury shares	25	**(914,566)**	(679,698)	**(914,566)**	(679,698)
Other reserves	26	**(3,157,070)**	(3,174,030)	**–**	–
Accumulated losses		**(39,950,091)**	(33,242,387)	**(47,974,898)**	(40,631,034)
Equity attributable to equity holders of the Company, total		**25,985,729**	32,911,341	**21,117,992**	28,696,724
Non-controlling interests		**179,611**	113,730	**–**	–
Total equity		**26,165,340**	33,025,071	**21,117,992**	28,696,724

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company						
Group	**Share capital USD**	**Treasury shares USD**	**Other reserves USD**	**Accumulated losses USD**	**Total USD**	**Non-controlling interests USD**	**Total equity USD**
Balance at 1 January 2022	**70,007,456**	**(679,698)**	**(3,174,030)**	**(33,242,387)**	**32,911,341**	**113,730**	**33,025,071**
(Loss)/profit for the financial year	**–**	**–**	**–**	**(6,707,704)**	**(6,707,704)**	**73,910**	**(6,633,794)**
Other comprehensive income/(loss)							
Share of other comprehensive loss of associated companies	**–**	**–**	**(37,833)**	**–**	**(37,833)**	**–**	**(37,833)**
Currency translation differences on consolidation	**–**	**–**	**54,793**	**–**	**54,793**	**(8,029)**	**46,764**
Total comprehensive income/(loss) for the financial year	**–**	**–**	**16,960**	**(6,707,704)**	**(6,690,744)**	**65,881**	**(6,624,863)**
Purchase of treasury shares	**–**	**(234,868)**	**–**	**–**	**(234,868)**	**–**	**(234,868)**
Balance at 31 December 2022	**70,007,456**	**(914,566)**	**(3,157,070)**	**(39,950,091)**	**25,985,729**	**179,611**	**26,165,340**
Balance at 1 January 2021	70,007,456	(679,698)	(2,349,302)	(34,961,362)	32,017,094	618,082	32,635,176
Profit/(loss) for the financial year	–	–	–	1,718,975	1,718,975	(468,081)	1,250,894
Other comprehensive income/(loss)							
Share of other comprehensive loss of associated companies	–	–	(902,592)	–	(902,592)	–	(902,592)
Currency translation differences on consolidation	–	–	(728,424)	–	(728,424)	(36,271)	(764,695)
Currency translation differences reclassified to profit or loss on:							
Disposal of subsidiaries	–	–	806,288	–	806,288	–	806,288
Total comprehensive (loss)/income for the financial year	–	–	(824,728)	1,718,975	894,247	(504,352)	389,895
Balance at 31 December 2021	70,007,456	(679,698)	(3,174,030)	(33,242,387)	32,911,341	113,730	33,025,071

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital USD	Treasury shares USD	Accumulated losses USD	Total equity USD
Company				
Balance at 1 January 2022	**70,007,456**	**(679,698)**	**(40,631,034)**	**28,696,724**
Loss and total comprehensive loss for the financial year	**–**	**–**	**(7,343,864)**	**(7,343,864)**
Purchase of treasury shares	**–**	**(234,868)**	**–**	**(234,868)**
Balance at 31 December 2022	**70,007,456**	**(914,566)**	**(47,974,898)**	**21,117,992**
Balance at 1 January 2021	70,007,456	(679,698)	(38,001,737)	31,326,021
Loss and total comprehensive loss for the financial year	–	–	(2,629,297)	(2,629,297)
Balance at 31 December 2021	70,007,456	(679,698)	(40,631,034)	28,696,724

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group	
		2022	2021
	Note	USD	USD
Cash flows from operating activities			
(Loss)/profit before tax from continuing operation		**(6,638,201)**	2,718,516
Profit before tax from discontinued operation		**–**	576,267
(Loss)/profit before tax		**(6,638,201)**	3,294,783
Adjustments for:			
Depreciation of property, plant and equipment	11	**621,581**	2,046,434
Interest income		**(64,402)**	(110,890)
Interest expenses		**83,704**	502,308
Impairment loss on film production inventories	7	**115,589**	85,808
Share of results of associated companies		**(419,420)**	1,089,506
Amortisation of intangible assets	12	**48,836**	215,838
Impairment loss on goodwill	12	**2,549,415**	–
Impairment loss on investment in associated company	17	**780,978**	–
Impairment loss on copyrights	12	**20,899**	7,864
Fair value loss on investments in financial assets at FVTPL	7	**151,026**	378,576
Fair value gain on investments in financial assets at FVTPL	5a	**(318,000)**	(6,778)
Allowance for impairment for receivables	7	**44,479**	104,460
Reversal of allowance for impairment for receivables	7	**(30,985)**	(94,489)
Reversal of loss on film borne by external investors	7	**46**	1,302
Gain on disposal of property, plant and equipment	7	**–**	(766,630)
Gain on disposal of subsidiaries	16(c)	**–**	(10,131,413)
Gain on disposal of financial assets at FVTPL	5a	**(65,367)**	–
Operating loss before working capital changes		**(3,119,822)**	(3,383,321)
Change in operating assets and liabilities, net of effects from acquisition of subsidiaries:			
Inventories and copyrights		**2,315**	(3,056)
Film production inventories		**(950,923)**	740,053
Receivables and contract assets		**771,759**	1,800,921
Payables and contract liabilities		**(2,174,814)**	2,189,221
Currency translation adjustments		**305,324**	(420,440)
Cash (used in)/generated from operations		**(5,166,161)**	923,378
Interest received		**15,764**	135,693
Income tax paid		**–**	(1,710,254)
Net cash used in operating activities		**(5,150,397)**	(651,183)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 USD	Group 2021 USD
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**–**	3,662,487
Purchases of property, plant and equipment	11	**(225,486)**	(19,549,810)
Purchases of intangible assets	12	**(61,037)**	(32,267)
Purchases of financial assets at fair value through profit or loss		**(541,817)**	(262,142)
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	794,893
Proceeds from disposal of investments in theatrical project		**1,393,334**	544,121
Additional short-term loans		**(361,477)**	(1,447,884)
Repayment of short-term loans		**270,079**	2,752,304
Disposal of subsidiaries	16(c)	**1,061,523**	7,027,875
Advances given to associated company		**(1,248,063)**	–
Repayment from associated company		**334,947**	–
Net cash generated from/(used in) investing activities		**622,003**	(6,510,423)
Cash flows from financing activities			
Interest paid		**(83,704)**	(502,308)
Repayment of borrowings	23	**(1,974,022)**	(4,703,409)
Proceeds from borrowings	23	**1,283,177**	16,982,516
Advances received from directors of subsidiaries	23	**59,069**	4,547,311
Repayment of advances received from directors of subsidiaries	23	**–**	(1,170,144)
Repayment of film obligations and production loans	23	**(58,686)**	(482,120)
Proceeds from film obligations and production loans	23	**735,323**	349,522
Repayment of lease liabilities	23	**(480,533)**	(1,316,763)
Purchase of treasury shares	25	**(234,868)**	–
Net decrease in leasehold deposits		**129,232**	169,757
Net cash (used in)/generated from financing activities		**(625,012)**	13,874,362
Net (decrease)/increase in cash and cash equivalents		**(5,153,406)**	6,712,756
Cash and cash equivalents at beginning of the financial year		**11,344,593**	4,342,909
Effects of exchange rate changes on cash and cash equivalents		**18,022**	288,928
Cash and cash equivalents at end of the financial year		**6,209,209**	11,344,593

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Spackman Entertainment Group Limited (the "Company") (Co. Reg. No. 201401201N) is incorporated in Singapore. The registered office of the Company is at 16 Collyer Quay, #17-00, Singapore 049318. The principal place of business of the Company is at 390 Orchard Road, #04-01 Palais Renaissance, Singapore 238871.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 16.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Group are expressed in United States Dollar ("USD"). The financial statements of the Group have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Going concern assumption

The Group recognised a loss for the year of USD6,633,794 and operating cash outflow of USD5,150,397 for the financial year ended 31 December 2022. The Group's net assets and net current assets as at 31 December 2022 were USD26,165,340 and USD8,210,990 respectively. Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of preparation of these financial statements remains appropriate.

The directors are satisfied that the going concern basis of accounting is appropriate as the Group has cash and cash equivalents of USD6,209,209 as at 31 December 2022 and based on the Group's cash flow budget, the Group is able to generate sufficient cash flow in the next 12 months from the date of authorisation of these financial statements to meet the Group's cash flow requirements.

Use of estimates and judgements

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.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, loan to subsidiaries, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

New and revised standards that are adopted

In the current financial year, the Group has adopted all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventories and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associated companies is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated companies is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated companies, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investment in associated companies is carried at cost less accumulated impairment loss. On disposal of investment in associated companies, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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

e) **Goodwill**

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 unit 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 the carrying amount of the unit, 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 subsequent periods.

On disposal of a subsidiary or associated company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 2(d).

f) **Revenue recognition**

Revenue from production of films where the Group only undertook the role of Producer, and which the Group is acting as an agent

Where the Group is acting as a Producer in a contract for production of motion films, the Group assesses the arrangement for each film to determine whether the Group is acting as an agent or a principal. Where the Group is acting as an agent, the Group recognises revenue based on a pre-agreed production budget and its share of profits from the films. Production of film is recognised as a performance obligation satisfied over time based on the stage of completion of the contract as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. 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 for each contract is an appropriate measure of progress towards complete satisfaction of the performance obligations under SFRS(I) 15.

Revenue in the form of a share of profits 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. The Group receives the production budget before the commencement of production activity and therefore a contract liability is recognised at inception of the contract period and the contract liability is recognised as revenue over the period in which the services are performed. The Group will bill the customer for its share of profits based on the film's profit or loss statement from the customer and therefore a contract asset is recognised in the period in which the Group determines that it is highly probable that a significant reversal of the estimated share of profits will not occur and the Group has not yet received the film's profit or loss statement from customer. Customers are required to pay within 60 to 90 days from the invoice date. No element of financing is deemed present.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

f) **Revenue recognition** (Continued)

Revenue from distribution of films where the Group acts in three roles, Presenter, Producer and investor, or in dual roles as Presenter and investor, and which the Group is acting as a principal

Revenue from distribution of films is derived from the domestic theatrical release of films licensed to theatrical distributors and the licensing and sale of the films for overseas theatrical release and post-theatrical and other ancillary markets release. At contract inception, the Group assesses the arrangement for each film to determine whether the Group is acting as an agent or a principal. Where the Group is acting as a principal, the Group recognises the entire box office proceeds received from the theatrical distributor as revenue when the films are screened in movie theatres. The Group recognises revenue from the licensing and sale of the film for overseas theatrical release and post-theatrical and other ancillary markets release when the film has been released in the respective markets and the Group has no other performance obligations. The Group bills the customer in accordance with the terms of the contract. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but receives advanced payments from the customer.

Revenue from distribution of films and entertainment materials in post-theatrical markets or other ancillary markets

The Group distributes films and entertainment materials in post-theatrical markets or other ancillary markets such as video-on-demand and internet protocol television. The Group as the licensor, recognises revenue from licensing arrangements when the associated motion film or the television special/series has been released in the post-theatrical markets.

Minimum guaranteed revenue from the licensee are recorded as contract liability and recognised as revenue upon the release of the films. Royalty-based revenues (revenues based upon a specified percentage of net profit of the films) are recognised as revenue as the subsequent sale of the films occur.

Other revenue – talent management

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

Revenue from casting fees from TV dramas, movies and other entertainment content projects are recognised over the contractual period based on the number of days for which the services had been performed as a proportion of the total number of days for the project. Endorsement agreements generally require the artists' appearance in a pre-agreed number of events for the customer. Revenue from the endorsement agreements is recognised at the end of each event and when the Group has no remaining obligation to perform based on the number of events attended by the artists as a proportion of the total number of events to be attended by the artists in accordance with the agreements. A contract asset is recognised when the Group has performed under the contract but has yet to bill the customer. The Group will bill the customer in accordance with the billing terms in the agreement. No element of financing is deemed present.

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

f) **Revenue recognition** (Continued)

Other revenue – consulting services

The Group provides consulting services to producers, writers and other stakeholders on areas relating to movie and drama production activities including script writing, artiste casting, set production and other general advisory work. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. The stage of completion is measured by reference to the contract costs incurred to the balance sheet date as a percentage of the total estimated costs for each contract. A contract asset is recognised when the Group has performed under the contract but has yet to bill the customer. The Group will bill the customer in accordance with the billing terms in the agreement. No element of financing is deemed present.

Other revenue – sale of content

The Group develops entertainment content projects which include scripts, screenplays and other content materials. Revenue is recognised upon the transfer of all rights, title and interest related to the content projects produced by the Group to the customer and at the point in time. The Group will bill the customer in accordance with the billing terms in the agreement. No element of financing is deemed present.

Participation revenue

When the Group is not the principal investor, but participates in the financing of film production in which the Group may also acquire all, a portion or none of the legal copyright in relation to the film, and bears a portion of the costs of financing, production, prints, promotion and advertising pursuant to the terms of the agreement for the production of the film, the Group is entitled to receive a certain percentage of the net profit of the film. The Group recognises the profits based on its portion of share.

The Group records its share of profits of the film as revenue when it receives the film's profit or loss statement.

Other income

Interest income is recognised on a time proportion basis using the effective interest method.

Rental income from operating leases of equipment is recognised on a straight-line basis over the lease term.

Revenue from restaurant sales is recognised when food and beverages products are sold to the customers.

g) **Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, plant and equipment (Continued)

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation

No depreciation is provided on freehold land. Depreciation for other items of property, plant and equipment is calculated on a straight line basis to write off the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Building	40
Leasehold properties	1 to 3
Equipment	5 to 10
Motor vehicles	5
Leasehold improvements	5

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Office renovations in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

h) Intangible assets

Acquired libraries comprised distribution rights and films in development acquired by the Group and are charged to cost of sales when the film is released. Acquired libraries are reviewed for impairment at each balance sheet date on a title-by-title basis.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

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

h) Intangible assets (Continued)

Acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful life of 5 years.

Customer relationships and customer contracts are recognised at fair value at the acquisition date. Their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. These costs are amortised using the straight-line method over their estimated useful life of
1 to 7 years.

Copyrights relate to film contents acquired or developed by the Group. Copyrights are charged to cost of sales upon sales or when film is released. Average production period of the copyrights is 4 years, afterwhich, the copyright is amortised 10% for the first year, 20% for the second year, 50% for the third year and 100% for the fourth year, based on the net carrying amount at the beginning of each reporting period.

Copyright includes content development costs which are recognised as an intangible asset when the Group can demonstrate the feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. These costs are not amortised as they are currently under development.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

i) Film production inventories

Film production inventories include costs incurred for films under production which are presented by the Group, unamortised costs of completed films which have been presented by the Group and films in development.

For films presented by the Group, capitalised costs include direct production costs, production overheads and development costs. The costs are amortised using the individual-film-forecast method, whereby these costs are amortised in the proportion that current year's revenue bears to management's estimate of ultimate revenue expected to be recognised from the exploitation, exhibition or sale of the films. Films presented by the Group are stated at amortised cost less impairment, if any.

Films in development include costs of acquiring film rights to books, stage plays or original screenplays and costs to adapt such projects. Such costs are capitalised and, upon commencement of production, are transferred to production costs. Projects in development are written off at the earlier of the date they are determined not to be recoverable or when abandoned, or written off over a period of four years, commencing from four years from the date of the initial investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

j) **Impairment of non-financial assets excluding goodwill**

At each balance sheet date, the Group assesses 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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.

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 previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

k) **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted 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.

Lease liabilities

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 its incremental borrowing rate.

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

k) **Leases** (Continued)

When a Group entity is the lessee (Continued)

Lease liabilities (Continued)

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented within "borrowings" in the statements 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 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 there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received. 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 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "Property, plant and equipment" in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

k) Leases (Continued)

When a Group entity is the lessee (Continued)

Right-of-use assets (Continued)

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(j). As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease and one or more additional lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

When a Group entity is the lessor

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.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost 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.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

l) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

l) **Income taxes** (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

m) **Financial assets**

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

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

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

m) Financial assets (Continued)

Classification and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("FVOCI"), it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

Debt instruments

Debt instruments include trade and other receivables (excluding prepayments and advance payment), loans to subsidiaries and cash and cash equivalents. The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other income and gains". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "Other income and gains".

Investments in theatrical projects and investments in film funds

Investments in theatrical projects and investments in film funds do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movements in fair values of investments in theatrical projects and investments in films funds are recognised in profit or loss in the period in which it arises and presented in "Other income and gains".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Financial assets (Continued)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset 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.

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

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

n) Cash and cash equivalents

For the purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits and money market funds placed with financial institutions which are subject to an insignificant risk of change in value.

o) Financial liabilities

Financial liabilities include trade and other payables, film obligations and production loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, film obligations and production loans are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

o) **Financial liabilities** (Continued)

For financial liabilities other than film obligations and production loans, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or loss arising from changes in fair value of film obligations and production loans are recognised in profit or loss. A financial liability is derecognised when the obligation under the liability is extinguished.

p) **Film obligations and production loans**

Film obligations and production loans ("FOPL") represent funds received from third parties for the financing of production and marketing expenditures that are associated with specific film titles that the Group presents. In accordance with the financing agreement, FOPLs are not guaranteed on principals by the Group. The third party funders ("investors") are entitled to a pre-agreed specified percentage of the proceeds from the exploitation, exhibition or sale of the specific film title ("box office proceeds") associated with the financing provided.

Where the Group acts as Presenter but not the Producer of the film titles, financing received from the third party funders are advanced to the Producer of the film. These advances to the producers are classified as "Advance payments" in trade and other receivables.

Upon the screening of the specific film titles associated with the financing, the investors' entitled share of the box office proceeds will be payable to the investors and deducted against the FOPLs. If the share of box office proceeds payable to the investors is higher than the equivalent FOPLs, the film made a profit and the proportionate profit to be repaid to the investors is recognised as "profit on film distributable to external investors" in other expense. Where the share of box office proceeds payable to the investors is lesser than the equivalent FOPLs, the film made a loss and the proportionate loss to be deducted against the FOPLs is recognised as "loss on film borne by external investors" in other income.

Where the Group acts as investor where financing received from the third party funders are advanced to the Presenter of the film, the advances are classified as "investments in theatrical projects" in financial assets at fair value through profit or loss. The third party funders' share of box office proceeds received/receivable from the Presenter is paid/payable to the third party funders. The transaction has no impact to the Group's profit or loss. The amount of investment in theatrical projects made from funds received from third party funders as at the balance sheet date is disclosed in Note 18.

q) **Provisions for other liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

s) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury shares reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

t) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

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 balance sheet date.

u) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States dollar ("USD"), which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency transaction reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

u) Foreign currencies (Continued)

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments, are taken to foreign currency translation reserve.

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.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

v) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale; and

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

Investment in associated company

Management has considered the Group's representation in the board of Spackman Media Group Limited ("SMGL"), the Memorandum and Articles of Association of SMGL, contractual terms in the shareholders agreement and the contractual arrangements among the shareholders and has determined that it has significant influence on and not control over SMGL even though the Group's shareholding is 43.88%. Consequently, this investment has been classified as an associated company.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Impairment of intangible assets

Goodwill are tested for impairment annually and whenever there is indication that goodwill may be impaired. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The recoverable amounts of the cash generating units which goodwill and other intangible assets have been allocated to are determined based on the value-in-use prepared on the basis of management's assumptions and estimates. Any changes in the assumptions used and estimates made will impact the impairment assessment of the intangible assets. The key assumptions and estimates applied in the determination of the value-in-use including a sensitivity analysis, and the carrying amount of intangible assets are disclosed and further explained in Note 12.

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

Key sources of estimation uncertainty (Continued)

Impairment of investment in an associated company, Spackman Media Group Limited ("SMGL")

Investment in SMGL is tested for impairment whenever there is indication that the investment may be impaired. The Group determined the recoverable amount based on higher of value-in-use ("VIU") and fair value less cost of disposal ("FVLCD").

The Group had engaged an external valuation expert to assist in the VIU calculation using cash flow projections from forecasts of SMGL and its subsidiaries and the FVLCD was determined based on the share exchange agreement entered on 6 February 2023 by SMGL, as a vendor, for the sale of Crystal Planet Limited ("CPL"), subsidiary of SMGL, to Spackman Equities Group Inc. (SQG). SQG will acquire all of the issued and outstanding shares in the capital of CPL from SMGL by issuing new shares of SQG as consideration. The FVLCD is calculated based on the agreed price of CPL, being an entity with substantial contribution to SMGL group, less the assumed cost of disposals. In determining the eventual FVLCD, the Group also considers the fair value of inconsequential entities within SMGL group. The carrying amount of investment in SMGL are disclosed and further explained in Note 17.

Impairment of investment in subsidiaries

The Company assesses at each balance sheet date whether there are any indicators of impairment for investments in subsidiaries. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the business and a suitable terminal growth rate and discount rate, in order to determine the present value of those cash flows.

The key assumptions and estimates applied in the determination of the value-in-use including a sensitivity analysis, and the carrying amount of investments in subsidiaries are disclosed in Note 12.

Fair value estimation of unquoted equity investments

The Group holds unquoted equity investments amounting to USD510,000 (2021: USD192,000). The Group has determined the fair values of the unquoted equity investments based on fair value less costs to sell which is determined using the recent transacted prices of the investee company's equity as well as the internal or external changes in the business and market environment that the investee operates in.

4 REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by major sources of revenue and timing of revenue recognition.

	Group	
	2022	**2021**
	USD	**USD**
Distribution of films	**2,314,639**	2,052,505
Production of films	**98,274**	11,440,561
Others		
– Talent appearance and management	**172,004**	602,478
– Restaurant sales and café lounge	**382,630**	353,867
– Consulting services	**201,246**	125,538
– Others	**232,472**	358,087
	3,401,265	14,933,036

The primary geographical market of the Group's revenue is from the Republic of Korea.

	Group	
	2022	**2021**
	USD	**USD**
Timing of revenue recognition		
At a point in time	**383,559**	354,916
Over time	**3,017,706**	14,578,120
	3,401,265	14,933,036

The Group applies the practical expedient in SFRS(I) 15 *Revenue from Contracts with Customers* and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5A OTHER INCOME AND GAINS

	Group	
	2022	2021
	USD	USD
Fair value gain on investment in financial assets at FVTPL	**318,000**	6,778
Foreign exchange gain	**118,101**	21,554
Gain on disposal of financial assets at FVTPL	**65,367**	–
Gain on disposal of property, plant and equipment (Note 7)	**–**	759,604
Gain on disposal of subsidiary	**–**	8,313,026
Rental income		
– Associated companies	**–**	30,759
– Third parties	**14,288**	35,651
Government grants	**82,178**	28,950
Others	**51,902**	60,830
	649,836	9,257,152

5B INTEREST INCOME

	Group	
	2022	2021
	USD	USD
Interest income		
– Loan to associated companies	**37,215**	89,953
– Loan to third parties	**27,187**	19,796
– Money market funds	**–**	1,088
	64,402	110,837

6 FINANCE COSTS

	Group	
	2022	2021
	USD	USD
Interest expenses		
– Bank loans	**65,587**	131,145
– Leases	**18,117**	33,475
– Associated companies	**–**	6,527
	83,704	171,147

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 (LOSS)/PROFIT BEFORE TAX

	Group					
	Continuing operations		Discontinued operations		Total	
	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD
(Loss)/profit before tax is arrived at after charging/(crediting):						
Allowance for impairment for receivables from						
– Financial assets [Note 28(b)]	**44,479**	61,139	**–**	36,995	**44,479**	98,134
– Advance payments	**–**	1,942	**–**	4,384	**–**	6,326
Reversal of allowance for impairment for receivables [Note 28(b)]	**(30,985)**	(94,489)	**–**	–	**(30,985)**	(94,489)
Amortisation of intangible assets charged to (Note 12)						
– Acquired libraries	**–**	44,619	**–**	–	**–**	44,619
– Software, customer contracts and customer relationships	**48,836**	58,836	**–**	157,012	**48,836**	215,848
Audit fees paid/payable to						
– Auditor of the Company	**115,659**	115,248	**–**	–	**115,659**	115,248
– Other auditors of the Group*	**216,193**	166,343	**–**	–	**216,193**	166,343
Fees for non-audit services paid/payable to						
– Auditor of the Company	**–**	–	**–**	–	**–**	–
– Other auditors of the Group*	**55,945**	40,195	**–**	1,754	**55,945**	41,949
Depreciation of property, plant and equipment (Note 11)	**621,581**	980,027	**–**	1,066,407	**621,581**	2,046,434
Fair value gain on investments in financial assets at FVTPL [Note 29 (c)]	**(318,000)**	–	**–**	–	**(318,000)**	–
Fair value loss on investments in financial assets at FVTPL [Note 29 (c)]	**151,026**	378,576	**–**	–	**151,026**	378,576
Gain on disposal of financial assets at FVTPL [Note 29 (c)]	**(65,367)**	–	**–**	–	**(65,367)**	–
Impairment loss on investment in associated company	**780,978**	–	**–**	–	**780,978**	–
Gain on disposal of property, plant and equipment	**–**	(759,604)	**–**	(7,026)	**–**	(766,630)
Personnel expenses (Note 8)	**1,643,240**	3,195,307	**–**	289,738	**1,643,240**	3,485,045
Rental expense	**73,298**	30,046	**–**	12,582	**73,298**	42,628
Travelling expenses	**267,728**	114,861	**–**	2,696	**267,728**	117,557
Impairment loss on film production inventories (Note 13)	**115,589**	85,808	**–**	–	**115,589**	85,808
Impairment loss on copyrights (Note 12)	**20,899**	7,864	**–**	–	**20,899**	7,864
Impairment on goodwill (Note 12)	**2,549,415**	–	**–**	–	**2,549,415**	–
Reversal of loss on film borne by external investors	**46**	1,302	**–**	–	**46**	1,302
Interest expenses from (Note 23)						
– Leases	**18,117**	32,576	**–**	16,066	**18,117**	48,642
– Borrowings	**65,587**	138,572	**–**	315,094	**65,587**	453,666
Foreign exchange loss	**196,973**	359,227	**–**	–	**196,973**	359,227

* Includes independent member firms of the Baker Tilly International network.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 PERSONNEL EXPENSES

	Group	
	2022	**2021**
	USD	**USD**
Key management personnel		
– Salaries, bonus and other benefits	**622,471**	1,472,845
– Defined contribution benefits	**49,105**	26,435
	671,576	1,499,280
Other personnel		
– Salaries and bonus	**654,564**	1,278,538
– Defined contribution benefits	**68,650**	93,072
– Other short-term benefits	**248,450**	324,417
	971,664	1,696,027
	1,643,240	3,195,307
Key management personnel comprise amounts paid to:		
– Directors of the Company	**372,522**	432,583
– Other key management personnel	**299,054**	1,477,784
	671,576	1,910,367

9 TAX (CREDIT)/EXPENSE

	Group	
	2022	**2021**
	USD	**USD**
Tax (credit)/expense attributable to (loss)/profit is made up of:		
Current income tax provision	**(268)**	1,809,552
Deferred tax (Note 14)	**(5,642)**	229,708
	(5,910)	2,039,260
Under provision in respect of previous financial year		
– current income tax	**1,503**	4,629
	(4,407)	2,043,889
Income tax (credit)/expenses is attributable to:		
– (Loss)/profit from continuing operation	**(4,407)**	2,062,206
– Loss from discontinued operation (Note 30)	**–**	(18,317)
	(4,407)	2,043,889

9 TAX (CREDIT)/EXPENSE (CONTINUED)

The income tax (credit)/expense on the results of the financial year differs from the amount of income tax determined by applying the domestic statutory income tax rates applicable to the countries where the Group operates due to the following factors:

	Group	
	2022 USD	2021 USD
(Loss)/profit before tax from continuing operation	**(6,638,201)**	2,718,516
Profit before tax from discontinued operation	**–**	576,267
	(6,638,201)	3,294,783
Tax at domestic rates applicable to (loss)/profit in countries where the Group operate	**(1,808,918)**	435,853
Expenses not deductible for tax purposes	**899,041**	1,824,485
Income not subject to tax	**(54,060)**	(1,720,620)
Deferred tax assets not recognised for the year	**958,295**	1,535,391
Underprovision in prior year	**1,503**	4,629
Others	**(268)**	(35,849)
	(4,407)	2,043,889

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The statutory income tax rate applicable to the Company is 17% (2021: 17%).

Pursuant to the relevant laws and regulations in Korea, the major subsidiaries of the Group incorporated in Korea are required to pay Korea corporate income tax at a rate of 20.9% (2021: 22%).

10 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2022 USD	2021 USD
Net (loss)/profit for the financial year attributable to equity holders of the Company		
– (Loss)/profit from continuing operation	**(6,707,704)**	1,124,391
– Profit from discontinued operation	**–**	594,584
	(6,707,704)	1,718,975
Weighted average number of ordinary shares for basic and diluted (loss)/earnings per share	**1,871,209,231**	1,901,657,319
Basic and diluted (loss)/earnings per share (cents per share)		
– Continuing operation	**(0.36)**	0.06
– Discontinued operation	**–**	0.03
	(0.36)	0.09

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties USD	Equipment USD	Motor vehicles USD	Leasehold improvements USD	Total USD
Group					
2022					
Cost					
At 1.1.2022	**1,729,079**	**138,218**	**260,173**	**943,476**	**3,070,946**
Additions	**363,785**	**12,828**	**90,989**	**156,806**	**624,408**
Disposal	**(739,292)**	**–**	**–**	**–**	**(739,292)**
Currency translation differences	**(71,375)**	**(13,040)**	**(58,877)**	**(44,317)**	**(187,609)**
At 31.12.2022	**1,282,197**	**138,006**	**292,285**	**1,055,965**	**2,768,453**
Accumulated depreciation and impairment losses					
At 1.1.2022	**1,105,325**	**77,864**	**98,728**	**696,213**	**1,978,130**
Depreciation charge	**417,573**	**22,323**	**67,301**	**114,384**	**621,581**
Disposal	**(527,728)**	**–**	**–**	**–**	**(527,728)**
Currency translation differences	**(54,383)**	**(9,511)**	**(40,891)**	**(29,182)**	**(133,967)**
At 31.12.2022	**940,787**	**90,676**	**125,138**	**781,415**	**1,938,016**
Net carrying value					
At 31.12.2022	**341,410**	**47,330**	**167,147**	**274,550**	**830,437**

	Land USD	Building USD	Leasehold properties USD	Equipment USD	Motor vehicles USD	Leasehold improvements USD	Construction in progress USD	Total USD
Group								
2021								
Cost								
At 1.1.2021	407,877	2,857,876	2,501,275	6,988,917	283,121	1,090,474	25,735	14,155,275
Additions	15,076,354	4,207,803	496,061	81,534	183,230	183,510	–	20,228,492
Disposal	(389,129)	(2,726,512)	(916,140)	(337,879)	(48,241)	–	–	(4,417,901)
Disposal of subsidiaries	(14,407,052)	(4,021,001)	(228,900)	(6,257,461)	(129,114)	(250,039)	(23,462)	(25,317,029)
Currency translation differences	(688,050)	(318,166)	(123,217)	(336,893)	(28,823)	(80,469)	(2,273)	(1,577,891)
At 31.12.2021	–	–	1,729,079	138,218	260,173	943,476	–	3,070,946
Accumulated depreciation and impairment losses								
At 1.1.2021	–	363,155	1,130,083	5,575,677	130,381	881,874	–	8,081,170
Depreciation charge	–	86,187	822,776	913,806	109,256	114,409	–	2,046,434
Disposal	–	(397,585)	(733,561)	(160,078)	(29,772)	–	–	(1,320,996)
Disposal of subsidiaries	–	(33,508)	(56,225)	(5,993,553)	(96,895)	(238,951)	–	(6,419,132)
Currency translation differences	–	(18,249)	(57,748)	(257,988)	(14,242)	(61,119)	–	(409,346)
At 31.12.2021	–	–	1,105,325	77,864	98,728	696,213	–	1,978,130
Net carrying value								
At 31.12.2021	–	–	623,754	60,354	161,445	247,263	–	1,092,816

11 **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

	Equipment USD	Leasehold improvements USD	Leasehold properties USD	Total USD
Company				
2022				
Cost				
At 1.1.2022 and 31.12.2022	**34,266**	**37,959**	**838,106**	**910,331**
Accumulated depreciation				
At 1.1.2022	**26,802**	**37,959**	**580,227**	**644,988**
Depreciation charge	**3,423**	**–**	**193,409**	**196,832**
At 31.12.2022	**30,225**	**37,959**	**773,636**	**841,820**
Net carrying value				
At 31.12.2022	**4,041**	**–**	**64,470**	**68,511**
2021				
Cost				
At 1.1.2021	30,191	37,959	838,106	906,256
Additions	4,075	–	–	4,075
At 31.12.2021	34,266	37,959	838,106	910,331
Accumulated depreciation				
At 1.1.2021	22,958	33,261	386,818	443,037
Depreciation charge	3,844	4,698	193,409	201,951
At 31.12.2021	26,802	37,959	580,227	644,988
Net carrying value				
At 31.12.2021	7,464	–	257,879	265,343

(a) Included in property, plant and equipment of the Group and the Company are right-of-use assets of USD457,982 and USD64,470 (2021: USD782,169 and USD257,879) respectively (Note 27).

Included in the additions to property, plant and equipment of the Group is the additions of right-of-use assets of USD398,922 (2021: USD678,682) during the year.

(b) Non cash transactions

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Aggregate cost of property, plant and equipment acquired	**624,409**	20,228,492	**–**	4,075
Less: Acquired under lease arrangement (Note 27)	**(398,923)**	(678,682)	**–**	–
Net cash outflow for purchases of property, plant and equipment	**225,486**	19,549,810	**–**	4,075

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12 INTANGIBLE ASSETS

	Acquired libraries USD	Software USD	Goodwill USD	Customer contracts USD	Customer relationships USD	Copyrights USD	Total USD
Group							
2022							
Cost							
At 1.1.2022	**27,766**	**23,014**	**11,649,489**	**692,799**	**244,181**	**628,668**	**13,265,917**
Additions	**–**	**–**	**–**	**–**	**–**	**61,037**	**61,037**
Currency translation differences	**–**	**(1,361)**	**(114,296)**	**–**	**–**	**(11,244)**	**(126,901)**
At 31.12.2022	**27,766**	**21,653**	**11,535,193**	**692,799**	**244,181**	**678,461**	**13,200,053**
Accumulated amortisation and impairment loss							
At 1.1.2022	**27,766**	**23,014**	**5,936,000**	**692,799**	**191,272**	**7,864**	**6,878,715**
Amortisation charge	**–**	**–**	**–**	**–**	**48,836**	**–**	**69,735**
Impairment loss	**–**	**–**	**2,549,415**	**–**	**–**	**20,899**	**2,549,415**
Currency translation differences	**–**	**(1,361)**	**–**	**–**	**–**	**(356)**	**(1,717)**
At 31.12.2022	**27,766**	**21,653**	**8,485,415**	**692,799**	**240,108**	**28,407**	**9,496,148**
Net carrying value							
At 31.12.2022	**–**	**–**	**3,049,778**	**–**	**4,073**	**650,054**	**3,703,905**
Group							
2021							
Cost							
At 1.1.2021	96,899	212,468	13,513,495	692,799	1,217,216	269,781	16,002,658
Additions	32,267	–	–	–	–	–	32,267
Reclassification	–	–	–	–	–	418,649	418,649
Disposal of subsidiaries	(93,862)	(170,991)	(1,864,006)	–	(973,035)	(42,198)	(3,144,092)
Currency translation differences	(7,538)	(18,463)	–	–	–	(17,564)	(43,565)
At 31.12.2021	27,766	23,014	11,649,489	692,799	244,181	628,668	13,265,917
Accumulated amortisation and impairment loss							
At 1.1.2021	27,766	177,080	7,800,006	683,369	663,705	–	9,351,926
Amortisation charge	44,619	30,151	–	9,430	176,257	–	260,457
Impairment loss	–	–	–	–	–	7,864	7,864
Disposal of subsidiaries	(44,619)	(167,537)	(1,864,006)	–	(648,690)	–	(2,724,852)
Currency translation differences	–	(16,680)	–	–	–	–	(16,680)
At 31.12.2021	27,766	23,014	5,936,000	692,799	191,272	7,864	6,878,715
Net carrying value							
At 31.12.2021	–	–	5,713,489	–	52,909	620,804	6,387,202

12 **INTANGIBLE ASSETS** (CONTINUED)

(a) An amount of USD Nil(2021: USD18,649) from film production inventories (Note 13) and USD Nil (2021: USD400,000) from advance payments were transferred to intangible assets.

(b) The amortisation of intangible assets of USD Nil (2021: USD44,619) has been charged to cost of sales during the year and USD48,836 (2021: USD215,838) charged to general and administrative expenses.

	Software USD
Company	
2022	
Cost	
At 1.1.2021, 31.12.2021 and 31.12.2022	277
Accumulated amortisation	
At 1.1.2021	–
Amortisation charge	277
At 31.12.2021 and 31.12.2022	277
Net carrying value	
At 31.12.2021 and 31.12.2022	–

Amortisation expense is included in general and administrative expenses of profit or loss.

12 INTANGIBLE ASSETS (CONTINUED)

Impairment test of goodwill

Goodwill and other intangible assets have been allocated to the individual cash generating unit ("CGU") for impairment testing as follows:

	Simplex		Greenlight		Constellation		Novus		Take Pictures	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Goodwill	**1,881,939**	1,881,939	**3,032,859**	3,032,856	**4,300,363**	4,300,363	**693,558**	807,854	**1,626,477**	1,626,477
Impairment loss	**(879,000)**	–	**(3,032,859)**	(2,646,000)	**(3,080,000)**	(2,050,000)	**(693,558)**	(440,000)	**(800,000)**	(800,000)
	1,002,939	1,881,939	**–**	386,856	**1,220,363**	2,250,363	**–**	367,854	**826,477**	826,477
Intangible assets:										
– customer relationships	**–**	–	**–**	–	**4,073**	52,909	**–**	–	**–**	–
– customer contracts	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
– copyrights	**–**	–	**525,729**	530,547	**124,325**	90,257	**–**	–	**–**	–

Key assumptions used in value-in-use calculation

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding discount rate, growth rate and forecasted revenue and cost of sales as presented by average gross margin as follows:

	Simplex		Greenlight		Constellation		Novus		Take Pictures	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	%	%	%	%	%	%	%	%	%	%
Average gross margin[(1)]	**6**	8	**40**	62	**48**	41	**16**	20	**16**	6
Growth rate[(2)]	**2**	2	**2**	2	**2**	2	**2**	2	**2**	1
Discount rate (pre-tax)[(3)]	**13**	10	**11**	9	**12**	12	**10**	11	**7**	10

12 INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in value-in-use calculation (Continued)

In prior year financial year, the Group's ticket sales from films were forecasted with the impact of COVID-19 pandemic. Due to the inherent uncertainty arising from the continually evolving situation and as it was challenging to predict the full extent and duration of the COVID-19 pandemic impact on ticket sales, the Group had considered two scenarios in its estimate for the number of ticket sales for each forecasted film in performing its impairment assessment for the financial year ended 31 December 2021. Significant judgements were used to estimate the weightage of the different scenarios projected, and the key input used in each scenario on the rate of recovery of movie ticket sales to pre-COVID-19 level. The significant input and probability used for each scenario in prior financial year are set out in the table as follows:

	2021	
	Scenario 1	**Scenario 2**
Probability weightage	70%	30%
Recovery rate in 2021	–	–
Recovery rate in 2022	67%	90%
Recovery rate in 2023	85%	100%
Recovery rate from 2024 onwards	100%	100%

During the financial year, the Group did not apply the scenarios used in prior financial year for ticket sales as the industry is already recovering from COVID-19 in line with the ease of the COVID-19 restriction in cinemas.

(1) Budgeted average gross margin.

(2) Growth rate used to extrapolate cash flows beyond the budgeted period.

(3) Pre-tax discount rate applied to cash flow projections.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The average gross margin is based on past revenue growth trend and management's expectations of market development. During the financial year, the Group revised the key assumptions for the cash flow forecasts of each CGU to reflect their projections based on the current evaluation and expectation of each CGU. In line with this, an impairment loss of USD879,000 (2021: USDNil), USD386,859 (2021: USDNil), USD1,030,000 (2021: USD7,864) and USD253,556 (2021: USDNil) was recognised for Simplex, Greenlight, Constellation and Novus respectively to write down the intangible assets to its recoverable amount of USD1,002,939, USD525,729, USD1,348,761 and USDNil, respectively. The impairment loss is included within "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

Sensitivity to changes in assumptions

Simplex, Greenlight, Constellation, Take Pictures CGUs

With regards to the assessment of VIU for Simplex, Greenlight, Constellation, and Take Pictures CGUs, a decrease in forecasted revenue by up to 1% would result in an additional impairment of intangible asset for each CGU ranging from USD43,000 to USD459,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 FILM PRODUCTION INVENTORIES

	Group	
	2022	2021
	USD	USD
Cost		
Balance at beginning of the financial year	**1,818,754**	3,795,531
Additions	**1,203,180**	122,419
Charged to cost of sales	**(111,637)**	(862,472)
Disposal	**(374,123)**	–
Disposal of subsidiaries	**–**	(929,619)
Reclassification	**–**	(18,649)
Currency translation differences	**(100,351)**	(288,456)
Balance at end of the financial year	**2,435,823**	1,818,754
Accumulated impairment losses		
Balance at beginning of the financial year	**742,169**	994,155
Impairment loss	**115,589**	85,808
Disposal	**(233,503)**	–
Disposal of subsidiaries	**–**	(251,383)
Currency translation differences	**(50,198)**	(86,411)
Balance at end of the financial year	**574,057**	742,169
Net carrying value		
Balance at end of the financial year	**1,861,766**	1,076,585
Representing:		
Current	**975,958**	–
Non-current	**885,808**	1,076,585
	1,861,766	1,076,585

14 DEFERRED TAX ASSETS

The movement in the deferred income tax assets are as follows:

	Group	
	2022	2021
	USD	USD
Balance at beginning of the financial year	**12,447**	503,977
Tax credited/(charged) to:		
– statement of profit or loss (Note 9)	**5,642**	(229,708)
Disposal of subsidiaries	**–**	(219,593)
Currency translation differences	**–**	(42,229)
Balance at end of the financial year	**18,089**	12,447
Representing:		
Deferred tax assets	**18,089**	12,447

14 DEFERRED TAX ASSETS (CONTINUED)

The following are the major deferred tax assets recognised by the Group and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation USD	Revaluation of plant property, and equipment USD	Fair value gains USD	Provisions USD	Tax losses USD	Others USD	Total USD
Group							
Balance at 1 January 2022	–	–	–	–	–	**12,447**	**12,447**
Credited to profit or loss for the year	–	–	–	–	–	**5,642**	**5,642**
Currency translation differences	–	–	–	–	–	–	–
Balance at 31 December 2022	–	–	–	–	–	**18,089**	**18,089**
Balance at 1 January 2021	(22,298)	14,602	36,744	349,115	46,960	78,853	503,976
Credited/(charged) to profit or loss for the year	17,912	(13,931)	(25,294)	(159,225)	(44,644)	(4,526)	(229,708)
Disposal of a subsidiary	3,150	–	(9,217)	(165,596)	–	(47,931)	(219,594)
Currency translation differences	1,236	(671)	(2,233)	(24,294)	(2,316)	(13,949)	(42,227)
Balance at 31 December 2021	–	–	–	–	–	12,447	12,447

At the balance sheet date, the Group has unutilised tax losses of USD9,416,853 (2021: USD8,309,455) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax assets has been recognised in respect of the remaining USD9,416,853 (2021: USD8,309,455) losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. The unutilised tax losses do not expire under current tax legislation except for the unutilised losses of USD6,680,000 (2021: USD5,120,000) arising from the Group's Korea entities which are available for carry forward up to 15 years from the year of loss and will expire between 2023 to 2027 (2021: 2022 to 2026).

At balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which tax liabilities have not been recognised is USD3,361,715 (2021: USD9,788,056). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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15 LOAN TO SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, bear interest at 2% to 4.6% (2021: 2%) per annum, unsecured and repayable on demand.

16 INVESTMENT IN SUBSIDIARIES

	Company	
	2022 USD	2021 USD
Unquoted equity shares, at cost		
Balance at beginning of financial year	**36,575,400**	40,454,784
Less: Disposal of subsidiaries	**–**	(3,879,384)
Balance at end of financial year	**36,575,400**	36,575,400
Accumulated impairment		
As at 1 January	**(20,160,596)**	(23,960,596)
Less: Impairment loss	**(3,257,272)**	–
Less: Disposal of subsidiaries	**–**	3,800,000
As at 31 December	**(23,417,868)**	(20,160,596)
Balance at end of financial year	**13,157,532**	16,414,804

a) Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Principal business	Proportion of ownership interest 2022 %	Proportion of ownership interest 2021 %
Held by the Company				
Zip Cinema (HK) Limited ("ZIP HK")[(1)]* (formerly known as *Spackman Entertainment Group (HK) Limited*)	Hong Kong	Investment holding company.	**100.00**	100.00
Constellation Agency Pte. Ltd. ("Constellation")[(3)]	Singapore	Involved in the business of overseas agency for Korean artists venturing into the overseas market.	**100.00**	100.00
Greenlight Content Limited ("Greenlight")[(7)]	Cayman Islands	Involved in the business of investing into dramas and movies, as well as providing consulting services for the production of Korean content.	**100.00**	100.00
Take Pictures Pte. Ltd. ("Take")[(3)]	Singapore	Web portals, development of other software and programming activities.	**100.00**	100.00
Noon Pictures Co., Ltd ("Noon")[(7)]	Korea	Professional photography services.	**60.24**	60.24

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

a) Details of subsidiaries are as follows: (Continued)

Name of subsidiary	Place of incorporation	Principal business	Proportion of ownership interest 2022 %	2021 %
Held by the Company (Continued)				
Novus Mediacorp Co., Ltd ("Novus")[(2)]	Korea	Development, production, importation and exportation, investment, distribution and promotion of motion pictures.	**51.00**	51.00
Simplex Films Limited ("Simplex")[(7)]	Hong Kong	Planning, production and distribution of films, television dramas and performances.	**100.00**	100.00
Spackman Entertainment Korea Inc. ("SEKI")[(2)]	Korea	Production, finance, and distribution of films. Production and sale of music albums and recording tapes. Consulting and services related to the above-mentioned business activities.	**100.00**	100.00
Held by ZIP HK				
Spackman Equities Limited ("SEL")[(1)]	Hong Kong	Investment holding company.	**100.00**	100.00
Held by SEKI				
Upper West Inc. ("Upper West")[(4)]	Korea	Restaurant business, franchise and service business, processing and sale of food.	**94.38**	94.38
Held by Take				
Studio Take Co., Ltd.[(2)]	Korea	Planning, production and distribution of films, television dramas and performances.	**100.00**	100.00
Held by Constellation				
The P Factory Co., Ltd. ("P Factory")[(6)]	Korea	Production of advertising projects (commercial advertising).	**100.00**	100.00
Platform Media Group Co., Ltd ("Platform")[(6)]	Korea	Management of artiste event sales, from movies and drama.	**100.00**	100.00
Held by Greenlight				
Greenlight Content Co., Ltd. ("Greenlight Content")[(4)]	Korea	Provision of consulting services for the production of Korean content.	**100.00**	100.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

a) Details of subsidiaries are as follows: (Continued)

Name of subsidiary	Place of incorporation	Principal business	Proportion of ownership interest 2022 %	2021 %
Held by Simplex				
Simplex Films Co., Ltd ("Simplex Films")[(6)]	Korea	Planning, production and distribution of films, television dramas and performances.	**100.00**	100.00

(1) Audited by independent overseas member firms of Baker Tilly International.

(2) Audited by Nexia Samduk, Korea.

(3) Audited by CK Assurance, Singapore.

(4) Audited by Echon Accounting Corporation, Korea.

(5) Audited by Nexia Hong Kong.

(6) Audited by Crowe Horwath (Hanul), Korea.

(7) Not required to be audited in the country of incorporation.

* Spackman Entertainment Group (HK) Limited changed its company name to Zip Cinema (HK) Limited on 26 January 2021.

b) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business/Country of incorporation	Ownership interests held by NCI 2022 %	2021 %
Novus	Korea	**49.00**	49.00

The following are the summarised financial information of the Group's subsidiary with NCI that is considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

	Novus 2022 USD	Novus 2021 USD
Summarised Statement of Financial Position		
Non-current assets	**172,357**	309,756
Current assets	**3,905,357**	5,711,797
Non-current liabilities	**(290,444)**	(1,198,679)
Current liabilities	**(3,004,715)**	(4,216,369)
Net assets	**782,555**	606,505
Net assets attributable to NCI	**383,452**	297,187

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

b) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (Continued)

	Novus	
	2022 USD	2021 USD
Summarised Income Statements		
Revenue	**2,283,870**	505,253
Profit/(loss) before tax	**210,297**	(622,544)
Income tax credit/(expense)	**268**	(307,062)
Profit/(loss) after tax and total comprehensive profit/(loss)	**210,565**	(929,606)
Profit/(loss) allocated to NCI	**103,177**	(455,507)
Summarised Cash Flows		
Operating cash flows	**391,517**	311,118
Investing cash flows	**913,439**	334,849
Financing cash flows	**(520,839)**	(703,411)
Net increase/(decrease) in cash and cash equivalents	**784,117**	(57,444)

c) Disposal of subsidiaries

On 14 September 2021 and 23 December 2021, the Group entered into a sale and purchase agreement to dispose its investment in ZIP Cinema and Frame. The disposal was completed on 2 December 2021 and 30 December 2021 respectively. ZIP Cinema and Frame are included under the operating segment of production of films and leasing of equipment respectively.

The Management believes that the disposal of ZIP Cinema is in line with the Group's intention to strategically diversify into the production and financing of United States ("US") movies and to extend its business direction towards the US film sector. Frame has been disposed due to poor performance mainly due to the decline in contracts and impacts from equipment becoming obsolete due to release of new camera models.

The Group has classified the post-tax results of Frame under discontinued operations in the consolidated profit or loss and other comprehensive income. Following that, the prior year post-tax results has been re-presented for comparability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16 **INVESTMENT IN SUBSIDIARIES** (CONTINUED)

c) **Disposal of subsidiaries** (Continued)

The value of assets and liabilities of ZIP Cinema and Frame at disposal date, and the effects of the disposal were:

	2021 Total USD
Non-current assets	
Property, plant and equipment	18,897,897
Intangible assets	419,240
Film production inventories	678,236
Deferred tax assets	219,593
Trade and other receivables	268,157
Total non-current assets	20,483,123
Current assets	
Financial assets at fair value through profit or loss	16,877
Trade and other receivables	1,203,288
Contract assets	135,956
Cash and cash equivalents	7,455,663
Total current assets	8,811,784
Total assets	29,294,907
Non-current liabilities	
Borrowings	14,347,699
Other non-current liabilities	38,199
Contract liabilities	783,448
Total non-current liabilities	15,169,346
Current liabilities	
Trade and other payables	6,722,395
Contract liabilities	844,351
Borrowings	1,495,464
Film obligation and production loans	13,930
Total current liabilities	9,076,140
Total liabilities	24,245,486
Net assets derecognised	5,049,421

16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

c) Disposal of subsidiaries (Continued)

	2021 USD
Gain on disposal	
Sales proceeds	15,545,061
Net assets derecognised	(5,049,421)
Offset amount with dividend income from ZIP	442,061
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on disposal of subsidiaries	(806,288)
Gain on disposal	10,131,413
Net cash inflow arising on disposal	
Cash consideration	15,545,061
Less: cash consideration not received as at year end (Note 20)	(1,061,523)
Cash consideration received	14,483,538
Cash and cash equivalents disposed of	(7,455,663)
Net cash inflow arising on disposal	7,027,875

d) Company level – impairment review of investment in subsidiaries

Constellation, Greenlight, Simplex

During the financial year, the management performed impairment test for the investment in subsidiaries as there is indicator of impairment. Certain subsidiaries' net asset value is lower than the cost of investment. An impairment loss of USD1,370,000 (2021: USDNil), USD628,272 (2021: USDNil) and USD1,259,000 (2021: USDNil) have been provided for Constellation, Greenlight and Simplex respectively to write down these subsidiaries to their recoverable amount of USD2,095,782, USD850,162 and USD527,746, respectively. The key assumptions and estimates used in the assessment of recoverable amount is disclosed in Note 12 to the financial statements.

With regards to the assessment of VIU for Constellation, Greenlight and Simplex CGUs, a decrease in forecasted revenue by 1% would result in an additional impairment to the recoverable amount of each CGU ranging from USD41,000 to USD459,000.

17 INVESTMENT IN ASSOCIATED COMPANIES

The Group's investment in associated companies is summarised below:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Carrying amount:				
Spackman Media Group Limited ("SMGL")	**12,396,405**	12,793,769	**12,462,597**	12,877,287
The Makers Studio Co., Ltd. ("The Makers")	**43,638**	45,666	**43,000**	95,000
	12,440,043	12,839,435	**12,505,597**	12,972,287

17 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

The following information relates to associated companies of the Group:

Name of company	Principal place of business/Country of incorporation	Principal activity	Ownership interest held 2022 %	2021 %
Held by Company				
Unquoted equity shares				
Spackman Media Group Limited ("SMGL")*	Hong Kong	Investment holding company	**43.88**	43.88
The Makers Studio Co., Ltd ("The Makers")**	Korea	Planning, production and distribution of films, television ("TV") dramas and performance	**20.00**	20.00

* Audited by Nexia Hong Kong.

** Audited by Nexia Samduk, Korea.

These associated companies are measured using the equity method.

SMGL

SMGL is an investment holding company incorporated in Hong Kong. The subsidiaries of SMGL are engaged in the talent management business in Korea. The activities of the associated company are strategic to the Group activities.

The Group performed an impairment assessment for the investment in SMGL and the recoverable amount has been determined based on higher of VIU calculations and fair value less cost of disposal ("FVLCD"). The Group engaged an external valuer to compute the VIU calculations using cash flow projections from forecasts of SMGL and its subsidiaries approved by the management covering a five-year period and applying terminal growth rate of 1.92% (2021: 1.40%) and pre-tax discount rate of 17% (2021: 17%). The average growth rate estimated in the cash flow projection is 8% (2021: 9%).

FVLCD was primarily determined based on the agreed price of the share exchange agreement entered on 6 February 2023 by SMGL, as a vendor, for the sale of CPL, the most significant subsidiary of SMGL, to Spackman Equities Group Inc. ("SQG"). SQG will acquire all of the issued and outstanding shares in the capital of CPL from SMGL by issuing new shares of SQG as consideration. In determining the final FVLCD, the Group also takes into consideration the fair value of the other inconsequential entities within SMGL and the assumed costs of disposal. The recoverable amount in current financial year is determined to be FVLCD and based on the computation, the Group and the Company recognised an impairment loss of USD778,978 and USD414,690 respectively for the financial year ended 31 December 2022. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

In prior financial year, the Group used VIU as the recoverable amount since this was higher than FVLCD. VIU is calculated by an external valuer using cash flow projections from forecasts of SMGL and its subsidiaries approved by the management covering a five-year period. The Company recognised an impairment loss of USD2,020,610 for the financial year ended 31 December 2021.

17 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Independent review in relation to SMGL Past Acquisitions

On 18 August 2020, the Company announced that it has entered into a non-binding memorandum of understanding with its substantial shareholder, SQG in relation to the sales of the Company's entire interest in Spackman Media Group Limited ("SMGL") to SQG (the "Proposed Divestment").

On 3 September 2020, Singapore Exchange Regulation ("SGX RegCo") issued a Notice of Compliance to the Company in view that the common directors (past and current) in the Company, SMGL and/or SQG raises concerns on whether the Company's acquisitions of interest in SMGL on 1 March 2017, 11 October 2017, 22 December 2017, 22 May 2018 and 6 August 2018 to purchase a total of 6,465,288 SMGL shares at USD3 each (the "Past Acquisitions") and the Proposed Divestment were entered into on normal commercial terms and in the interest of the Company and its shareholders. In addition, the disposal consideration for the Proposed Divestment is significantly lower as compared to the consideration paid by the Company for its Past Acquisitions. SGX RegCo directs that the following should be undertaken in the interest of shareholders:

(i) The Company's Audit & Risk Management Committee ("ARMC") to:

  (a) perform a holistic review on the Past Acquisitions, including but not limited to, background checks on the vendors and assessment of whether these transactions were entered into on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders (the "ARMC Review"); and

  (b) provide SGX RegCo with details of past due diligence performed on the Past Acquisitions and the vendors; and

(ii) The Company not to enter into a binding agreement in relation to the Proposed Divestment prior to completion of the ARMC Review, and SGX RegCo being satisfied with the findings of the review.

The ARMC review had concluded with the final independent review report issued and the summary of the findings announced on 16 June 2022. While it is unable to conclude the Past Acquisition price, the interest of the Company and its minority shareholders may not have been prejudiced as the Past Acquisition price was much lower than the price references relied upon by the Board for the approval of the Past Acquisitions. Based on the Board's assessment, the Past Acquisition which determines the consideration for the acquisition of SMGL has no relevance to the Group's consolidated financial statements for the current financial year as the carrying amount of SMGL is recorded at its recoverable amount at the beginning and end of the preceding and current financial year, which was determined based on the value-in-use ("VIU") and the fair value less cost of disposal ("FVLCD") respectively.

The Board had engaged its internal auditor to review and enhance the Company's operating procedures and internal controls in relation to the areas of concern identified in the independent review. Following the yearly internal audit report for FY2022, the Board shall also be stepping up the Group's corporate governance by engaging another auditor to also review the Group's internal control policies as well as follow up on the recommendations that were raised in the independent review report.

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17 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Independent review in relation to SMGL Past Acquisitions (Continued)

Summarised financial information for SMGL based on its SFRS(I) financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	2022 USD	2021 USD
Revenue	**17,176,915**	17,165,918
Profit/(loss) after tax	**1,020,823**	(2,492,079)
Other comprehensive loss	**(297,935)**	(1,911,943)
Total comprehensive income/(loss)	**722,888**	(4,404,022)
Non-current assets	**7,022,908**	4,233,176
Current assets	**12,032,049**	15,399,308
Non-current liabilities	**(198,568)**	(227,089)
Current liabilities	**(10,915,701)**	(12,187,595)
Net assets attributable to equity holders	**7,940,688**	7,217,800
Group's share of net assets attributable to equity holders based on proportion of ownership interest	**3,549,056**	3,167,442
Goodwill on acquisition	**14,806,327**	14,806,327
Less: Impairment loss on investment in associate	**(5,958,978)**	(5,180,000)
Carrying amount of investment	**12,396,405**	12,793,769

The Makers

During the financial year, management performed an assessment on the recoverable amount of the investment in The Makers determined based on a value-in-use calculation using cash flow projections from forecasts of The Makers approved by management covering a four-year period and applying a terminal growth rate of 1.96% (2021: 1.7%) and pre-tax discount rate of 14.70% (2021: 13%). The forecasted revenue includes The Makers' share of profits from the films as producer which is estimated based on the number of ticket sales for each forecasted film production. Based on the VIU calculation, the Group and the Company recognised as impairment loss of USD2,000 (2021: USD Nil) and USD52,000 (2021: USD Nil) respectively for the financial year ended 31 December 2022.

A decrease in forecasted revenue by 1% would result in an additional impairment to the recoverable amount of The Makers CGU of the Group and the Company by USD17,000 and USD16,000 respectively.

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17 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

The Makers (Continued)

Information (based on the Group's share of the results) about the Group's investment in The Makers that is not individually material are as follows:

	2022 USD	2021 USD
Loss after tax	**(358)**	(473)
Other comprehensive loss	**331**	439
Total comprehensive loss	**(27)**	(34)

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Non-current				
(a) Unquoted equity investments	**510,000**	192,000	**510,000**	192,000
(b) Investment in insurance products	**–**	22,775	**–**	–
	510,000	214,775	**510,000**	192,000
Current				
(c) Investment in film funds	**660,927**	1,390,350	**–**	–
(d) Investment in theatrical projects	**1,106,900**	1,520,787	**–**	–
(b) Investment in insurance products	**21,305**	–	**–**	–
	1,789,132	2,911,137	**–**	–
	2,299,132	3,125,912	**510,000**	192,000

(a) Unquoted equity shares represents the Group's and Company's interest in two companies in Singapore which are engaged in skincare and food and beverage related activities.

The fair value of unquoted equity shares of one investee company is determined based on recent transacted prices of the investee company's equity as well as internal or external changes in the business and market environment that the investee operates in. The fair value measurement is categorised in Level 3 of the fair value hierarchy (Note 29).

During the financial year, the other investee company was struck off resulting in the investment to be fully written down.

(b) The fair value of the investment in insurance products is determined by reference to the funds statements as at the balance sheet date provided by the respective investment managers. These are classified within Level 2 of the fair value hierarchy (Note 29).

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(c) Investment in film funds represents the Group's interest in private equity funds that focus on investments in the entertainment industry in Korea. The Group expects to earn returns on the investment by way of distribution of dividends. Management has assessed the fair value based on the net asset value of the underlying film fund as at 31 December 2022. This fair value measurement is categorised in Level 3 of the fair value hierarchy (Note 29).

(d) Investment in theatrical projects represents the Group's financing of production and marketing expenditure that are associated with specific film titles. The fair value of investment in theatrical projects is determined based on the stage of production of the underlying films. Investment in theatrical projects as at 31 December 2022 mainly relates to one film which is in the production stage as at the balance sheet date and the fair value of the investment has been determined to approximate the cost of the investments. The remaining amounts relate to films which have been released in the theatres and the fair values are determined based on the future cash flows expected to be received by the Group. The fair value measurement is categorised in Level 3 of the fair value hierarchy (Note 29).

As at 31 December 2022, investment in theatrical projects of USD631,263 (2021: USD Nil) were made from funds received from third party funders.

19 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group receives payments from customers based on billing terms as established in contracts. Contract assets relate to the Group's right to consideration for work completed but not billed at the reporting date on the Group's revenues from the production of films where the Group undertakes the role of a Producer. Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contracts with customers.

	Group		
	31.12.2022	**31.12.2021**	**1.1.2021**
	USD	**USD**	**USD**
Trade receivables from contracts with customers	**189,888**	269,290	2,001,460
Contract assets	**5,215**	37,974	25,458
Contract liabilities (non-current)	**–**	–	1,502,728
Contract liabilities (current)	**2,046,236**	3,439,052	2,729,825

Significant changes in the contract assets and the contract liabilities during the financial year are as follows:

	Group			
	Contract assets		Contract liabilities	
	2022	**2021**	**2022**	**2021**
	USD	**USD**	**USD**	**USD**
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	**–**	–	**(1,202,679)**	(1,396,996)
Increases due to advances received, excluding amounts recognised as revenue during the financial year	**–**	–	**(190,136)**	2,231,294
Contract asset reclassified to trade receivables	**37,974**	25,458	**–**	–

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Non-current				
Deposits	**326,308**	59,246	**–**	–
Less: Allowance for impairment	**(665)**	–	**–**	–
	325,643	59,246	**–**	–
Current				
Trade receivables				
– Third parties	**417,196**	456,618	**26,803**	26,059
– Associated companies	**60,000**	65,170	**–**	–
	477,196	521,788	**26,803**	26,059
Less: Allowance for impairment	**(287,308)**	(252,498)	**–**	–
	189,888	269,290	**26,803**	26,059
Short-term loans				
– Subsidiary	**–**	–	**–**	–
– Directors	**15,781**	16,871	**–**	–
– Associated companies	**1,010,872**	1,198,050	**813,660**	703,660
– Third parties	**996,695**	784,099	**–**	–
	2,023,348	1,999,020	**813,660**	703,660
Less: Allowance for impairment	**(139,942)**	(181,654)	**–**	–
	1,883,406	1,817,366	**813,660**	703,660
Other receivables				
– Subsidiary	**–**	–	**567,670**	389,845
– Associated company	**91,757**	91,816	**91,757**	91,816
– Third parties	**859,025**	1,209,733	**11,510**	75,637
– Directors	**–**	25,200	**–**	25,200
	950,782	1,326,749	**670,937**	582,498
Less: Allowance for impairment	**(9,864)**	(10,078)	**(511,420)**	(76,046)
	940,918	1,316,671	**159,517**	506,452
Accrued interest	**328,569**	278,380	**155,998**	89,885
Less: Allowance for impairment	**(41,113)**	(39,562)	**(83,901)**	(54,763)
	287,456	238,818	**72,097**	35,122
Advances to associated company	**913,116**	–	**–**	–
Advance payments				
– Associated company	**674,540**	281,875	**–**	–
– Third parties	**597,419**	594,765	**10,853**	10,703
– Directors	**–**	5,483	**–**	–
	1,271,959	882,123	**10,853**	10,703
Less: Allowance for impairment	**(1,754)**	(1,875)	**–**	–
	1,270,205	880,248	**10,853**	10,703
Prepayments	**95,774**	1,845,904	**–**	–
Deposits	**159,587**	596,963	**64,691**	64,691
	255,361	2,442,867	**64,691**	64,691
	5,740,350	6,965,260	**1,147,621**	1,346,687

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

The short-term loans to directors and third parties are unsecured, repayable on demand and interests are payable at 6.9% (2021: 6.9%) and between 3.0% to 6.9% (2021: 3.0% to 6.9%) per annum respectively.

The short-term loan to associated companies is unsecured, repayable on demand and interests are payable at 6% (2021: 6%) per annum.

Advances and other receivables are non-trade in nature, interest free and repayable on demand. Included in the other receivables in previous year is the outstanding proceeds of USD1,061,523 (Note 16(c)) for the disposal of ZIP Cinema which has been received during the current financial year.

Included in deposits is an amount of USD Nil (2021: USD18,382) which had been pledged to banks as collateral for corporate credit cards.

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Bank and cash balances	**6,209,209**	11,344,593	**120,067**	1,233,396

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Trade payables				
– Third parties	**128,721**	219,401	**–**	–
Accrued operating expenses	**126,267**	332,249	**191,861**	121,026
Other payables				
– Subsidiary	**–**	–	**–**	4,144
– Third parties	**1,332,726**	1,390,838	**542,557**	523,284
– Related parties	**3,156**	–	**–**	–
– Directors of subsidiaries	**407,898**	371,670	**–**	–
– Other staff	**115,135**	166,595	**–**	–
Advances received from				
– Third parties	**394**	367,050	**–**	–
	2,114,297	2,847,803	**734,418**	648,454

Other payables to related parties and subsidiary are non-trade in nature, interest free and repayable on demand.

Other payables to directors of the subsidiaries are non-trade in nature, bears interest at 4.6% (2021: 4.6%) and repayable on demand.

23 BORROWINGS

	Repayment period	Group 2022 USD	Group 2021 USD	Company 2022 USD	Company 2021 USD
Non-current					
Third-parties:					
Term loan (secured) – average 6 – months interest rate of bond insurance by banks in Korea	2022 – 2026	**46,772**	22,670	**–**	–
Term loan (unsecured) by banks in Korea	2024	**315,632**	–	**–**	–
Lease liabilities (secured)	2024 – 2025	**147,053**	243,576	**–**	69,972
Related parties:					
Subsidiaries – 2.00%	2024	**–**	–	**1,134,693**	1,320,794
		509,457	266,246	**1,134,693**	1,390,766
Current					
Third-parties:					
Term loans (secured) – fixed rates ranging from 3.29% to 4.27%		**357,453**	434,332	**–**	–
Third parties – 4.60%		**38,665**	301,457	**–**	–
Lease liabilities (secured)		**320,843**	572,687	**69,972**	204,184
Debenture – 2.81%	2022	**–**	843,526	**–**	–
Related parties:					
Subsidiaries – 2%	2023	**–**	–	**5,330,000**	3,300,000
Associate – fixed rates from 0%	2023	**136,353**	–	**–**	–
Director of subsidiary – 0%	Repayable on demand	**441,885**	582,033	**–**	–
		1,295,199	2,734,035	**5,399,972**	3,504,184
Total borrowings		**1,804,656**	3,000,281	**6,534,665**	4,894,950

(a) Term loans of USD404,225 (2021: USD457,002) are secured by guarantees from Korea Credit Guarantee Fund and Korea Technology Finance Corporation.

(b) The fair values of the loans determined from discounted cash flow analysis using the market lending rates that the directors expect would be available to the Group at balance sheet date are reasonable approximation of their carrying amounts as they are fixed rate borrowings with no significant changes in the market lending interest rates available to the Group at the balance sheet date and floating rate instruments that are repriced to market interest rates on or near the balance sheet date. The fair value measurement for disclosure purposes is categorised as Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 **BORROWINGS** (CONTINUED)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank loans and others USD	Lease liabilities USD	Advances received from directors of subsidiaries (Note 22) USD	Film obligation and production loan (Note 24) USD	Total USD
2022					
Balance at 1 January 2022	**2,184,018**	**816,263**	**371,670**	**393,765**	**3,765,716**
Changes from financing cash flows:					
– Proceeds	**1,283,177**	**–**	**59,069**	**735,323**	**2,077,569**
– Repayments	**(1,974,022)**	**(480,533)**	**–**	**(58,685)**	**(2,513,240)**
– Interest paid	**(65,587)**	**(18,117)**	**–**	**–**	**(83,704)**
Non-cash changes:					
– Interest expense	**65,587**	**18,117**	**–**	**–**	**83,704**
– Reclassification	**(1,966)**	**–**	**–**	**–**	**(1,966)**
– Derecognition	**–**	**(211,564)**	**–**	**–**	**(211,564)**
– New leases	**–**	**398,922**	**–**	**–**	**398,922**
Effect of changes in foreign exchange rates	**(154,447)**	**(55,192)**	**(22,841)**	**(12,257)**	**(244,737)**
Balance at 31 December 2022	**1,336,760**	**467,896**	**407,898**	**1,058,146**	**3,270,700**
2021					
Balance at 1 January 2021	6,631,562	1,926,955	1,379,731	308,011	10,246,259
Changes from investing cash flows:					
– Disposal of subsidiary	(15,669,685)	(173,478)	(4,359,832)	(13,930)	(20,216,925)
Changes from financing cash flows:					
– Proceeds	16,982,516	–	4,547,311	349,522	21,879,349
– Repayments	(4,703,409)	(1,316,763)	(1,170,144)	(482,120)	(7,672,436)
– Interest paid	(344,485)	(48,642)	(109,181)	–	(502,308)
Non-cash changes:					
– Interest expense	344,485	48,642	109,181	–	502,308
– Reclassification	–	(201,048)	–	253,058	52,010
– New leases	–	678,682	–	–	678,682
Effect of changes in foreign exchange rates	(1,056,966)	(98,085)	(25,396)	(20,776)	(1,201,223)
Balance at 31 December 2021	2,184,018	816,263	371,670	393,765	3,765,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24 FILM OBLIGATIONS AND PRODUCTION LOANS

	Group	
	2022 USD	2021 USD
Third parties	**1,058,146**	393,765

25 SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital USD	Treasury shares USD
2022				
Beginning of financial year	**1,949,225,819**	**(47,568,500)**	**70,007,456**	**(679,698)**
Purchase of treasury shares	**–**	**(65,266,000)**	**–**	**(234,868)**
End of financial year	**1,949,225,819**	**(112,834,500)**	**70,007,456**	**(914,566)**
2021				
Beginning and end of financial year	1,949,225,819	(47,568,500)	70,007,456	(679,698)

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares rank equally in regard to the Company's residual assets. All ordinary shares carry one vote per share without restrictions.

Treasury shares

The Company acquired 65,266,000 shares in the Company in the open market in the current financial year. The total amount paid to acquire the shares was USD234,868 and this was presented as a component within shareholders' equity.

26 OTHER RESERVES

	Group	
	2022 USD	2021 USD
Merger reserve	**(2,718,492)**	(2,718,492)
Currency translation reserve	**(438,578)**	(455,538)
	(3,157,070)	(3,174,030)

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27 LEASES

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

i) The Group leases properties and motor vehicles from non-related parties under non-cancellable operating lease agreements. These leases have an average tenure of between one to three years, varying terms, escalation clauses and renewal options.

ii) In addition, the Group leases certain office equipment with contractual terms of less than a year. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 28(b).

Carrying amount of right-of-use assets

The carrying amount of the right-of-use assets are disclosed in Note 11. Information about leases for which the Group and the Company is a lessee is presented below:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Classified within Property, plant and equipment				
Leasehold properties	**341,409**	623,753	**64,470**	257,879
Motor vehicle	**116,573**	158,416	**–**	–
	457,982	782,169	**64,470**	257,879
Additions to right-of-use assets	**398,922**	678,682	**–**	–

Amounts recognised in profit or loss

	Group	
	2022 USD	2021 USD
Depreciation charge for the financial year		
Leasehold properties	**417,573**	639,522
Motor vehicle	**58,280**	72,287
	475,853	711,809
Lease expense not included in the measurement of lease liabilities		
Lease expense – short-term leases	**68,727**	23,408
Lease expense – low value assets leases	**4,571**	6,638
	73,298	30,046
Interest expense on lease liabilities	**18,117**	32,435

Total cash flow for leases amounted to USD571,948 (2021: USD1,395,451).

27 **LEASES** (CONTINUED)

Amounts recognised in profit or loss (Continued)

Extension options

The leases of certain properties contain extension options, for which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group.

28 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial instruments at their carrying amounts at balance sheet date are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	USD	**USD**	**USD**	**USD**
Financial assets				
Financial assets at fair value through profit or loss	**2,299,132**	3,125,912	**510,000**	192,000
Financial assets at amortised cost	**10,909,222**	15,664,238	**2,107,778**	4,358,932
	13,208,354	18,790,150	**2,617,778**	4,550,932
Financial liabilities				
Financial liabilities at amortised costs	**3,836,245**	5,439,968	**7,252,577**	5,543,404
Financial liabilities at fair value through profit or loss	**1,058,146**	393,765	**–**	–
	4,894,391	5,833,733	**7,252,577**	5,543,404

b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises is mainly Singapore dollar ("SGD") and USD.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis.

At the balance sheet date, the Group and Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	2022		2021	
	SGD USD	USD USD	SGD USD	USD USD
Group				
Financial assets				
Cash and cash equivalents	**61,010**	–	118,056	–
Company				
Financial assets				
Cash and cash equivalents	**48,653**	–	114,552	–

Sensitivity analysis of the Group's and the Company's foreign exchange risk exposure are not presented as a reasonably possible change in 5% in the foreign currencies exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant will have no significant impact on the Group's and the Company's net profit.

Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings and interest-bearing loans to directors, third parties and associated companies. Bank borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rate). Borrowings and loans to directors, third parties and associated companies at fixed rates expose the Group and the Company to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The Group's income and operating cash flows are substantially independent on changes in market interest rates as interest income and costs on the Group's interest-bearing assets and liabilities are not significant. The sensitivity analysis for interest rate risk is not disclosed as a reasonably possible fluctuation in the market interest rates has no significant impact on the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and contract assets. Cash and cash equivalents are placed with banks with high credit-ratings.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 120 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt 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 THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Significant increase in credit risk (Continued)

Regardless of the evaluation of the above factors, 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 also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and 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.

Definition of default

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Financial assets are written off when there is no reasonable expectation of recovery. Where receivables are determined to be credit impaired and/or written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. No trade receivables are subject to enforcement activities.

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 such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

28 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Maximum exposure and concentration of credit risk

At the end of the reporting period, the Group's trade receivables comprise 2 debtors (2021: 2 debtors) that represented 19% (2021: 47%) of total trade receivables. The Company has no significant concentration of credit risk except for the amounts due from associated company as disclosed in Note 20.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

Trade receivables and contract assets

The Group applies the simplified approach to measure the expected credit loss ("ECL") allowance for trade receivables. Under the simplified approach, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 **FINANCIAL INSTRUMENTS** (CONTINUED)

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

Credit risk (Continued)

Trade receivables and contract assets (Continued)

Group 2022	12-month or lifetime ECL	Gross carrying amount USD	Loss allowance USD	Net carrying amount USD
Trade receivables	**Lifetime**	**477,196**	**(287,308)**	**189,888**
Contract assets	**Lifetime**	**5,215**	**–**	**5,215**
Other receivables	**Lifetime**	**950,782**	**(9,864)**	**940,918**
Short-term loans	**Lifetime**	**2,023,348**	**(139,942)**	**1,883,406**
Deposits	**12-month**	**485,895**	**(665)**	**485,230**
Accrued interest	**Lifetime**	**328,569**	**(41,113)**	**287,456**
Cash and cash equivalents	**Not applicable (Exposure limited)**	**6,209,209**	**–**	**6,209,209**
2021				
Trade receivables	Lifetime	521,788	(252,498)	269,290
Contract assets	Lifetime	37,974	–	37,974
Other receivables	Lifetime	1,326,750	(10,078)	1,316,672
Short-term loans	Lifetime	1,999,020	(181,654)	1,817,366
Deposits	12-month	656,209	–	656,209
Accrued interest	Lifetime	278,380	(39,562)	238,818
Cash and cash equivalents	Not applicable (Exposure limited)	11,344,593	–	11,344,593

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

Company 2022	12-month or lifetime ECL	Gross carrying amount USD	Loss allowance USD	Net carrying amount USD
Trade receivables	**Lifetime**	**26,803**	**–**	**26,803**
Other receivables	**Lifetime**	**670,936**	**(511,420)**	**159,516**
Deposits	**12-month**	**64,691**	**–**	**64,691**
Short-term loans	**Lifetime**	**813,660**	**–**	**813,660**
Accrued interest	**Lifetime**	**155,998**	**(83,901)**	**72,097**
Loan to subsidiaries	**Lifetime**	**1,497,443**	**(1,497,443)**	**–**
	12-month	**877,747**	**–**	**877,747**
Cash and cash equivalents	**Not applicable (Exposure limited)**	**120,067**	**–**	**120,067**
2021				
Trade receivables	Lifetime	26,059	–	26,059
Other receivables	Lifetime	582,500	(76,046)	506,454
Deposits	12-month	64,691	–	64,691
Short-term loans	Lifetime	703,660	–	703,660
Accrued interest	Lifetime	89,885	(54,763)	35,122
Loan to subsidiaries	12-month	1,815,611	–	1,815,611
Cash and cash equivalents	Not applicable (Exposure limited)	1,233,396	–	1,233,396

Short-term loans and loans to subsidiaries

The Group applied the general approach to measure the impairment loss allowance for short-term loans, loans to subsidiaries and other receivables. The Group and the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been significant increase in the credit risk since the initial recognition of the financial assets. The financial assets are credit impaired and accordingly, the Group and the Company measured the impairment loss allowance using lifetime ECL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28 **FINANCIAL INSTRUMENTS** (CONTINUED)

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

Credit risk (Continued)

Movements in credit loss allowance

	Trade receivables USD	Other receivables USD	Short-term loans USD	Deposit USD	Accrued interest USD	Total USD
Group						
Balance at 1 January 2021	918,636	133,016	251,008	–	38,325	1,340,985
Loss allowance measured/(reversed):						
Lifetime ECL						
– credit-impaired	52,953	–	10,295	26,306	8,580	98,134
– reversal of loss allowance	–	(33,735)	(60,754)	–	–	(94,489)
Disposal of subsidiaries	(650,761)	(79,491)	–	(25,138)	(3,855)	(759,245)
Effect of changes in foreign currency exchange rates	(68,330)	(9,712)	(18,895)	(1,168)	(3,488)	(101,593)
Balance at 31 December 2021	252,498	10,078	181,654	–	39,562	483,792
Loss allowance measured/(reversed):						
Lifetime ECL						
– credit-impaired	38,250	–	1,548	654	4,027	44,479
– reversal of loss allowance	–	(24)	(30,961)	–	–	(30,985)
Effect of changes in foreign currency exchange rates	(3,440)	(190)	(12,299)	11	(2,476)	(18,394)
Balance at 31 December 2022	**287,308**	**9,864**	**139,942**	**665**	**41,113**	**(478,892)**

	Short-term loans USD	Other receivables USD	Accrued interest USD	Loan to subsidiaries USD	Total USD
Company					
Balance at 1 January 2021	1,038,000	76,046	47,988	–	1,162,034
Loss allowance measured/(reversed):					
Lifetime ECL					
– credit-impaired	(1,038,000)	–	6,775	–	(1,031,225)
Balance at 31 December 2021	–	76,046	54,763	–	130,809
Loss allowance measured/(reversed):					
Lifetime ECL					
– credit-impaired	–	435,374	29,138	1,497,443	1,961,955
Balance at 31 December 2022	**–**	**511,420**	**83,901**	**1,497,443**	**2,092,764**

28 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management objectives and policies (Continued)

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's forecasts of liquidity reserves (comprise cash and cash equivalents and undrawn borrowing facilities) on the basis of expected cash flows determined at local level in the respective operating companies of the Group in accordance with limits set by the Group.

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year USD	2 to 5 years USD	Total USD
Group			
2022			
Trade and other payables	**2,031,588**	**–**	**2,031,588**
Film obligations and production loans	**1,058,146**	**–**	**1,058,146**
Borrowings	**1,006,402**	**382,784**	**1,389,186**
Lease liabilities	**326,789**	**147,073**	**473,862**
2021			
Trade and other payables	2,324,387	–	2,324,387
Film obligations and production loans	393,765	–	393,765
Borrowings	2,211,372	22,802	2,234,174
Lease liabilities	447,152	181,952	629,104
Company			
2022			
Trade and other payables	**734,418**	**–**	**734,418**
Borrowings	**5,530,484**	**1,157,449**	**6,687,933**
2021			
Trade and other payables	648,454	–	648,454
Borrowings	3,604,158	1,496,539	5,100,697

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29 FAIR VALUE OF ASSETS AND LIABILITIES

a) *Fair value hierarchy*

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 - input for the asset or liability that are not based on observable market data (unobservable inputs)

b) *Fair value measurements of assets and liabilities that are measured at fair value*

The level of fair value hierarchy for financial assets and liabilities measured at fair value on the statements of financial position at 31 December 2022 are disclosed in Note 18 and Note 24.

c) *Movements in Level 3 assets measured at fair value*

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Investment in theatrical projects		Unquoted equity investments		Investment in film funds	
	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD
Group						
Balance at beginning year	**1,520,787**	2,271,848	**192,000**	357,282	**1,390,350**	1,439,635
Additions	**309,610**	–	**–**	–	**232,207**	262,142
Disposals	**(619,310)**	(544,121)	**–**	–	**(774,024)**	–
Disposal of subsidiaries	**–**	(16,877)	**–**	–	**–**	–
Fair value (loss)/gain with respect to financial assets at FVTPL	**–**	(22,749)	**318,000**	(165,282)	**(151,026)**	(190,545)
Gain on disposal of financial assets at FVTPL	**–**	–	**–**	–	**65,367**	–
Currency translation differences	**(104,187)**	(167,314)	**–**	–	**(101,947)**	(120,882)
Balance at end of financial year	**1,106,900**	1,520,787	**510,000**	192,000	**660,927**	1,390,350
Total losses for the financial year included:						
Profit or loss						
Fair value (loss)/gain with respect to financial assets at FVTPL	**–**	(22,749)	**318,000**	(165,282)	**(85,659)**	(190,545)
Other comprehensive loss						
Currency translation differences arising from consolidation	**(104,187)**	(167,314)	**–**	–	**(101,947)**	(120,882)

30 DISCONTINUED OPERATIONS

As referred to in Note 16(c), the Group disposed its subsidiary, Frame on 30 December 2021.

The profit for the year from the discontinued operation is analysed as follows:

		2021 USD
Loss from discontinued operations		(1,223,803)
Gain on disposal of subsidiaries	16(c)	1,818,387
Profit from discontinued operations		594,584

The result of Frame for the financial year is presented as follows:

	2021 USD
Revenue	941,634
Cost of sales	(921,845)
Gross profit	19,789
Other income and gains	15,686
Interest income	53
Expenses	
Selling expenses	(17,338)
General and administrative expenses	(929,149)
Finance costs	(331,161)
Other expenses	–
Loss before tax from discontinued operations	(1,242,120)
Tax credit	18,317
Loss from discontinued operations	(1,223,803)

The net cash flow incurred by Frame for the year are presented as follows:

	2021 USD
Operating	(162,380)
Investing	(18,809,913)
Financing	19,771,335
Net cash inflow	799,042

31 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the related parties on terms agreed by the parties concerned:

	Group	
	2022	2021
	USD	USD
Associated companies		
Income		
Rental income	–	13,282
Interest income	**37,215**	64,191
Other income	**929**	1,049
Expense		
Interest expenses	–	6,527
Loan to	**165,236**	509,607
Loan from	**136,353**	–
Advance payment to	**394,540**	281,875
Advances to	**1,248,063**	–
Directors of subsidiaries		
Loan from	**86,799**	–
Advances from	**60,218**	4,547,311
Interest expense	**20,946**	10,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32 SEGMENT INFORMATION

The Group is organised into business units based on nature of the income for management purposes. The reportable segments are revenue from distribution of films, production of films, talent management restaurant and café lounge and consulting services. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment. The segment information provided to management for the reportable segments are as follows:

	Distribution of films		Production of films		Talent management		Restaurant sales and café lounge		Consulting services		Others		Total	
	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD	2022 USD	2021 USD
Revenue	2,314,639	2,052,505	98,274	11,440,561	172,004	602,478	382,630	353,867	201,246	125,538	232,472	358,087	3,401,265	14,933,036
Cost of sales	(1,482,886)	(466,604)	(89,682)	(11,810,348)	(141,492)	(487,911)	(136,080)	(135,504)	(139,323)	(4,635)	–	(51,122)	(1,989,463)	(12,956,124)
Share of results of associated companies	–	–	–	–	419,420	(1,089,506)	–	–	–	–	–	–	419,420	(1,089,506)
Gain/(loss) on disposal of property, plant and equipment	–	–	–	757,857	–	–	–	–	–	–	–	1,747	–	759,604
Gain on disposal of subsidiaries	–	–	–	8,313,026	–	–	–	–	–	–	–	–	–	8,313,026
Reversal of loss on film borne by external investors	(46)	(1,302)	–	–	–	–	–	–	–	–	–	–	(46)	(1,302)
Fair value gain on investment in financial assets at FVTPL	–	–	–	–	–	–	–	–	–	–	318,000	–	318,000	–
Fair value loss on investment in financial assets at FVTPL	(151,026)	(213,294)	–	–	–	–	–	–	–	–	–	(165,282)	(151,026)	(378,576)
Gain on disposal of financial assets at FVTPL	65,367	–	–	–	–	–	–	–	–	–	–	–	65,367	–
Impairment loss on film production inventories	(115,589)	(85,808)	–	–	–	–	–	–	–	–	–	–	(115,589)	(85,808)
Impairment loss on copyrights	(20,899)	(7,864)	–	–	–	–	–	–	–	–	–	–	(20,899)	(7,864)
Segment gross results	609,560	1,277,633	8,592	8,701,096	449,932	(974,939)	246,550	218,363	61,923	120,903	550,472	143,430	1,927,029	9,486,486
Selling expenses and general and administrative expenses (exclude depreciation and amortisation)	(3,007,045)	(735,237)	(127,674)	(4,098,173)	(223,461)	(215,816)	(497,098)	(126,760)	(261,451)	(44,969)	(302,019)	(128,273)	(4,418,748)	(5,349,228)
Impairment of goodwill	(253,556)	–	(879,000)	–	(1,030,000)	–	–	–	(386,859)	–	–	–	(2,549,415)	–
Impairment of investment in associated companies	–	–	(2,000)	–	(778,978)	–	–	–	–	–	–	–	(780,978)	–
Segment net results	(2,651,041)	542,396	(1,000,082)	4,602,923	(1,582,507)	(1,190,755)	(250,548)	91,603	(586,387)	75,934	248,453	15,157	(5,822,112)	4,137,258
Unallocated other income:														
Other income and gains	–	–	–	–	–	–	–	–	–	–	–	–	266,469	184,520
Interest income	–	–	–	–	–	–	–	–	–	–	–	–	64,402	110,837
Unallocated expenses:														
Depreciation and amortisation	–	–	–	–	–	–	–	–	–	–	–	–	(670,417)	(928,906)
Other expenses	–	–	–	–	–	–	–	–	–	–	–	–	(392,839)	(614,046)
Finance costs	–	–	–	–	–	–	–	–	–	–	–	–	(83,704)	(171,147)
Profit/(loss) before tax	–	–	–	–	–	–	–	–	–	–	–	–	(6,638,201)	2,718,516
Tax (expense)/credit	–	–	–	–	–	–	–	–	–	–	–	–	4,407	(2,062,206)
Profit/(loss) for the year from continuing operations	–	–	–	–	–	–	–	–	–	–	–	–	(6,633,794)	656,310
Profit/(loss) for the year from discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–	–	594,584
Segment assets	6,131,614	552,840	2,089,749	3,739,523	14,244,451	16,204,665	1,386,063	31,893	1,058,840	11,314	622,236	40,994	25,532,953	20,581,229
Unallocated assets													7,907,240	22,368,960
Total assets													33,440,193	42,950,189
Segment assets includes:														
Investment in associated companies	–	–	–	–	12,440,043	12,839,434	–	–	–	–	–	–	12,440,043	12,839,434
Additions to non-current assets	424,924	182,562	18,041	51,684	31,577	50,244	70,244	209,870	36,945	–	42,677	231,308	624,408	725,668
Segment liabilities	2,831,339	556,966	1,178,358	3,104,502	210,401	163,488	468,045	96,025	246,170	34,066	284,367	97,171	5,218,680	4,052,218
Unallocated liabilities													2,056,173	5,872,900
Total liabilities													7,274,853	9,925,118

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32 SEGMENT INFORMATION (CONTINUED)

The reportable segments are Distribution of films, Production of films, Talent management, Restaurant sales, and Consulting services.

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements. Interest income and finance expenses are not allocated to segments as Group financing is managed on a group basis.

Sales between operating segments are on an arm's length or other basis of measurement basis in a manner similar to transactions with third parties.

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for property, plant and equipment (excluding certain equipment), other receivables, financial assets at fair value through profit or loss, deferred tax assets, inventories and cash and cash equivalents which are classified as unallocated assets.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than borrowings, other payables, other non-current liabilities, deferred tax liabilities and tax payable. These liabilities are classified as unallocated liabilities.

Geographical information

The Group's revenues from external customers are derived solely from customers in Korea. The non-current assets (other than financial instruments and deferred tax assets) of the Group are mainly located in Korea.

Information about major customers

Revenue from three (2021: NIL) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	**2022 USD**	**2021 USD**
Customer 1	Distribution of films	**1,006,232**	–
Customer 2	Distribution of films	**608,743**	–
Customer 3	Distribution of films	**541,817**	–
		2,156,792	–

33 CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure to maximise shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The capital of the Group mainly consists of equity attributable to equity holders of the Company comprising share capital, treasury shares, accumulated losses and merger reserve. The Group's overall strategy remains unchanged from 2021.

34 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors dated 13 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Spackman Entertainment Group Limited (the "**Company**") will be held at Orchid Country Club, 1 Orchid Club Road, Sapphire I, Singapore 769162 on Friday, 28 April 2023 at 2:00 p.m. to transact the following business:

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 2022 together with the Auditor's Report thereon.

   (Resolution 1)

2. To re-elect Mr. Na Kyoungwon ("**Mr. Na**") who is retiring pursuant to the Company's Constitution and who, being eligible, offers himself for re-election.

   Mr. Na will, upon re-election as a Director of the Company, remain as Executive Director, Chief Operating Officer, President, and Joint Company Secretary of the Company, and a member of the Nominating Committee.

   [See Explanatory Note (a)] **(Resolution 2)**

3. To re-elect Mr. Lee Jae Seung ("**Mr. Lee JS**") who is retiring pursuant to the Company's Constitution and who, being eligible, offers himself for re-election.

   Mr. Lee JS will, upon re-election as a Director of the Company, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee and the Nominating Committee.

   [See Explanatory Note (b)] **(Resolution 3)**

4. To re-elect Mr. Lee Doo Hee ("**Mr Lee DH**") who is retiring pursuant to the Company's Constitution and who, being eligible, offers himself for re-election.

   Mr. Lee DH will, upon re-election as a Director of the Company, remain as an Independent Director, and a member of the Audit and Risk Management Committee and the Remuneration Committee.

   [See Explanatory Note (c)] **(Resolution 4)**

5. To approve the payment of Directors' fees of up to US$108,000 (2022: US$108,000) for the financial year ending 31 December 2023 to be paid quarterly in arrears.

   (Resolution 5)

6. To re-appoint Messrs Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 6)

7. To transact any other ordinary business which may be properly 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 under the Spackman Entertainment Group Limited Employee Share Option Scheme (the "ESOS")**

THAT pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Act**"), approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") pursuant to the exercise of options ("**Options**") granted in accordance with the provisions of the ESOS, and, pursuant to the ESOS, to offer and grant Options from time to time in accordance with the provisions of the ESOS, provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOS, when added to the total number of Shares issued and issuable in respect of all the Options granted under the ESOS and all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the total number of issued Shares including treasury shares of the Company on the day preceding that date of the relevant grant of the Option.

[See Explanatory Note (d)] **(Resolution 7)**

9. **The Proposed Renewal of the Share Buy Back Mandate**

THAT

(a) for the purposes of Sections 76C and 76E of the Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the Company's Constitution, the provisions of the Act and the Catalist Rules as may for the time being be applicable (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the conclusion of the next AGM or the date by which such AGM is required by law to be held;

(ii) the date on which the buy-back of the shares is carried out to the full extent mandated; or

(iii) the date on which the authority conferred in the Share Buy Back Mandate is varied or revoked by the shareholders in a general meeting;

NOTICE OF ANNUAL GENERAL MEETING

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company (excluding any treasury shares and subsidiary holdings) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next AGM is held or is required by law to be held, the date on which the buy-back of the Shares are carried out to the full extent mandated, or the date the said mandate is revoked or varied by the Shareholders of the Company in a general meeting, whichever is the earliest; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price, where:

(iii) "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period;

(iv) "**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(v) "**market day**" means a day on which the SGX-ST is open for trading in securities; and

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (e)] **(Resolution 8)**

By Order of the Board

Mr Anthony Wong Wei Kit
Independent Non-Executive Chairman
Singapore

13 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Information on Mr. Na can be found on page 23 of the annual report.

(b) Information on Mr. Lee JS be found on page 24 of the annual report.

(c) Information on Mr. Lee DH be found on page 24 of the annual report.

(d) The Resolution 7 in item 8, if passed, will authorise the Directors of the Company, effective 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 by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant options in accordance with the provisions of the ESOS and to allot and issue new shares in the Company pursuant to the exercise of any Options already granted and accepted under the ESOS and such other share-based incentive schemes of the Company up to a number not exceeding fifteen per cent. (15%) of the total number of issued shares (including treasury shares) in the capital of the Company on the day preceding that date of the relevant grant. The ESOS was approved by the shareholders of the Company on 20 June 2014.

(e) The Resolution 8 in item 9, if passed, will authorise the Directors of the Company, from the date of the annual general meeting until the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to purchase or acquire up to ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), at prices up to but not exceeding the Maximum Price (as defined above), as at the date of the passing of this Resolution 8. Details of the proposed renewal of the Share Buy Back Mandate are set out in the Appendix accompanying this annual report.

Notes:

The AGM will be held physically and members are invited to attend the AGM physically ("Physical AGM"). There will be no option for members to participate the Physical AGM virtually.

1. Access to Documents or Information Relating to the AGM

Printed copies of this Notice of AGM, Proxy Form, and Annual Report will NOT be sent to members. These documents are available to members by electronic means only via publication on the SGX website at https://www.sgx.com/securities/company-announcements and the Company's corporate website at www.spackmanentertainmentgroup.com.

2. Submission of Proxy Form to Vote

A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

A member who is not a relevant intermediary (as defined in section 181 of the Singapore Companies Act 1967) is entitled to appoint not more than 2 proxies and where 2 proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy.

A member who is a relevant intermediary is entitled to appoint more than 2 proxies and where such member's proxy form appoints more than 1 proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

NOTICE OF ANNUAL GENERAL MEETING

In any case where more than 1 proxy is appointed, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

Investors holding shares under the Central Provident Fund Investment Schemes ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM (ie. by 2.00 p.m. on 18 April 2023). CPF/SRS Investors should contact their respective CPF Agent Banks or SRS Operators for any queries they may have with regard to the appointment of proxy for the AGM.

The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must be submitted in the following manner:

(a) if submitted by hand or by post, be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02 Singapore 068898; or

(b) if submitted by email, be sent to sg.is.proxy@sg.tricorglobal.com using a clear scanned signed form in PDF,

in each case, by 2.00 p.m. on 26 April 2023 being not less than 48 hours before the time appointed for the holding of the AGM.

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register (as defined in Section 81F of the SFA), the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM (i.e. by 2.00 p.m. on 25 April 2023), as certified by The Central Depository (Pte) Limited to the Company.

A corporation which is a member of the Company may authorise by resolutions of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

3. Submission of Questions in Advance

Members may submit their questions in relation to the business of the AGM by email to info@spackmanentertainment.com. All questions must be submitted within 7 calendar days from the date of this Notice of AGM, i.e. by **2.00 p.m. on 20 April 2023** ("**Cut-Off Time**"). After the Cut-Off Time, if there are subsequent clarifications or follow-up on the questions submitted, these will be addressed at the Physical AGM.

The Company will endeavor to address questions which are substantial and relevant and received from members who are verifiable against the Depository Register or the Register of Members.

Verified members and Proxy(ies) attending the Physical AGM will be able to ask questions in person at the AGM venue. The Company will, within 30 days after the date of the AGM, publish the minutes of the AGM on SGXNET and the Company's website and the minutes will include the responses to the questions referred to above.

NOTICE OF ANNUAL GENERAL MEETING

4. General

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM of the Company, as certified by The Central Depository (Pte) Limited to the Company.

Members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY

By attending the Physical AGM and/or any adjournment thereof and/or submitting the Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Physical AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member'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 proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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"), and (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member 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 (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This notice has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The details of the contact person for the Sponsor are:
Name: Mr. Jerry Chua, (Registered Professional, Evolve Capital Advisory Private Limited)
Address: 138 Robinson Road, Oxley Tower, #13-02, Singapore 068906
Tel: (65) 6241 6626

SPACKMAN ENTERTAINMENT GROUP LIMITED
(Company Registration No.: 201401201N)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING
This form of proxy has been made available on SGXNet and the Company's website and can be accessed at www.spackmanentertainmentgroup.com.
A printed copy of this form of proxy will NOT be despatched to members.

IMPORTANT
This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Singapore Companies Act), including CPF/SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least 7 working days before the AGM to specify voting instructions.

I/We*, ______________________________ (Name)

______________________________ (NRIC/Passport/Company Registration No.*)

of ______________________________ (Address)
being a member/members* of **SPACKMAN ENTERTAINMENT GROUP LIMITED** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the annual general meeting ("**AGM**") of the Company, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held on Friday, 28 April 2023, at 2.00 p.m. at Orchid Country Club, 1 Orchid Club Road, Sapphire I, Singapore 769162 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matters arising at the AGM.

Ordinary Resolutions		No. of Shares For**	No. of Shares Against**	No. of Shares Abstain**
Ordinary Business				
Resolution 1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2022 together with the Auditor's Report thereon			
Resolution 2	To re-elect Mr. Na Kyoungwon as a Director of the Company			
Resolution 3	To re-elect Mr. Lee Jae Seung as a Director of the Company			
Resolution 4	To re-elect Mr. Lee Doo Hee as a Director of the Company			
Resolution 5	To approve the payment of Directors' fees of up to US$108,000 (2022: US$108,000) for the financial year ending 31 December 2023, to be paid quarterly in arrears			
Resolution 6	To re-appoint Messrs Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration			
Special Business				
Resolution 7	To approve and authorise the Directors to allot and issue shares under the Spackman Entertainment Group Limited Employee Share Option Scheme.			
Resolution 8	To approve the proposed renewal of the Share Buy Back Mandate.			

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please mark "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this __________ day of ____________________ 2023

Total Number of Ordinary Shares Held	
CDP Register	
Register of Members	

____
Signature(s) of Shareholder(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:–

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of shares.

2. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

3. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act 1967 of Singapore to attend and vote for and on behalf of such corporation.

4. The instrument appointing a proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

5. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

6. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to submit a proxy form to vote on their behalf by the cut-off date. "Relevant intermediary" has the meaning as defined in section 181 of Companies Act 1967 of Singapore.

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Please
Affix
Postage
Here

SPACKMAN ENTERTAINMENT GROUP LIMITED
c/o The Share Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02
Singapore 068898

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7. The instrument appointing a proxy must be submitted to the Company in the following manner:

   (a) if submitted by hand or by post, be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02 Singapore 068898; or

   (b) if submitted by email, be sent to sg.is.proxy@sg.tricorglobal.com using a clear scanned signed form in PDF.

   in either case, no later than **2.00 p.m., on 26 April 2023**.

   A member 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.

8. Members are strongly encouraged to submit completed proxy forms electronically via email.

General:

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy to vote at the AGM and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 13 April 2023.