

**spackmanentertainmentgroup**  
SPACKMAN ENTERTAINMENT GROUP LIMITED  
(Company Registration No.: 201401201N)  
(Incorporated in the Republic of Singapore on 10 January 2014)

**INDEPENDENT AUDITOR'S COMMENT ON FINANCIAL STATEMENTS FOR THE  
FINANCIAL YEAR ENDED 31 DECEMBER 2021**

---

The Board of Directors (the “**Board**”) of Spackman Entertainment Group Limited (the “**Company**”) wishes to announce, pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, that its Independent Auditor, Baker Tilly TFW LLP (“**Baker Tilly**”), has issued its Independent Auditor’s Report for the Group’s audited financial statements for the financial year ended 31 December 2021 which contains a qualified opinion due to the ongoing independent review in connection with the Notice of Compliance issued by SGX RegCo on 3 September 2020.

The Independent Auditor’s Report which contains the basis for the qualified opinion is attached to this Announcement for shareholders’ reference.

The extract of the basis of the qualified opinion issued by Baker Tilly is as follows:

***Basis for Qualified Opinion***

*On 18 August 2020, the Company announced that it has entered into a non-binding memorandum of understanding with its substantial shareholder, Spackman Equities Group Inc (“SQG”) in relation to the sale of the Company’s entire interest in Spackman Media Group Limited (“SMGL”) to SQG (the “Proposed Divestment”) (Note 17).*

*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.*

*As at the date of this report, the ARMC review is still on-going. Consequently, we are 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. Additionally, there was a qualification in the preceding financial year in respect of the impairment loss of USD5,180,000 which was recorded in the consolidated financial statements of the Group for the year ended 31 December 2020. Accordingly, we are unable to ascertain whether this impairment loss which was recognised for the investment in SMGL in the preceding financial year is comparable with the current financial year.*

*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 qualified opinion.*

By Order of the Board

**Na Kyoungwon**

**Chief Operating Officer, President and Executive Director**

14 April 2022

---

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the “Sponsor”) for compliance with the relevant rules of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).*

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

*The contact person for the Sponsor is Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd., 6 Raffles Quay #24-02, Singapore 048580, sponsor@rhtgoc.com*