

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 2020**

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 2020 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”).

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 5,465,288 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 ongoing. Consequently, 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 and whether any adjustments might be necessary in respect of the impairment loss on investment in SMGL of USD5,180,000

recorded in the consolidated profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2020.

By Order of the Board

Na Kyoungwon
Chief Operating Officer, President and Executive Director

14 April 2021

*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**"). The Sponsor has not independently verified the contents of this announcement.*

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