

spackmanentertainmentgroup



ANNUAL  
REPORT  
2020

## CORPORATE PROFILE

### ABOUT SPACKMAN ENTERTAINMENT GROUP

Spackman Entertainment Group Limited (“SEGL” or the “Company”), and together with its subsidiaries, (the “Group”), one of Korea’s leading entertainment production groups is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures in Korea. In order to diversify our revenue streams, we have expanded our business portfolio to include the production of Korean television dramas. In addition to our content business, we also make investments into entertainment 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.

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 cable TV, broadcast TV, IPTV, Video On Demand (“VOD”), and home video/DVD, etc. We release all of our motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

### Production Labels

#### Zip Cinema

SEGL’s Zip Cinema Co., Ltd. (“Zip Cinema”) is one of the most recognised film production labels in Korea and has originated and produced some of Korea’s most commercially successful theatrical films, consecutively producing 11 profitable movies since 2009 representing an industry leading track record. Recent theatrical releases of Zip Cinema’s motion pictures include some of Korea’s highest grossing and award-winning films such as #ALIVE (2020), CRAZY ROMANCE (2019), DEFAULT (2018), MASTER (2016), THE PRIESTS (2015), COLD EYES (2013), and ALL ABOUT MY WIFE (2012). For more information on Zip Cinema, do visit <http://zipcine.com>.

#### Novus Mediacorp

SEGL also owns Novus Mediacorp Co., Ltd. (“Novus Mediacorp”), an investor, presenter, and/or ancillary distributor for a total of 79 films (58 Korean and 21 foreign) including ROSE OF BETRAYAL, THE OUTLAWS, SECRETLY, GREATLY, which was one of the biggest box office hits of 2013 starring Kim Soo-hyun of MY LOVE FROM THE STARS fame, as well as FRIEND 2: THE GREAT LEGACY. In 2012, Novus Mediacorp was also the ancillary distributor of ALL ABOUT MY WIFE, 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 on Novus Mediacorp, do visit <http://novusmediacorp.com>.

#### Take Pictures

The Company owns a 100% equity interest in Take Pictures Pte. Ltd. (“Take Pictures”), which produced STONE SKIPPING (2020) and THE BOX (2021), starring EXO’s Chanyeol. It has another upcoming film in the pipeline with the working title, GUARDIAN, which is also expected to be released in 2021 tentatively.

#### Simplex Films

The Company owns a 100% equity interest in Simplex Films Limited (“Simplex Films”) which is an early stage film production firm. The maiden movie 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).

#### Greenlight Content

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

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## CORPORATE PROFILE

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. It was also awarded "Drama of the Year" at the 2018 MBC Drama Awards. Greenlight Content was one of the main investors of *MY SECRET TERRIUS*.

### The Makers Studio

The Company owns a 20% equity interest in The Makers Studio Co. Ltd. ("**The Makers Studio**"), 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 Spackman Media Group

The Company holds an effective shareholding interest of 43.88% in Spackman Media Group Limited ("**Spackman Media Group**" or "**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 MSteam Entertainment Co., Ltd. (Son Ye-jin,

Lee Min-jung, Ko Sung-hee), UAA&CO Inc. (Song Hye-kyo, Yoo Ah-in, Park Hyung-sik), Fiftyone K Inc. (So Ji Sub, Ok Taec-yeon), SBD Entertainment Inc (Son Suk-ku), and Kook Entertainment Co., Ltd. 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 on Spackman Media Group, do visit <https://spackmanmediagroup.com/>.

### Constellation Agency

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

#### Frame Pictures

The Company owns a 100% equity interest in Frame Pictures Co., Ltd. ("**Frame Pictures**"). Frame Pictures is a leader in the movie/drama equipment leasing business in Korea. Established in 2014, Frame Pictures has worked with over 25 top directors and provided the camera and lighting equipment for some of Korea's most notable drama and movie projects including *ITAEWON CLASS* (2020), *HOW TO BUY A FRIEND* (2020), *KIM JI-YOUNG, BORN 1982* (2019), *FOUR MEN* (2019) and *ASADAL CHRONICLES* (2019). For more information on Frame Pictures, do visit <http://framepictures.co.kr/>.

#### Upper West & Noon Pictures

The Group also operates a café-lounge called Upper West, in the Gangnam district of Seoul, and owns a professional photography studio, noon pictures Co., Ltd ("**Noon Pictures**").

For more details, do visit <http://www.spackmanentertainmentgroup.com/>.

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This annual report 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 Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report. 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](mailto:sponsor@rhtgoc.com).

## OUR BUSINESS

# spackmanentertainmentgroup

Leading Korean Entertainment Company

### THEATRICAL FILM



- Zip Cinema is a leading film production label in Korea
- Take Pictures and Simplex Films are early stage motion production companies in Korea
- Participate in our own film projects as an investor, producer, presenter and distributor

### DRAMA PRODUCTION



- Launched into drama production starting with TV romantic comedy drama, *MY SECRET TERRIUS*, starring top Korean star, So Ji Sub
- Greenlight Content is in the business of investing into and providing consulting services for drama/film

### POST-THEATRICAL



- Novus is a renowned post-theatrical distributor of Korean films in Korea

### TALENT MANAGEMENT



- Associated company, Spackman Media Group, is collectively one of the largest entertainment talent agencies in Korea in terms of the number of artistes under management and using this talent management platform to participate in content
- Constellation Agency is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market

### CAMERA EQUIPMENT LEASING



- Frame Pictures is a leader in the movie/drama equipment leasing business in Korea

### COLLABORATIVE BUSINESS



- Upper West is a café-lounge in the Gangnam district of Seoul
- Noon pictures is a professional photography studio
- Skin Inc. Global is a leading Singapore-based skincare brand

## OUR FILMS & UPCOMING FILMS

### OUR FILMS



**#ALIVE** (2020)

Suspense | Zombie Thriller

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** Lotte Entertainment

**Directors:** Jo Il Hyung

**Lead actors:** Yoo Ah-in (artist managed by Spackman Media Group), Park Shin-hye



**STONE SKIPPING** (2020)

Human Drama

**Producer:** Spackman Entertainment Group (Take Pictures)

**Distributor:** Little Big Pictures

**Directors:** Kim Jung Sik

**Lead actors:** Dae-Myung Kim, Chae-eun Jeon, Eui-sung Kim, Yun-ah Song



**CRAZY ROMANCE** (2019)

Romance | Comedy

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** NEW

**Directors:** Kim Han-gyeol

**Lead actors:** Kim Rae-won, Gong Hyo-jin

## OUR FILMS & UPCOMING 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 (Zip Cinema)

**Presenter:** CJ Entertainment

**Directors:** Choi Kook-hee

**Lead actors:** Yoo Ah-in (artist managed by Spackman Media Group), Kim Hye-soo, Heo Jun-ho, Jo Woo-jin, Vincent Cassel



### **BE WITH YOU** (2018)

Melodrama | Romance

**Producer:** Movie Rock

**Co-Presenter:** MSteam Entertainment & Fiftyone K (subsidiaries of Spackman Media Group)

**Director:** Lee Chang-hoon

**Lead actors:** Son Ye-jin, So Ji Sub (artists managed by Spackman Media Group)

**Co-investor:** Spackman Entertainment Group



### **GOLDEN SLUMBER** (2018)

Action | Drama

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** CJ Entertainment

**Director:** Noh Dong-seok

**Lead actors:** Gang Dong-won, Han Hyo-jin

## OUR FILMS & UPCOMING FILMS



### **THE OUTLAWS** (2017)

Crime | Action

**Producer:** Hong Film/B.A. Entertainment

**Co-Presenter:** Spackman Entertainment (Novus Mediacorp)

**Director:** Kang Yoon-sung

**Lead actors:** Ma Dong-seok, Yoon Kye-sang



### **MASTER** (2016)

Crime | Action

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** NEW

**Director:** Kim Min-suk

**Lead actors:** Lee Byung-hun, Gang Dong-won, Kim Woo-bin



### **THE PRIESTS** (2015)

Mystery | Thriller

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** CJ Entertainment

**Director:** Jang Jae-hyun

**Lead actors:** Gang Dong-won, Kim Yoon-suk



### **MY BRILLIANT LIFE** (2014)

Romance | Drama

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** CJ Entertainment

**Director:** E J-yong

**Lead actors:** Song Hye-kyo (artist managed by Spackman Media Group), Gang Dong-won

## OUR FILMS & UPCOMING FILMS



### **FOR THE EMPEROR** (2014)

Action

**Producer:** Spackman Entertainment Group (Opus Pictures)

**Presenter:** NEW, United Pictures

**Director:** Park Sang-joon

**Lead actors:** Lee Min-ki, Park Sung-woong



### **SNOWPIERCER** (2013)

Action | Sci-fi

**Producer:** Spackman Entertainment Group (Opus Pictures)

**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, Ko Asung, John Hurt, Ed Harris



### **COLD EYES** (2013)

Crime | Thriller

**Producer:** Spackman Entertainment Group (Zip Cinema)

**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 (Zip Cinema)

**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



## OUR FILMS & UPCOMING FILMS



**HOWLING** (2012)

Drama | Thriller

**Producers:** Spackman Entertainment Group (Opus Pictures)

**Presenter:** CJ Entertainment, United Pictures

**Director:** Yoo Ha

**Lead actors:** Song Kang-ho, Lee Na-young



**HAUNTERS** (2010)

Action | Thriller

**Producers:** Spackman Entertainment Group (Zip Cinema)

**Presenter:** NEW

**Director:** Kim Min-seok

**Lead actors:** Gang Dong-won, Go Soo



**THE MAN FROM NOWHERE** (2010)

Action | Thriller

**Producer:** Spackman Entertainment Group (Opus Pictures)

**Presenter:** CJ Entertainment

**Director:** Lee Jeong-beom

**Lead actors:** Won Bin, Kim Sae-ron

## OUR FILMS & UPCOMING FILMS

### OUR UPCOMING FILMS



**THE BOX** (Released in Korea on 24 March 2021)

Musical

**Producer:** Spackman Entertainment Group (Take Pictures)

**Distributor:** Cinepirun Co., Ltd.

**Director:** Yang Jung Woong

**Lead actors:** Park Chanyeol, Jo Dal Hwan



**GUARDIAN** (Expected to be released in Korea in 2021 tentatively)

**Producer:** Spackman Entertainment Group (Take Pictures)

**Distributor:** Acemaker

**Director:** Jung Woo-sung

**Lead actors:** Jung Woo-sung, Kim Nam-gil, Park Sung-woong



**BROKER** (Filming to commence in 2021)

Human Drama

**Producer:** Spackman Entertainment Group (Zip Cinema)

**Distributor:** CJ ENM

**Director:** Kore-eda Hirozaku

**Lead actors:** Song Kang-ho, Gang Dong-won, Bae Doona

## OUR FILMS & UPCOMING FILMS



### ***THE ISLAND OF THE GHOSTS'S WAIL*** (TBC)

Comedy Horror

**Producer:** Spackman Entertainment Group (The Makers Studio)

**Presenter:** TBC

**Director:** Joo Hye-ri

**Lead actors:** TBC



### ***HURRICANE BROTHERS*** (TBC)

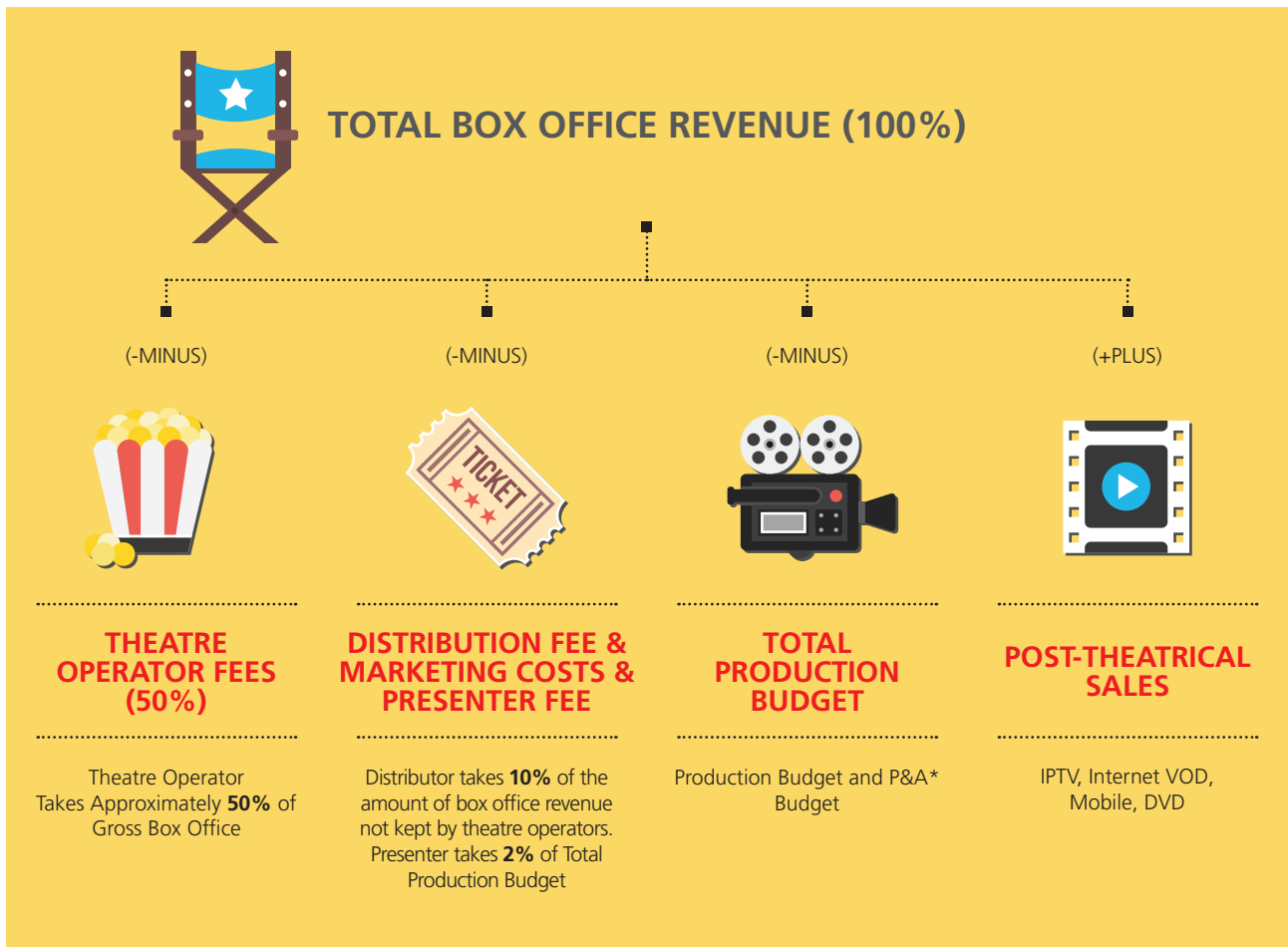
**Producer:** Spackman Entertainment Group (Simplex Films)

**Distributor:** TBC

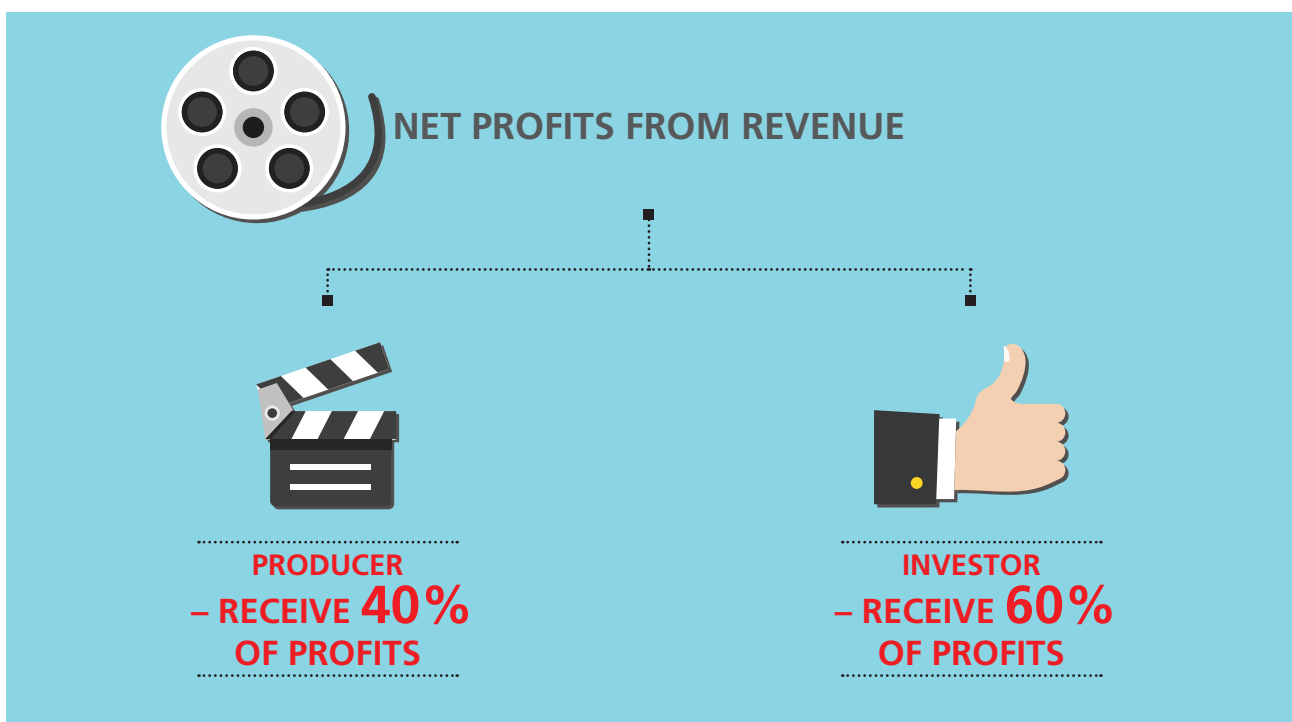
**Director:** Kim Ji-mok

**Lead actors:** TBC

# FILM BUSINESS MODEL



(=EQUAL)



\*P&A: Prints and advertising

# GROUP STRUCTURE



**Notes:**  
<sup>(i)</sup> Spackman Entertainment Group (HK) Limited changed its company name to Zip Cinema (HK) Limited on 26 January 2021.  
<sup>(ii)</sup> Zip Cinema (HK) Limited owns 92.996% of Zip Cinema Co., Ltd. directly, and the remaining 7.004% through its wholly-owned subsidiary Spackman Equities Limited ("SEL").  
<sup>(iii)</sup> The Company currently holds an effective shareholding interest of 43.88% in SMGL after completion of share swap in August 2018.

## JOINT MESSAGE FROM **NON-EXECUTIVE CHAIRMAN & 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 2020 (“**FY2020**”).

2020 was a very challenging year and many industries had been hit hard, including ours. Throughout the year, the pro-longed COVID-19 pandemic situation continued to have an adverse impact on the Korean entertainment industry with several of our planned film projects and artist projects of our associated company, Spackman Media Group, being postponed or stalled.

### SUCCESS OF **#ALIVE** DESPITE COVID-19 PANDEMIC

However, in the face of the obstacles brought about by the pandemic during the year, we still managed to release

our zombie thriller film, **#ALIVE**, which became the number one Asian film on Netflix US in 2020. Distributed by Lotte Entertainment and directed by Jo Il Hyung, the film surpassed the 1 million ticket sales within five days of its wide release on 24 June 2020, and was the first film to break the one million ticket sales mark since February 2020 at the Korean box office. It also attained number one in VOD sales at top IPTV channels in Korea such as KT’s Olleh TV and Digital Cable TV Home Choice since the first day of its post-theatrical release on 28 July 2020 in Korea.

We believe that **#ALIVE**, produced by our wholly-owned subsidiary, Zip Cinema, serves as a test case for both the Korean and global film market, as it is one of the first commercially successful theatrical movie releases in the world amidst the current on-going COVID-19 pandemic.

### PURSUE OPPORTUNITIES IN PRODUCTION & FINANCING OF US FILMS

In the long run, COVID-19 will accelerate a more rapid diversification of distribution channels to encourage more digital streaming on over-the-top (“**OTT**”) or Cable TV platforms which can reach to a wider scope of viewers, especially across

geographic borders. As consumers grow more accustomed to online viewing and social distancing, it is inevitable that the film sector will evolve towards distributing on such digital platforms to cater to the demands of consumers. It has become more popular to watch blockbuster movies from the comfort of home, and this opens up many more opportunities for filmmakers to expand their reach and deliver their content to more people all over the world. As such, other than Korean films, we are also looking for opportunities to produce, finance and participate in US films targeted for the global audience. This is in line with our intention to overhaul the overall direction of the Group’s business towards US movies.

### CONTINUE TO DELIVER QUALITY FILMS

Given the tighter social distancing measures implemented, filming is expected to be more difficult during the pandemic period in order to comply with the new quarantine regulations and safety protocols set by the government. Notwithstanding the current conditions, we have a pipeline of several new films to be released in 2021. Following **#ALIVE**, our next film to be produced by Zip Cinema, **BROKER**, will star popular

## JOINT MESSAGE FROM **NON-EXECUTIVE CHAIRMAN & CEO**

Korean actor-singer IU of *HOTEL DEL LUNA* (2019), *MY MISTER* (2018) & *THE PRODUCERS* (2015), and top Korean actors namely, Song Kang-ho of Oscar-winning *PARASITE* (2019) & *SNOWPIERCER* (produced by the Group & released in 2013), Gang Dong-won of *PENINSULA* (2020), *MASTER* (produced by the Group & released in 2016) & *THE PRIESTS* (produced by the Group & released in 2015), and Bae Doona of *KINGDOM* (2019) & *STRANGER* (2017). To be distributed and invested by CJ ENM, *BROKER* is directed by celebrated Japanese film director, Kore-eda Hirokazu, who won the Palme d'Or at the Cannes Film Festival for *SHOPLIFTERS* (2018) and the Cannes Jury Prize for *LIKE FATHER, LIKE SON* (2013). Filming for *BROKER* is scheduled to commence this year and screenplay works of the film is currently in progress.

Our musical film, *THE BOX*, produced by our wholly-owned subsidiary, Studio Take, opened #1 at the Korean box office on the first day of its wide release on 24 March 2021. Directed by Yang Jung Woong, the Executive Producer of the 2018 PyeongChang Winter Olympics opening and closing ceremonies, *THE BOX* stars EXO's Chanyeol in which he plays his first lead acting role in a commercial film.

*THE BOX* is the second film production of Studio Take, which was founded by veteran movie producer, Song Dae-chan. Previously, Studio Take released its maiden art film, *STONE SKIPPING*, on 15 October 2020.

Another of Studio Take's film, *GUARDIAN*, is expected to be released in Korea by 2021. The Group also owns a 20% equity interest in The Makers Studio, 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.

### **LEVERAGING ON OUR TALENT MANAGEMENT BUSINESS**

In order to diversify our revenue streams and reduce our reliance on film production, we shall also seek out opportunities to generate synergistic businesses outside of film production by leveraging on the brand power of the artists under Spackman Media Group. These include potential drama partnerships, brand endorsements and other artist-related entertainment and content projects. With our plans to embark on US films, which has a much wider international market, we view that there would be more exposure for the artists under Spackman Media Group to participate in global content.

Spackman Media Group, in which the Company has a shareholding of 43.88%, is still currently reviewing various options to finance future growth, including listing to maximize its potential value.

### **APPRECIATION**

We would like to also take this opportunity to express our appreciation to our stakeholders, including our shareholders, partners and associates for their faith and support in us.

### **ANTHONY WONG**

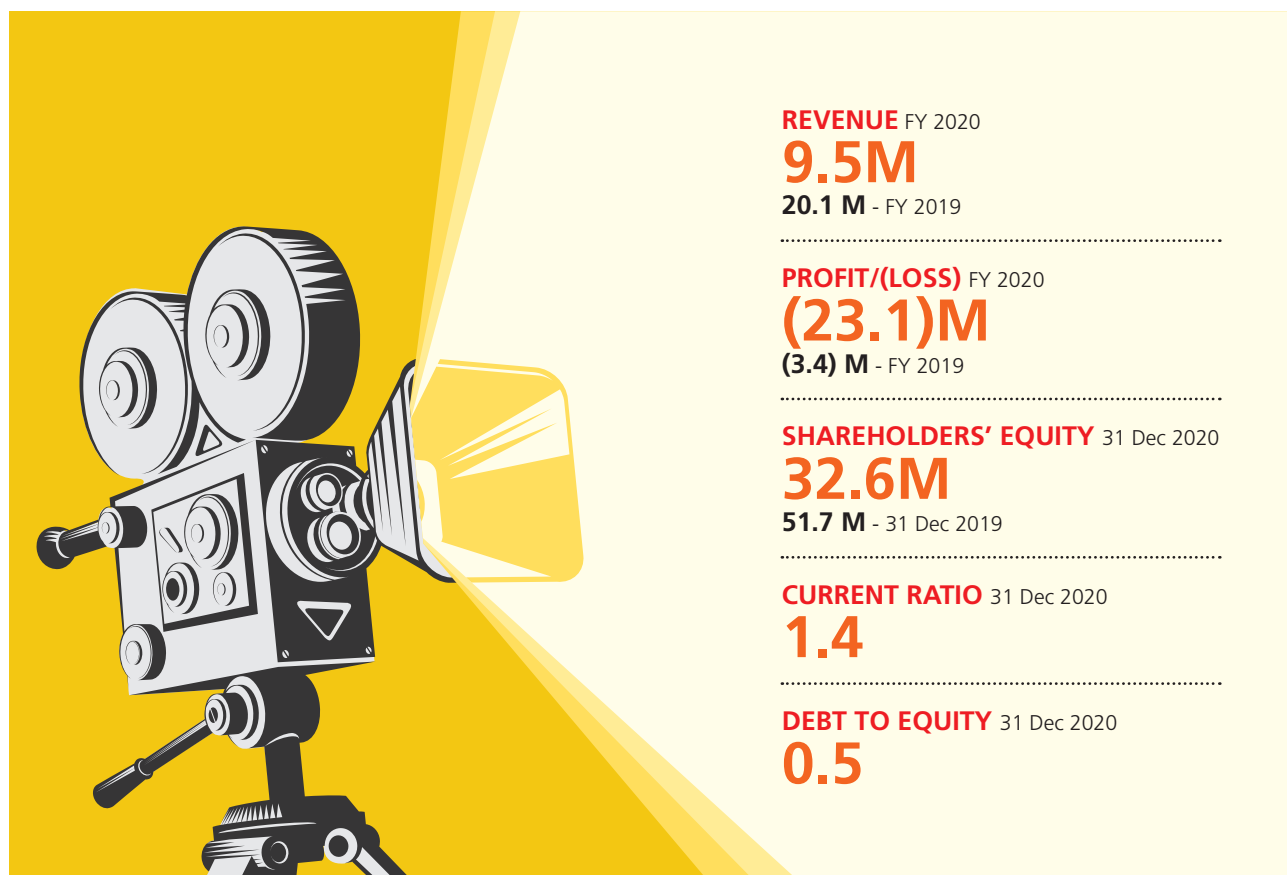
Non-Executive & Independent Chairman

### **JOHN KO**

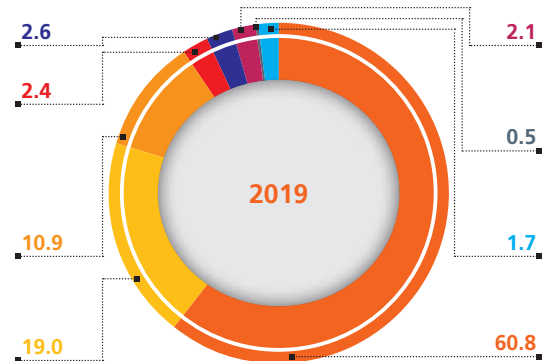
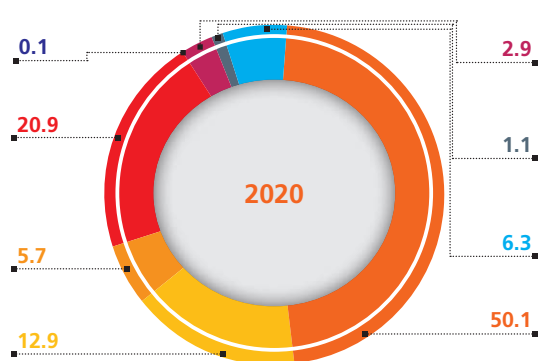
Chief Executive Officer



# FINANCIAL HIGHLIGHTS



## REVENUE BREAKDOWN %



- Production of films<sup>(1)</sup>
- Distribution of films and others<sup>(2)</sup>
- Leasing of equipment
- Photography
- Consulting services
- Sales of content
- Restaurant sales and café lounge business
- Others

Notes:  
 (1) This comprised the fixed fee when the Group only undertakes the role of the producer and share of profit from films for acting as the producer.  
 (2) This comprised revenue from our share of profit from films for acting as the producer and presenter and revenue from film presentation, investment and distribution. Revenue from distribution of films and others is recognized upon settlement of the proceeds (i.e. payments of taxes on tickets, other charge and fees and deductions by movie theatres and theatre circuits of their respective share of the box office sales) from the box office and ancillary market.



## OUR THEATRICAL 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 53% year-on-year ("YoY") to US\$9.48 million in FY2020, mainly due to the followings:

- (i) decrease in production of films of US\$7.46 million mainly due to lower recognition of the share of profit for acting as the producer for *CRAZY ROMANCE* of US\$0.31 million in FY2020 as compared to the recognition of the share of profit for acting as the producer for *DEFAULT* and *CRAZY ROMANCE* of US\$1.86 million and US\$1.63 million respectively in FY2019. In addition, percentage-of-completion "POC" of *BROKER* and *#ALIVE* (both produced by Zip Cinema Co., Ltd. "Zip Cinema") and *GUARDIAN* (produced by Studio Take Co., Ltd. "Studio Take") of total US\$4.44 million based on costs incurred relative to total expected costs in FY2020 is lower as compared to the POC of *CRAZY ROMANCE*, *#ALIVE* and *GUARDIAN* of total US\$8.91 million in FY2019;
- (ii) decrease in distribution of films and others of US\$2.59 million mainly due to lower post-theatrical revenue from *LONG LIVE THE KING* and *MY FIRST CLIENT* of total US\$0.34 million in FY2020, as compared to its post-theatrical revenue from *LONG LIVE THE KING* and *MY FIRST CLIENT* of total US\$3.17 million in FY2019. Novus Mediacorp Co., Ltd. ("Novus Mediacorp") owns the distribution rights of *LONG LIVE THE KING* and *MY FIRST CLIENT* for the post-theatrical market in Korea; and
- (iii) decrease of US\$1.66 million from leasing of equipment to third parties by Frame Pictures Co., Ltd. "Frame Pictures" due to fewer film and television drama projects in FY2020 as these projects were postponed due to the Coronavirus "COVID-19" pandemic. The decrease was partially offset by an increase in sales of content of US\$1.49 million, mainly due to sale of a copyrighted artist's pictorial of US\$1.96 million.

#### COST OF SALES

Cost of sales decreased by 41% YoY to US\$7.78 million in FY2020, mainly due to a decrease of US\$3.92 million from production of films mainly due to lower production costs incurred in FY2020 for *GUARDIAN*, *#ALIVE* and *BROKER* of US\$2.59 million, US\$0.93 million, and US\$0.66 million respectively as compared to the production costs that were incurred in FY2019 for *CRAZY ROMANCE*, *#ALIVE* and *GUARDIAN* of US\$1.97 million, US\$5.26 million, and US\$1.05 million respectively. The decrease of US\$2.63 million from distribution of films and others mainly because of fewer motion films distributed by the Group in FY2020 as compared to that for FY2019. The decrease was partially offset by an increase in the cost of sales of content to US\$1.24 million in FY2020, mainly due to cost recognised from the sale of a copyrighted artist's pictorial of US\$1.20 million.

#### GROSS PROFIT

Gross profit decreased by US\$5.12 million or 75% YoY from US\$6.82 million in FY2019 to US\$1.70 million in FY2020, mainly due to the followings: (i) lower recognition of share of profit for acting as the producer by US\$3.54 million in FY2020 mainly because COVID-19 has decimated the Korean box office badly; and (ii) lower gross profit by US\$1.43 million from leasing of equipment in FY2020 mainly because Frame Pictures leased out cameras at a lower profit margin to secure the few projects in the market to cover its costs as part of its short-term pricing strategy. Fewer films and television drama projects in FY2020 were attributable to the lockdown restrictions and social distancing measures at the filming set to curb the spread of COVID-19.

#### OTHER INCOME AND GAINS

Other income and gains increased by US\$0.18 million or 44% YoY to US\$0.60 million in FY2020 mainly because of a bad debt recovery of US\$0.12 million, one-time government grant income of US\$0.12 million, and non-recurring Jobs Support Scheme payout of US\$0.03 million from the Singapore government in helping companies to retain jobs by partially covering the salary of employees during the COVID-19 pandemic.

#### SELLING EXPENSES

Selling expenses decreased by 43% YoY to US\$0.38 million in FY2020 mainly due to the COVID-19 pandemic that has reduced corporate travels and other related expenses because of the travel restrictions and social distancing measures.

#### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses have decreased by US\$0.67 million, from US\$6.83 million in FY2019 to US\$6.16 million in FY2020. This is mainly attributable to the decrease in rent expense, service fees and repair and maintenance due to the reactive variable cost cutting strategy in times of COVID-19 pandemic.

#### OTHER EXPENSES

Other expenses increased by US\$16.16 million, from US\$2.34 million in FY2019 to US\$18.50 million in FY2020 mainly attributable to an increase in impairment loss on goodwill of US\$6.55 million, impairment loss on intangible assets of US\$4.38 million, impairment loss on investment in associated company of US\$5.18 million, and impairment loss on property, plant and equipment of US\$1.53 million in FY2020. The increase in goodwill markdowns was mainly attributable to the uncertainty about when the COVID-19 crisis will come to an end, hence management has developed multiple scenarios and applying probabilities to each to arrive at the expected cash flows, where more weight was applied to the downside scenario(s) to achieve the objective of incorporating a market view of risk and uncertainty. Impairment loss on intangible assets was attributable to the higher carrying value of a copyrighted artist's pictorial than its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value was based on the quoted prices less transaction taxes. In assessing value-in-use, the estimated future cash flows were based on a range of probability-weighted possible outcome to predict the impact of COVID-19 outbreak. Impairment loss is recognised on investment in Spackman Media Group Limited ("SMGL") as its recoverable amount based on value-in-use calculations using cash flow projections is lower

## OPERATIONS AND FINANCIAL REVIEW

than its carrying value under the equity method. Impairment loss on property, plant and equipment of Frame Pictures is caused by the increasingly seen short iteration cycles of rapid development and product replacement for cameras and lenses which resulted in a higher carrying value than its recoverable amount.

### SHARE OF RESULTS OF ASSOCIATE

The share of results of associates of a loss of US\$1.36 million in FY2020 (FY2019: a loss of US\$0.20 million) was attributable to the losses from the Company's 43.88% owned associated company, SMGL of US\$1.36 million. COVID-19 is having a marked impact on talent management and entertainment industry in FY2020 as the works of SMGL artists are largely premised on dense physical contact and live experiences. The disruptions to the production of films, television dramas and commercial advertisement with the lockdown restrictions and social distancing measures on the filming set have resulted in a loss position for SMGL in FY2020.

### TAX CREDIT

The Group recorded tax credit of US\$1.37 million in FY2020 (FY2019: tax expense of US\$0.35 million) due to the loss-making position of the Group and the reduction in the deferred tax liability due to the reversal of the taxable temporary differences in FY2020.

### LOSS BEFORE TAX

As a result of the above, the Group recorded a loss before tax of US\$24.50 million in FY2020 as compared to a loss before tax of US\$3.09 million in FY2019.

### FINANCIAL POSITION

#### NON-CURRENT ASSETS

The Group's non-current assets amounted to US\$31.99 million as at 31 December 2020. The decrease in non-current assets from US\$52.51 million as at 31 December 2019 was mainly due to: i) decrease in intangible assets of US\$12.37 million mainly due to impairment loss on goodwill of US\$6.55 million and impairment loss on a copyrighted artist's pictorial of US\$4.38 million; ii) decrease in investment in associated companies of US\$6.40 million mainly attributable to the share of losses of US\$1.36 million from SMGL, and the impairment loss on investment in one of the associated company, SMGL of US\$5.18 million; and iii) decrease in property, plant and equipment of US\$2.19 million mainly attributable to the impairment loss of US\$1.53 million and depreciation charged in FY2020.

#### CURRENT ASSETS

The Group's current assets amounted to US\$18.23 million as at 31 December 2020. The increase in current assets from US\$17.61 million as at 31 December 2019 was mainly due to an increase in trade and other receivables of US\$3.13 million, mainly due to uncollected proceeds from the sale of a copyrighted artist's pictorial of US\$1.96 million and an increase in loan receivables of US\$1.56 million. The increase was partially offset by a decrease in contract assets of US\$1.98 million mainly due to the subsequent billing and collection of unbilled receivables related to *CRAZY ROMANCE* of US\$1.74 million in FY2020; and a decrease in financial assets at fair value through profit or loss of US\$0.43 million mainly due to the disposal of investment in theatrical projects of US\$0.88 million in FY2020.

#### NON-CURRENT LIABILITIES

The Group's non-current liabilities amounted to US\$4.34 million as at 31 December 2020. The decrease in non-current liabilities from US\$5.56 million as at 31 December 2019 was mainly due to a decrease in deferred tax liabilities of US\$1.11 million due to the reversal of the taxable temporary differences in FY2020.

### CURRENT LIABILITIES

The Group's current liabilities amounted to US\$13.25 million as at 31 December 2020. The increase in current liabilities from US\$12.85 million as at 31 December 2019 was mainly due to an increase in borrowings of US\$0.43 million.

### CASH FLOW

As at 31 December 2020, the Group had cash and cash equivalents amounting to US\$4.34 million as compared to cash and cash equivalents amounting to US\$4.21 million as at 31 December 2019. The significant cash movements during FY2020 as compared to FY2019 can be summarised as follows: Cash flow used in operating activities for FY2020 amounted to US\$1.04 million as compared to cash flow generated from operating activities of US\$2.25 million for FY2019. The cash used in operating activities for FY2020 was mainly due to operating loss before working capital changes of US\$2.14 million and partially offset by an increase in receivables and contract assets of US\$1.68 million. Cash flow used in investing activities for FY2020 was US\$1.15 million as compared to cash flow used in investing activities of US\$1.14 million for FY2019. The cash used in investing activities for FY2020 was mainly due to the short term loans granted of US\$2.67 million and partially offset by repayment of short term loans of US\$1.03 million and the proceeds from the disposal of financial assets at fair value through profit and loss of US\$0.88 million. Cash flow generated from financing activities was US\$2.40 million for FY2020 as compared to cash flow generated from financing activities of US\$0.32 million for FY2019. The cash generated from financing activities in FY2020 was mainly due to the placement of 743,611,111 new ordinary shares of the Company to raise net proceeds of S\$5.35 million (US\$3.81 million) and proceeds from borrowings of US\$2.71 million, and partially offset by repayment of borrowings and lease liabilities of total US\$3.71 million, interest paid of US\$0.33 million, and purchase of treasury shares of US\$0.21 million.

## KEY MILESTONES

### 2014



#### JULY

Listed on the SGX Catalist Board

#### NOVEMBER

Acquired 60.2% of Noon Pictures

#### DECEMBER

Signed deal with KT Hitec for KRW 2 billion in advance payment for ancillary distribution rights to four of the Group's movies

### 2015



#### JANUARY

Acquired 51% of Novus Mediagroup

Acquired 51.4% of UAA Korea after the conversion of convertible notes of UAA Korea

#### APRIL

Incorporated subsidiary, Spackman Media Group Pte. Ltd. ("SMGPL")

#### MAY

SMGPL raised US\$7 million of which US\$6 million was from other investors

#### JUNE

SMGPL acquired 88.9% of Delmedia, one of Korea's leading producer of variety shows

#### JULY

Entered into Business Partnership Agreement with HK-listed National Arts Entertainment and Cultural Group Limited

#### AUGUST

SMGPL engaged KGI Capital Asia Limited for a Proposed Listing on the Hong Kong Stock Exchange

SMGPL acquired additional 10.1% stake in Delmedia

#### SEPTEMBER

SMGPL acquired 51.0% of Breakfastfilm

#### NOVEMBER

Opening of Zip Cinema's production, *THE PRIESTS*, at the Korean box office. *THE PRIESTS* broke the Korean box office record for the fastest film to reach 1 million, 3 million, and 4 million tickets in the month of November. *THE PRIESTS* sold 5.4 million tickets at the Korean box office.

#### DECEMBER

*THE PRIESTS* sold to overseas markets namely, U.S., Canada, Japan, Taiwan, the Philippines, China, and Singapore

Proposed Share Swap of SMGPL

### 2016



#### APRIL

Proposed Disposal of Loss Making subsidiary, Opus Pictures, and UAA Korea

*MASTER* commenced filming

#### MAY

Completed Share Swap of Group's 45.8% interest in SMG for 27.4% in SMGL

#### JUNE

*LIFE RISKING ROMANCE* screened at Shanghai Film Festival and expected to be released in Korea and China in 4<sup>th</sup> quarter of 2016

#### JULY

SMGL entered into a sale and purchase agreement to acquire 100% shareholding interest in a renowned Korean talent management agency ("SPA")

SMGL disposed 99.0% stake in Delmedia & 51.0% stake in Breakfastfilm, as part of the SPA

Alibaba Pictures purchased distribution rights for *LIFE RISKING ROMANCE* in China

#### AUGUST

EGM & Completion of Disposal of Loss Making subsidiary, Opus Pictures, and UAA Korea

#### DECEMBER

SMGL completed the SPA for purchase consideration of cash, newly issued shares of SMGL and SMGL's entire 51.0% interest in Breakfastfilm

As a result, the Company's shareholding interest in SMGL decreased from 27.2% to 24.5%

*LIFE RISKING ROMANCE* released in Korea on 14 Dec 2016

*MASTER* released in Korea on 21 Dec 2016

*MASTER* presold to more than 30 countries including the United States, Canada, Australia, New Zealand, Italy, Taiwan, Hong Kong, Singapore, Thailand and Philippines

*MASTER* #1 at Korean Box Office with highest December Opening in history

*MASTER* surpassed Breakeven Point of 3.7 Million Tickets in 8 days

### 2017



#### JANUARY

*MASTER* released in Hong Kong on 12 Jan and Singapore on 13 Jan 2017

#### FEBRUARY

*GOLDEN SLUMBER*, produced by Zip Cinema, commenced filming

*MASTER* sold over 7.1 million tickets and grossed KRW 58.0 billion in Korea

#### MARCH

The Group and SMGL co-invested in Skin Inc. Global, a leading Singapore-based skincare brand

Completion of acquisition of 100% of Frame Pictures Co., Ltd ("Frame Pictures")

Completion of share swap between Group and certain existing shareholders of SMGL

Completion of up to 38.1 million new ordinary shares of Group

## KEY MILESTONES

### MAY

Group recorded its highest ever quarterly net profit since IPO, turned around to profitability in 1Q FY2017

### AUGUST

Frame Pictures secured camera equipment deal for upcoming Korean film, *DECEPTIVE MURDER*, for contract value of KRW 220 million

### SEPTEMBER

Zip Cinema's upcoming Korean movie with working title, *SOVEREIGN DEFAULT*, to commence filming at end of 2017 or early 2018 and targeted to open in Korean theatres in the second half of 2018

Group to enter into drama production business starting with the proposed co-production of Korean star So Ji Sub's next major drama series

Frame Pictures won camera equipment deal for Netflix's first Korean original production *LOVE ALARM* with contract value of KRW 320 million

### OCTOBER

*THE OUTLAWS*, co-presented by the Group's subsidiary, Novus Mediacorp, takes top spot at the Korean box office, overtaking *THE FORTRESS*

Group completed issuance of 54.1 million shares for acquisition of Take Pictures and share swap agreement with certain existing shareholders of SMGL. Group's shareholding in SMGL has increased from 26.17% to 29.12%

Group acquired Korean film production company, Studio Take, through purchase of Take Pictures

Group's new movie, with working title *STONE SKIPPING* produced by Studio Take, commenced filming

### NOVEMBER

Group provided seed funding for The Makers Studio, a startup Korean film production company

Group invested into Korean film, *BE WITH YOU*, starring top-tier actors Son Ye-jin and So Ji Sub

Group's subsidiary, Novus Mediacorp, posted unexpected record opening ancillary sales of *THE OUTLAWS*

### DECEMBER

Zip Cinema's upcoming Korean movie with working title, *SOVEREIGN DEFAULT*, stars top-tier Korean actor Yoo Ah-in, who is managed by SMGL, and Korean veteran actress Kim Hye-soo

## 2018



### JANUARY

Leading top-tier Korean actress Son Ye-jin of SMGL, set to star in *K-Drama, PRETTY SISTER WHO BUYS ME FOOD*

Group completed the acquisition of Constellation Agency Pte. Ltd. which is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market

Completion of share swap between Group and certain existing shareholders of SMGL

### FEBRUARY

*THE OUTLAWS*, co-presented by the Group's subsidiary, Novus Mediacorp, breaks all-time highest VOD sales records in Korea

Group announced plans to fund artist and content projects via cryptocurrency

Park Hyung-Sik of UAA & Co, managed by SMGL, to star in Korean remake of popular US drama, *SUITS*

*BE WITH YOU*, starring top-tier actors Son Ye-jin and So Ji Sub of SMGL, set to release on White Day, 14 March 2018

*GOLDEN SLUMBER* released in Korea on 14 February 2018 and set to release in Singapore on 8 March 2018

*GOLDEN SLUMBER* sold internationally across Asia, Australia, New Zealand and the U.S.

Group swung to profitability for FY2017

### MARCH

*BE WITH YOU*, headlined by Son Ye-Jin and So Ji Sub of SMGL opens #1 at the Korean box office and sold to 17 countries

*BE WITH YOU* broke the all-time first week box office historical record for romance film

*BE WITH YOU* crossed 2 million mark at the Korean box office

### APRIL

Group's Frame Pictures won camera equipment contracts for two major Korean dramas, *LIVE* and *MY MISTER* with total contract value of KRW 550 million

Group enters into memorandum of understanding for proposed partnership with SaltyCustoms for the sale of merchandise based on the Group's artist and content projects

Group enters into MOU with Project Talent for development of the Group's own Korean entertainment cryptocurrency

Group's Frame Pictures secures camera equipment deals for three new major Korean drama series, *SUITS*, *MISTRESS* and *LIFE* with total contract value of KRW 580 million

### MAY

Group records 31% increase in revenue and net profit of US\$0.6 million for 1Q FY2018

Group's Frame Pictures won camera equipment deals for upcoming major Korean drama series, *THE GUEST* and historical Korean movie, *MALMOI* with total contract value of KRW 448.5 million

## KEY MILESTONES

### JUNE

Group completed its share SPA agreement with certain existing shareholders of Group's associated company, SMGL, and issued 101,607,865 new ordinary shares of the Group

Upon the completion of the share SPA agreement, the Group increased its shareholding in SMGL from 33.76% to 41.28%

Group launches entry into drama production with *MY SECRET TERRIUS*, a TV romantic comedy starring So Ji Sub

Group's Frame Pictures won camera equipment deals for Korean drama series, *LOVELY HORRIBLY*, starring *RUNNING MAN*'s Song Ji-hyo, with contract value of KRW 200 million

Group's associated company, SMGL's Bae Doona stars in Netflix's *KINGDOM*

### JULY

Novus Mediacorp, owns post-theatrical rights of upcoming comedy film, *ROSE OF BETRAYAL*, expected to be released in Korea in August 2018

### AUGUST

Frame Pictures secures four major camera equipment deals for Korean film *GIRL COPS* and three upcoming K-dramas: *THE GREATEST DIVORCE*, *THE BEAUTY INSIDE*, *HUNDRED MILLION STARS FROM THE SKY*

### SEPTEMBER

Leading top-tier Korean actress Son Ye-jin of MS Team, wholly-owned by Spackman Media Group, stars in crime thriller *NEGOTIATION*, released on 19 September 2018

Spackman Entertainment Group's new movie, *STONE SKIPPING*, produced by Studio Take, to be Screened at the 23rd Busan International Film Festival in October 2018

Group's first co-produced drama, *MY SECRET TERRIUS*, starring So Ji Sub of SMGL, leads viewership ratings on premiere day in Korea

Spackman Entertainment Group's upcoming film, *DEFAULT*, starring Yoo Ah-in of Spackman Media Group, set to release in Korea on 28 November 2018

### OCTOBER

Group acquires Greenlight Content Limited, which is in the business of investing into dramas and films, and providing consulting services for the production of Korean content

### NOVEMBER

Group's first co-produced drama, *MY SECRET TERRIUS*, starring So Ji Sub of Spackman Media Group, continues viewership ratings streak as #1 Drama in Korea

Group's upcoming film, *DEFAULT*, starring Yoo Ah-in of Spackman Media Group, presold to 17 countries

Group's Film, *DEFAULT*, ranks #1 in ticket reservations prior to opening day on 28 November 2018

Group's Film, *DEFAULT*, opens #1 and captures 40% of the Korean box office

### DECEMBER

Frame Pictures wins three major camera equipment deals for upcoming drama series, *FOUR MEN*, *ASADAL CHRONICLES* and *THE CROWNED CLOWN*

Group's film, *DEFAULT*, surpasses 1.5 million tickets within four days and secures over 40% of the market share, recording the highest November opening in the Korean box office history

Group's film, *DEFAULT*, grosses US\$15 Million in box office revenue, crossing the 2 Million audience mark nine days since release

Group's film, *DEFAULT*, grosses US\$20 Million in box office revenue, surpassing break-even point of 2.6 million tickets within 12 days

Korean Superstar, Yoo Ah-in of Spackman Media Group, named one of "The Best Actors of 2018" by The New York Times

Group's film, *DEFAULT*, grosses US\$22.3 million in box office revenue, crossing the 3 million ticket sales mark

## 2019



### JANUARY

Group's upcoming film, *CRAZY ROMANCE*, to be produced by Zip Cinema, commences filming and set to premiere in Korea In 2019

### MARCH

Group's upcoming film, *CRAZY ROMANCE*, to be produced by Zip Cinema, completed filming and set to release In Korea In 2019

### APRIL

Mediacorp and Spackman Entertainment Group first-ever co-production to bring together powerful storytelling, talent and mix of familiar and fresh faces from Korea and Singapore

### JULY

Group's new film with the working title, *ALONE*, starring Yoo Ah-in of Spackman Media Group and Park Shin-hye to commence filming in the second half of 2019

Group acquires Korean film company, Simplex Films

### AUGUST

Group's upcoming film, *CRAZY ROMANCE*, produced by Zip Cinema, confirmed to open in early October 2019 In Korea

Group's film, *JESTERS: THE GAME CHANGERS*, produced by Simplex Films, opens #3 at the Korean box office

Iconic Korean actress Son Ye-jin of MS Team, under Spackman Media Group, starts filming For tvN's K-drama *LOVE'S CRASHING LANDING*

Rising Korean star Wi Ha-joon of MS Team, under Spackman Media Group, a wholly-owned subsidiary of the Group, confirmed to star in Korean crime thriller film, *MIDNIGHT*

## KEY MILESTONES

### OCTOBER

Korean Actress, Ko Sung-hee, signs exclusive contract with MS Team of Spackman Media Group

Group's new film, *CRAZY ROMANCE*, produced by Zip Cinema, opens #2 at the Korean box office, after the US Film, *JOKER*, on the first day of release

*CRAZY ROMANCE*, produced by Zip Cinema, breaks the 1 Million ticket sales mark within five days

*CRAZY ROMANCE*, produced by Zip Cinema, ranked as Korea's Best Romance Film of The Year, to debut in 22 Countries including Singapore

*CRAZY ROMANCE*, produced by Zip Cinema, surpasses break-even point of 1.5 million tickets within eight days, as Korea's Best Romance Film of 2019

*CRAZY ROMANCE*, produced by Zip Cinema, crosses the 2 million audience mark at the Korean box office

### NOVEMBER

Group enters into memorandum of understanding with Korean strategic partner for the proposed partnership in entertainment-related business and investment

### DECEMBER

tvN's K-Drama *CRASH LANDING ON YOU*, starring Korean megastar Son Ye-jin of MS Team, under Spackman Media Group, ranked #1 at its weekend debut

## 2020



### APRIL

K-Drama, *ONCE AGAIN*, headlined by Lee Min-Jung of MS Team, wholly owned by Spackman Media Group, breaking records week after week in Korea

### MAY

tvN's K-Drama *CRASH LANDING ON YOU* Starring Son Ye-jin of Spackman Media Group Ranked #1 on Netflix in Japan for the Third Week in a Row

Netflix's K-Drama *KINGDOM*, Starring Bae Doona of Spackman Media Group to be exhibited at the 48th International Emmy Award

### JUNE

Group completed the placement of 743,611,111 new ordinary shares to raise approximately S\$5.35 million

Group's Zombie Thriller, *#ALIVE*, Starring Yoo Ah-In of Spackman Media Group and Park Shin-Hye, Dominates Korea's Advance Ticket Reservations with a Market Share of 57.7% Prior to Scheduled Opening Day on 24 June 2020

Group's *#ALIVE*, Starring Yoo Ah-In of Spackman Media Group and Park Shin-Hye, Opens at #1 and Captures 86.3% of The Korean Box Office

Group's *#ALIVE* Surpasses 1 Million Ticket Sales Within Five Days Despite COVID-19 Pandemic

### AUGUST

Korean Superstar, Yoo Ah-In of Spackman Media Group, To Star In Netflix's New Korean Original Series, *HELLBOUND*

Group's *#ALIVE* Number One in VOD Sales Since the First Day of Post-Theatrical Release on 28 July 2020 in Korea

Group's *#ALIVE* to Premiere Internationally on Netflix on 8 September 2020

### SEPTEMBER

Group's *#ALIVE* Number One on Netflix Globally

Group's Art Film, *STONE SKIPPING*, Produced by Studio Take, to be Released on 15 October 2020

## 2021



### JANUARY

Group's *#ALIVE* Number One Asian Film on Netflix U.S. in 2020

Lee Min-Jung of Spackman Media Group Wins The Top Excellence Award at the 2020 APAN Star

Lee Cho-Hee of Spackman Media Group Stars In New SBS Variety Show *Beauty and The Beast* Premiering in The First Half of 2021

### FEBRUARY

Kim Sang-Kyung of Kook Entertainment, Wholly-Owned By Spackman Entertainment Group's Associated Company, Spackman Media Group, Stars in New SBS Drama *RACKET BOY BAND* to be on Netflix & SBS in May 2021

Top Popular Korean Actor-Singer IU Joins Star-Studded Cast in Upcoming Film with The Working Title, *BROKER*, to be produced by Zip Cinema

### MARCH

Group's Musical Film *THE BOX*, Starring EXO's Chanyeol, Set To Release On 24 March In Korea And Debut In 11 Countries Including USA, Singapore, Indonesia, Vietnam, Japan And Australia

Group's Musical Film, *THE BOX*, Opened #1 at the Korean Box Office



## PORTFOLIO OF ZIP CINEMA

Past Movie Productions By Zip Cinema And Their Respective Dates Of Release



**CRAZY ROMANCE**  
2 OCTOBER 2019



**DEFAULT**  
28 NOVEMBER 2018



**GOLDEN SLUMBER**  
14 FEBRUARY 2018



**MASTER**  
21 DECEMBER 2016



**THE PRIESTS**  
5 NOVEMBER 2015



**MY BRILLIANT LIFE**  
3 SEPTEMBER 2014



**COLD EYES**  
3 JULY 2013



**ALL ABOUT MY WIFE**  
17 MAY 2012



**HAUNTERS**  
10 NOVEMBER 2010



**WOOCHI**  
23 DECEMBER 2009



**CLOSER TO HEAVEN**  
24 SEPTEMBER 2009

## OUR SUBSIDIARIES – ZIP CINEMA

### ZIP CINEMA



Zip Cinema Co., Ltd. (“Zip Cinema”), a wholly-owned subsidiary of SEGL, is a Korean movie production firm founded by veteran film producer Eugene Lee, who was named in 2007 as one of the world’s “10 Producers to Watch” by Variety, the leading Hollywood trade journal. The company was incorporated on 23 December 2005 in the Republic of Korea. Zip Cinema engages in the development and production of

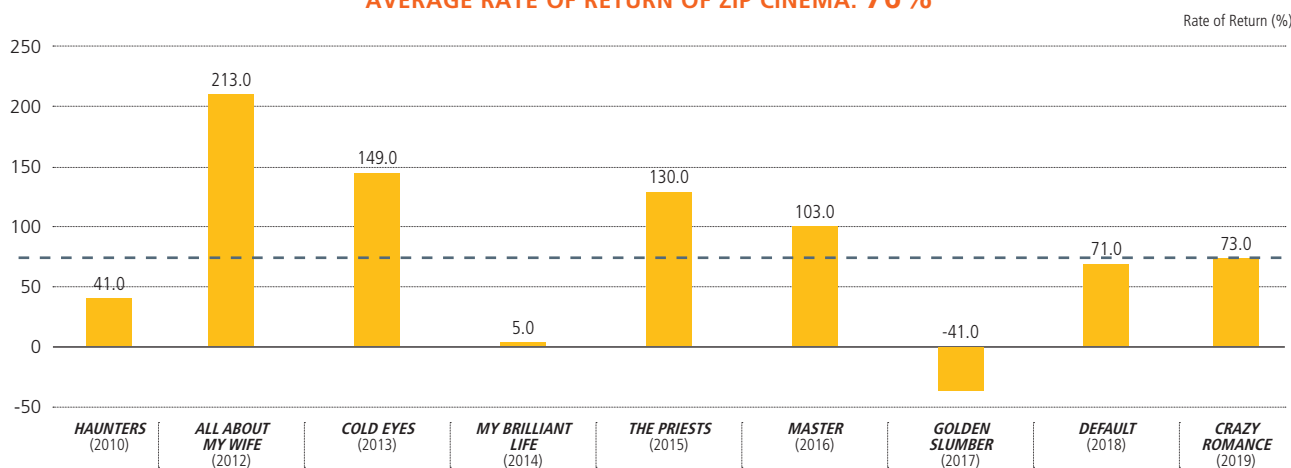
theatrical motion pictures with a strong commitment to bringing original content to moviegoers from the most innovative Korean filmmakers.

Since its establishment, Zip Cinema has achieved notable critical and box office success, producing and releasing a total of 15 theatrical films to date, including #ALIVE (2020), the number one Asian film on Netflix U.S. in 2020, CRAZY ROMANCE (2019), the best romance film in Korea in 2019, DEFAULT (2018), which recorded 3.7 million tickets and grossed KRW 31.0 billion in Korea, MASTER (2016), which sold over 7.0 million tickets and grossed KRW 58.0 billion in Korea, THE PRIESTS (2015), which recorded 5.4 million

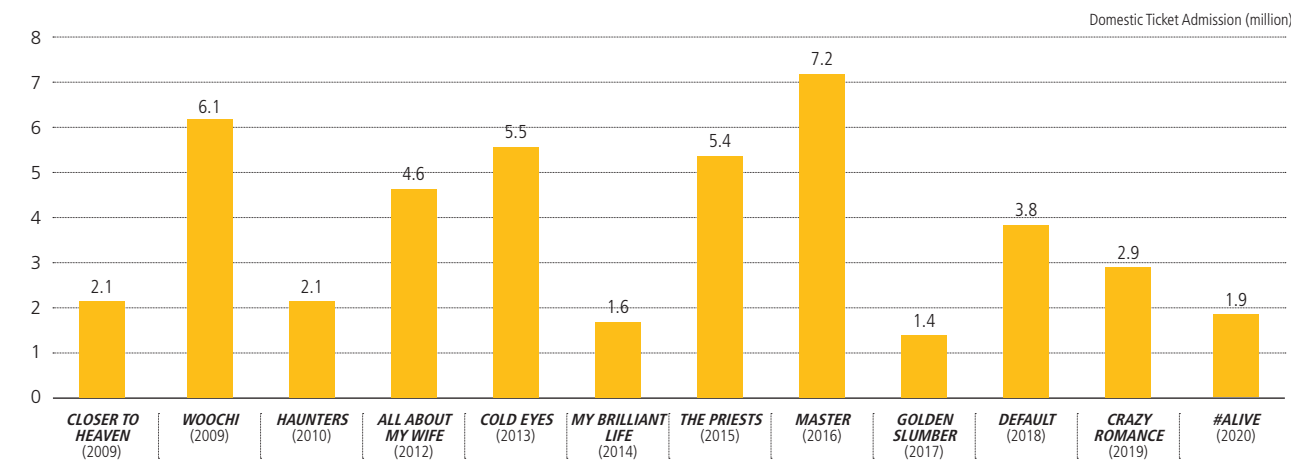
tickets and grossed KRW 42.4 billion in Korea, WOOCI (2009), which sold 6.1 million tickets at the Korean box office and grossed over KRW 44 billion, and HAUNTERS (2010) which sold 2.1 million tickets in Korea and grossed KRW 15.4 billion in Korea.

On 17 May 2012, ALL ABOUT MY WIFE, a romantic comedy produced by Zip Cinema, opened number one (#1) at the Korean box office. With a total budget of approximately KRW 4.8 billion (including P&A), ALL ABOUT MY WIFE, directed by Min Gyo-dong and featuring top Korean stars, Im Soo-jeong, Lee Seon-gyoon, and Ryoo Seung-yong, sold over 4.6 million tickets and grossed KRW 34.2 billion

### AVERAGE RATE OF RETURN OF ZIP CINEMA: 76%



### TOTAL DOMESTIC TICKET ADMISSIONS: 45 MILLION



## OUR SUBSIDIARIES – ZIP CINEMA

domestically, becoming one of Korea's highest-grossing romantic comedies of all time. On 3 July 2013, *COLD EYES*, a crime thriller produced by Zip Cinema, opened #1 at the Korean box office. With a total budget of approximately KRW 6.7 billion (including P&A), *COLD EYES*, directed by Jo Eui-seok and Kim Byeong-seo, and featuring top Korean stars, Seol Kyeong-gu, Jung Woo-sung, Han Hyo-joo, and Junho, of the K-pop group 2PM, sold over 5.5 million tickets and grossed almost KRW 40 billion at the Korean box office, placing the film as one of the top 10 box office hits of 2013. *COLD EYES* was also selected as the Gala Presentation for the 2013 Toronto International Film Festival.

On 3 September 2014, Zip Cinema's *MY BRILLIANT LIFE*, starring Song Hye-kyo and Gang Dong-won, opened in Korean theaters. The film has been theatrically released throughout Asia. On 5 November 2015, Zip Cinema's *THE PRIESTS*, starring Kim Yun-seok and Gang Dong-won,

opened #1 at the Korean box office and has since set the achieved a record-breaking performance for being the fastest movie to reach one, three, and four million tickets at the Korean box office in the month of November. On 21 December 2016, Zip Cinema's *MASTER*, starring Lee Byung-hun, Kim Woo-bin and Gang Dong-won, opened #1 at the Korean box office with the highest December opening in history. *MASTER* recorded total gross box office receipts of KRW 58.0 billion (or USD51.0 million) and ticket admissions of 7.1 million in Korea. On 14 February 2018, Zip Cinema's *GOLDEN SLUMBER*, headlined by top Korean stars Gang Dong-won and Han Hyo-joo, was released in Korea. The film was sold internationally across Asia, Australia, New Zealand and the U.S. On 28 November 2018, Zip Cinema's *DEFAULT*, starring Yoo Ah-in of Spackman Media Group, Kim Hye-soo and Vincent Cassel opened #1 at the Korean box office and captured 40% of the Korean box office. On 3 October 2019, Zip Cinema's *CRAZY ROMANCE*,

featuring Kim Rae-won and Gong Hyo-jin, opened #2 at the Korean box office, after the US film, *JOKER*, on the first day of its release. The film surpassed its break-even point within eight days, as Korea's best romance of 2019.

Following *CRAZY ROMANCE*, Zip Cinema's major film *#ALIVE* was released on 24 June 2020. Despite the pandemic season in 2020, *#ALIVE* was profitable and ranked #1 at the Korea box office for the 3rd consecutive week. Notably, it was the number one Asian film on Netflix U.S. in 2020. Headlined by top leading actor Yoo Ah-in of UAA & Co Inc., a subsidiary of the Group's associated company Spackman Media Group Limited ("SMGL"), and popular actress Park Shin-hye, *#ALIVE* is based on an original scenario by Hollywood writer Matt Taylor, who produced the American documentary series, *SMALL BUSINESS REVOLUTION: MAIN STREET*.

For more information, do visit [www.zipcine.com](http://www.zipcine.com)



## OUR SUBSIDIARIES – ZIP CINEMA

Photo Stills from #ALIVE, the Number One Asian Film on Netflix U.S. in 2020:



## OUR SUBSIDIARIES – TAKE PICTURES

### 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 *GUARDIAN* (working title). Studio Take’s first production, *STONE SKIPPING*, a human drama film, was released on 15 October 2020 in Korea. Prior to establishing Studio Take, Mr. Song spent 13 years working alongside the Company’s Executive Director and Chief Producer Ms. Eugene Lee (“Ms. Lee”), the CEO of Zip Cinema. 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’s first film *STONE SKIPPING* was screened at the 23rd Busan International Film Festival in October 2018. *STONE SKIPPING* is human drama film starring Dae-Myung Kim of *GOLDEN SLUMBER* (2017) & *BLUEBEARD* (2017), Chae-eun Jeon of *ANNE OF GREEN GABLES (MUSICAL)* (2017), Eui-sung Kim of *TRAIN TO BUSAN* (2016) & *GOLDEN*

*SLUMBER* (2017) and Yun-ah Song of *THE K2* (2016). The film was released in Korea on 15 October 2020. The production budget of *STONE SKIPPING* stood at KRW 1.5 billion (or US\$1.2 million), including prints and advertising costs of KRW 500 million (or US\$410,779). Studio Take’s second production is the musical film *THE BOX*, starring EXO’s Chanyeol, which opened #1 at the Korean box office on the first day of its wide release on 24 March 2021. The production budget of *THE BOX* amounted to KRW 1.5 billion (or US\$1.2 million), including prints and advertising costs of KRW 500 million (or US\$410,779).

It has another upcoming film in the pipeline with the working title, *GUARDIAN*. The tentative production budget of *GUARDIAN* amounts to KRW 10.5 billion (or US\$8.6 million), including prints and advertising costs of KRW 2.5 billion (or US\$2.1 million).

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

### Photo Stills from *STONE SKIPPING*:



## OUR SUBSIDIARIES – SIMPLEX FILMS

### 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 RIVAL*s (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, *ART OF FIGHTING*, *HURRICANE BROTHERS AND THE LOVE BOAT*.

### Photo Stills from *JESTERS: THE GAME CHANGERS*:



## OUR SUBSIDIARIES – NOVUS MEDIACORP



Incorporated in 2009, Novus MediCorp Co., Ltd. ("**Novus MediCorp**"), a 51% subsidiary of Spackman Entertainment Group Limited, is a renowned investor, presenter, and/or post-theatrical distributor for a total of 79 films (58 Korean and 21 foreign).

The key strength of Novus MediCorp 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.

In 2020, Novus MediCorp is the investor and post-theatrical distributor of *1947 BOSTON*, planned to be released in 2021, which stars Ha Jung-woo of *ALONG WITH THE GODS: THE TWO WORLDS* (2017) and *ALONG WITH THE GODS: THE LAST 49 DAYS* (2018). In the same year, Novus MediCorp is the post-theatrical distributor of *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 MediCorp 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's production house, Zip Cinema Co., Ltd., and ranked as the best romance film of 2019. During the same year, Novus MediCorp was the post-theatrical distributor of *MY FIRST CLIENT*, headlined by Lee Dong-hwi of tvN series *REPLY1988* (2015). In 2018, Novus MediCorp was the post-theatrical distributor of comedy film, *TOO HOT TO DIE* and action drama film, *SNATCH UP*. In 2017, Novus MediCorp 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 MediCorp 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 MediCorp 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 MediCorp 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 Zip Cinema.

For more information, do visit [www.novusmediacorp.com](http://www.novusmediacorp.com).



## PORTFOLIO OF NOVUS MEDIACORP

Major Movies Presented and/or Distributed (Ancillary Market) by Novus Mediacorp



**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



### FRAME PICTURES

The Group owns a 100% equity interest in Frame Pictures Co., Ltd. (“**Frame Pictures**”). Frame Pictures is a leader in the movie/drama equipment leasing business in Korea.

Established in 2014, Frame Pictures has worked with over 25 top directors and provided the camera and lighting equipment for some of Korea’s most notable drama and movie projects including *ITAEWON CLASS* (2020), *HOW TO BUY A FRIEND* (2020), *KIM JI-YOUNG, BORN 1982* (2019), *FOUR MEN* (2019) and *ASADAL CHRONICLES* (2019).

Previously, Frame Pictures was also involved in *GIRL COPS* (2018), *MALMOI* (2018), *SUITS* (2018), *MISTRESS* (2018), *LIFE* (2018), *LIVE* (2018), *MONEY FLOWER* (2017), *SWEET REVENGE* (2017), *BAD GUYS 2* (2017), *THE LEGEND OF THE BLUE SEA* (2016) and *VETERAN* (2015).



### UPPER WEST

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



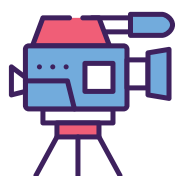
### noon pictures

### 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 such clients 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



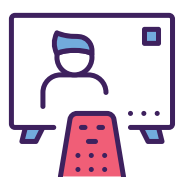
#### FILM PRODUCTION

- To develop and produce only the best films in terms of quality and commercial viability
- To invest directly into films produced by our production companies
- To pursue opportunities to produce, finance and participate in US films targeted for the global audience in line with the Group's intention to strategically diversify into the production and financing of US movies



#### 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
- Group's investment into *BE WITH YOU* and *THE LAST PRINCESS* underscores its objective to collaborate with SMGL to reap potential benefits from various sources including investment, artist fees and co-presenting fees



#### DRAMA PRODUCTION

- Launched entry into drama production business starting with the co-production of *MY SECRET TERRIUS*, starring So Ji Sub



#### ACQUISITION

- To make acquisitions of entertainment companies that can financially and strategically complement our existing core operations
- Acquisition of Frame Pictures to help Group develop a more consistent and stable revenue stream
- Acquisition of Take Pictures & Simplex Films to enable Group to strategically add accretive value to its existing movie production business
- Acquisition of Constellation Agency to allow Group to leverage on the unique marketing expertise and talent management platform to deliver top quality integrated content production to its targeted audience
- Acquisition of Greenlight Content to strengthen foothold in Korean drama sector



#### 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 WONG

Non-Executive & Independent Chairman

Mr. Anthony Wong is an Independent Director and Non-Executive Chairman of the Board of Spackman Entertainment Group Limited. He is also the Chairman of the Audit and Risk Management Committee and serves on the Remuneration Committee and Nominating 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.

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

### KAY NA

Chief Operating Officer, 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.

### YOO JIN LEE

Executive Director and Chief Producer

Ms. Eugene Lee is the Executive Director and Chief Producer of Spackman Entertainment Group Limited. She is the founder, chief executive officer and head producer of Zip Cinema. Since founding Zip Cinema in 2006, Ms. Lee has produced and released fifteen films: *VOICE OF A MURDERER* (2007), *HAPPINESS* (2007), *ANTIQUA* (2008), *WOOCHI* (2009), *CLOSER TO HEAVEN* (2009), *HAUNTERS* (2010), *ALL ABOUT MY WIFE* (2012), *COLD EYES* (2013), *MY BRILLIANT LIFE* (2014), *THE PRIESTS* (2015), *MASTER* (2016), *GOLDEN SLUMBER* (2017), *DEFAULT* (2018), *CRAZY ROMANCE* (2019) and *#ALIVE* (2020).

Ms. Lee commenced her film career in 2000 as the marketing director of B.O.M. Film Production Co., Ltd., a Korean film production company, where she produced several major films including *THE UNINVITED* (2003), *UNTOLD SCANDAL* (2003), and *A BITTERSWEET LIFE* (2005). She also worked as an advertising executive at KORAD, a Seoul based advertising agency. Ms. Lee was named as one of the "10 Producers to Watch" in the world in 2007 by Variety magazine.

Ms. Lee graduated with a B.A. from Ewha Womans University in Korea.

## BOARD OF DIRECTORS

### JESSIE HO

Lead Independent Director

Mrs. Jessie Ho is the Lead Independent Director of Spackman Entertainment Group Limited. She is also the Chairman of the Nominating Committee and serves on the Audit and Risk Management Committee and the Remuneration Committee. Mrs. Ho is currently an executive director of JHT Law Corporation, a law firm based in Singapore. She first started her career at Rodyk & Davidson where she was a litigation lawyer and subsequently joined Dave Shaun Patel & Jim in 1998. She then joined the firm of Jimmy Harry & Partners in 2001, which was dissolved in 2003 upon the formation of JHT Law Corporation.

Mrs. Ho read law at the University of Cambridge where she obtained a BA Hons and her LL.M. She was admitted to the Singapore Bar in 1991 and has been in active practice ever since, primarily advising on conveyancing and litigation matters. Mrs. Ho is a member of the Law Society of Singapore and was an active Council Member of the National Family Council of Singapore from 1 August 2010 up until July 2013. She is also currently on the board of directors of Halogen Foundation, a non-profit organisation.

### NG HONG WHEE

Independent Director

Mr. Ng Hong Whee is an Independent Director and the Chairman of the Remuneration Committee of Spackman Entertainment Group Limited. He also serves on the Audit and Risk Management Committee. From July 2011 to July 2015, Mr. Ng was the chief executive officer and executive chairman of Sincap Group Limited, a company listed on Catalist. Following his cessation as chief executive officer and executive chairman, he was the president of China operations of the Sincap Group Limited until November 2015. From May 2014 to October 2015, he served as a non-executive and non-independent director of Imperium Crown Limited (formerly known as Communication Design International Limited), a company listed on Catalist.

From 2004 to July 2011, Mr. Ng was the business development and financial director of Southern Angels Pte. Ltd., a manufacturer of fish paste in Indonesia. In October 1999, he joined Tan Kian Tin & Co. (a Certified Public Accounting firm) as an audit supervisor and was gradually promoted to an audit manager in 2001, a position he held until February 2012 and continued as a consultant until April 2012. In May 1992, he joined Ng Lee & Associates (a Certified Public Accounting firm) as an audit trainee and was gradually promoted to an audit senior, a position he held until October 1999. In 1991, Mr. Ng was an accounts clerk with Japan Travel Bureau Pte. Ltd.

### RICHARD LEE

Non-Executive Director

Mr. Lee is the Non-Executive Director of Spackman Entertainment Group Limited. He was previously the interim Chief Executive Officer from January 2018 to February 2019. Mr. Lee provides direction, guidance and advice to the Group for new business ventures and M&As. He is also Chairman and Chief Executive Officer of Spackman Equities Group Inc., Executive Director of Spackman Media Group Limited, and also serves on the boards of a number of the Group's portfolio companies. He was the Head of Business Development of our Group from October 2013 to September 2016. He previously worked at HSBC Private Equity, BNP Paribas Securities and CLSA Securities. Mr. Lee graduated with an A.B. in East Asian Studies from Harvard College.

## KEY MANAGEMENT

### JOHN KO

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.

### KAY NA

Chief Operating Officer, President and Executive Director

Profile as disclosed under Board of Directors

### EUGENE LEE

Executive Director and Chief Producer

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.

### NG SIEW LING

Group Financial Controller

Ms Ng 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, she serves as a senior finance manager in Spackman Media Group Pte. Ltd, an affiliate of the Company. Prior to joining Spackman Group, Ms Ng worked as a manager at Ernst & Young on the Transaction Advisory Services team and also spent three years at PricewaterhouseCoopers covering Audit & Assurance. Ms Ng graduated from Sheffield Hallam University, United Kingdom with a Bachelor of Arts with Honours in Accounting and Finance.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### ANTHONY WONG

(Non-Executive & Independent Chairman)

#### EUGENE LEE

(Executive Director and Chief Producer)

#### KAY NA

(Chief Operating Officer, President and Executive Director)

#### RICHARD LEE

(Non-Executive Director)

#### JESSIE HO

(Lead Independent Director)

#### NG HONG WHEE

(Independent Director)

### AUDIT AND RISK MANAGEMENT COMMITTEE

**ANTHONY WONG** (Chairman)

**JESSIE HO**

**NG HONG WHEE**

### REGISTERED OFFICE

16 Collyer Quay

#17-00

Singapore 049318

Tel: +65 6311 0042

### AUDITORS

Baker Tilly TFW LLP

Chartered Accountants of Singapore

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

### NOMINATING COMMITTEE

**JESSIE HO** (Chairman)

**ANTHONY WONG**

**KAY NA**

### PRINCIPAL PLACE OF BUSINESS

#### Singapore

390 Orchard Road

#04-01 Palais Renaissance

Singapore 238871

Partner-in-Charge: Guo Shuqi

(Appointed with effect from financial year ended 31 December 2016)

### REMUNERATION COMMITTEE

**NG HONG WHEE** (Chairman)

**JESSIE HO**

**ANTHONY WONG**

#### South Korea

Proom Building

82 Nonhyun-Dong

Gangnam-Gu

Seoul 135-818

Korea

### PRINCIPAL BANKERS

Industrial Bank of Korea (Sinsa-Dong Branch)

Shinhan Bank (Jamsil-Nam Branch)

Woori Bank (Young Dong Branch)

### JOINT COMPANY SECRETARIES

**KAY NA** (CA (Singapore))

**NORAINI BINTE NOOR MOHAMED**

**ABDUL LATIFF** (ACIS, MBA)

### SHARE REGISTRAR

Tricor Barbinder Share Registration Services  
(a division of Tricor Singapore Pte. Ltd.)

80 Robinson Road

#02-00

Singapore 068898

### CATALIST SPONSOR

RHT Capital Pte. Ltd.

6 Raffles Quay #24-02

Singapore 048580

### MEDIA AND INVESTOR RELATIONS

Spackman Entertainment Group Limited

**JASMINE LEONG**

Tel: +65 6694 4175



## **FINANCIAL CONTENTS**

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## 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 maximisation 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 2020 (“**FY2020**”), 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.	<p>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</p> <p>The Company did not adopt any alternative corporate governance practices in FY2020.</p>



## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
<b>BOARD MATTERS</b>																																															
<b>The Board's Conduct of Affair</b>																																															
1.1	Principle duties of the Board	<p>The Board currently has 6 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2">Composition of the Board</th> <th colspan="3">Composition of the Board Committees</th> </tr> <tr> <th colspan="2"></th> <th colspan="3"> <ul style="list-style-type: none"> <li>• C – Chairman</li> <li>• M – Member</li> </ul> </th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> <th>Audit and Risk Management Committee ("ARMC")<sup>(1)</sup></th> <th>Nominating Committee ("NC")<sup>(2)</sup></th> <th>Remuneration Committee ("RC")<sup>(3)</sup></th> </tr> </thead> <tbody> <tr> <td>Anthony Wei Kit Wong ("Anthony Wong")</td> <td>Non-Executive Chairman and Independent Director</td> <td>C</td> <td>M</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>Yoo Jin Lee ("Eugene Lee")</td> <td>Executive Director and Chief Producer</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Richard Lee</td> <td>Non-Executive and Non-Independent Director</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td>Thong Yuen Siew Jessie ("Jessie Ho")</td> <td>Lead Independent Director</td> <td>M</td> <td>C</td> <td>M</td> </tr> <tr> <td>Ng Hong Whee</td> <td>Independent Director</td> <td>M</td> <td>–</td> <td>C</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) The ARMC comprises 3 members, all of whom, including the ARMC Chairman, are independent and non-executive.</p> <p>(2) The NC comprises 3 members, the majority of whom, including the NC Chairman, are independent. The Lead Independent Director is the Chairman of the NC.</p> <p>(3) The RC comprises 3 members, all of whom, including the RC Chairman, are independent and non-executive.</p> <p>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.</p> <p>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.</p> <p>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.</p>	Composition of the Board		Composition of the Board Committees					<ul style="list-style-type: none"> <li>• C – Chairman</li> <li>• M – Member</li> </ul>			Name of Director	Designation	Audit and Risk Management Committee ("ARMC") <sup>(1)</sup>	Nominating Committee ("NC") <sup>(2)</sup>	Remuneration Committee ("RC") <sup>(3)</sup>	Anthony Wei Kit Wong ("Anthony Wong")	Non-Executive Chairman and Independent Director	C	M	M	Na Kyoungwon ("Kay Na")	Executive Director, Chief Operating Officer ("COO"), President and Company Secretary	–	M	–	Yoo Jin Lee ("Eugene Lee")	Executive Director and Chief Producer	–	–	–	Richard Lee	Non-Executive and Non-Independent Director	–	–	–	Thong Yuen Siew Jessie ("Jessie Ho")	Lead Independent Director	M	C	M	Ng Hong Whee	Independent Director	M	–	C
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## CORPORATE GOVERNANCE REPORT

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		<p>In addition to its statutory duties, the Board's principal functions are to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• Review management performance and monitor the reporting of performance;</li> <li>• Ensure good corporate governance practices to protect the interests of shareholders; and</li> <li>• Appoint directors of the Company and key management personnel of the Group.</li> </ul>
1.2	Continuous Training for Directors and Orientation for Incoming Director	<p>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. No new directors were appointed to the Board in FY2020.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>During FY2020, 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.</p>

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1.3	Matters requiring Board's approval	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• corporate strategy and business plans of the Group;</li> <li>• material acquisitions, divestments and capital expenditure of the Group;</li> <li>• share issuance, dividend release or changes in capital of the Company;</li> <li>• budgets, financial results announcements, annual report and audited financial statements of the Group;</li> <li>• material financing and restructuring plans of the Group; and</li> <li>• material interested person transactions of the Group.</li> </ul>																																																		
1.4	Delegation of Authority to Board Committees	<p>The Board has delegated certain responsibilities to the ARMC, the RC and the NC (collectively, the "<b>Board Committees</b>"). 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.</p>																																																		
1.5	Meeting of Board and Board Committees	<p>The Board meets on a half yearly basis, and as and when circumstances require. The number of Board and Board Committee meetings held and the attendance of each Board member for FY2020 are shown below:</p> <table border="1" data-bbox="660 1283 1428 1760"> <thead> <tr> <th colspan="5" data-bbox="660 1283 1428 1328"><b>Table 1.5 – Board and Board Committee Meetings in FY2020</b></th> </tr> <tr> <th data-bbox="660 1335 1002 1379"></th> <th data-bbox="1007 1335 1107 1379">Board</th> <th data-bbox="1112 1335 1212 1379">ARMC</th> <th data-bbox="1217 1335 1318 1379">NC</th> <th data-bbox="1323 1335 1428 1379">RC</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 1386 1002 1431">Number of Meetings Held</td> <td data-bbox="1007 1386 1107 1431">2</td> <td data-bbox="1112 1386 1212 1431">2</td> <td data-bbox="1217 1386 1318 1431">1</td> <td data-bbox="1323 1386 1428 1431">1</td> </tr> <tr> <th data-bbox="660 1438 1002 1471"><b>Name of Director</b></th> <th colspan="4" data-bbox="1007 1438 1428 1471"><b>Number of Meetings Attended</b></th> </tr> <tr> <td data-bbox="660 1478 1002 1523">Anthony Wong</td> <td data-bbox="1007 1478 1107 1523">2/2</td> <td data-bbox="1112 1478 1212 1523">2/2</td> <td data-bbox="1217 1478 1318 1523">1/1</td> <td data-bbox="1323 1478 1428 1523">1/1</td> </tr> <tr> <td data-bbox="660 1529 1002 1574">Richard Lee</td> <td data-bbox="1007 1529 1107 1574">2/2</td> <td data-bbox="1112 1529 1212 1574">NA</td> <td data-bbox="1217 1529 1318 1574">NA</td> <td data-bbox="1323 1529 1428 1574">NA</td> </tr> <tr> <td data-bbox="660 1581 1002 1626">Kay Na</td> <td data-bbox="1007 1581 1107 1626">2/2</td> <td data-bbox="1112 1581 1212 1626">NA</td> <td data-bbox="1217 1581 1318 1626">1/1</td> <td data-bbox="1323 1581 1428 1626">NA</td> </tr> <tr> <td data-bbox="660 1632 1002 1677">Eugene Lee</td> <td data-bbox="1007 1632 1107 1677">2/2</td> <td data-bbox="1112 1632 1212 1677">NA</td> <td data-bbox="1217 1632 1318 1677">NA</td> <td data-bbox="1323 1632 1428 1677">NA</td> </tr> <tr> <td data-bbox="660 1684 1002 1729">Jessie Ho</td> <td data-bbox="1007 1684 1107 1729">2/2</td> <td data-bbox="1112 1684 1212 1729">2/2</td> <td data-bbox="1217 1684 1318 1729">1/1</td> <td data-bbox="1323 1684 1428 1729">1/1</td> </tr> <tr> <td data-bbox="660 1736 1002 1780">Ng Hong Whee</td> <td data-bbox="1007 1736 1107 1780">2/2</td> <td data-bbox="1112 1736 1212 1780">2/2</td> <td data-bbox="1217 1736 1318 1780">NA</td> <td data-bbox="1323 1736 1428 1780">1/1</td> </tr> </tbody> </table> <p data-bbox="660 1800 1428 1861">NA – Not applicable, as the directors are not members of the respective Board Committee(s).</p> <p data-bbox="660 1899 1428 1957">The Company's Constitution allows for meetings to be held through telephone and/or video-conference.</p>	<b>Table 1.5 – Board and Board Committee Meetings in FY2020</b>						Board	ARMC	NC	RC	Number of Meetings Held	2	2	1	1	<b>Name of Director</b>	<b>Number of Meetings Attended</b>				Anthony Wong	2/2	2/2	1/1	1/1	Richard Lee	2/2	NA	NA	NA	Kay Na	2/2	NA	1/1	NA	Eugene Lee	2/2	NA	NA	NA	Jessie Ho	2/2	2/2	1/1	1/1	Ng Hong Whee	2/2	2/2	NA	1/1
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1.6	Provision of Information to the Board and Board Committee	<p>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 interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).</p> <p>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:</p> <table border="1" data-bbox="660 741 1430 1487"> <thead> <tr> <th colspan="3" data-bbox="660 741 1430 817"><b>Table 1.6 – Types of information provided by Management to the Board</b></th> </tr> <tr> <th data-bbox="660 824 715 864"></th> <th data-bbox="715 824 1217 864">Information</th> <th data-bbox="1217 824 1430 864">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 871 715 1010">1.</td> <td data-bbox="715 871 1217 1010">Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td data-bbox="1217 871 1430 1010">Half-Yearly and when necessary</td> </tr> <tr> <td data-bbox="660 1016 715 1093">2.</td> <td data-bbox="715 1016 1217 1093">Updates to the Group's operations and the markets in which the Group operates</td> <td data-bbox="1217 1016 1430 1093">Half-Yearly and when necessary</td> </tr> <tr> <td data-bbox="660 1099 715 1176">3.</td> <td data-bbox="715 1099 1217 1176">Budgets and/or forecasts (with variance analysis)</td> <td data-bbox="1217 1099 1430 1176">Half-Yearly</td> </tr> <tr> <td data-bbox="660 1182 715 1258">4.</td> <td data-bbox="715 1182 1217 1258">Management accounts</td> <td data-bbox="1217 1182 1430 1258">Half-Yearly and when necessary</td> </tr> <tr> <td data-bbox="660 1265 715 1341">5.</td> <td data-bbox="715 1265 1217 1341">Reports on on-going or planned corporate actions</td> <td data-bbox="1217 1265 1430 1341">When necessary</td> </tr> <tr> <td data-bbox="660 1348 715 1424">6.</td> <td data-bbox="715 1348 1217 1424">External Auditors' ("EA") report(s) and Internal Auditors' ("IA") report(s)</td> <td data-bbox="1217 1348 1430 1424">Annually</td> </tr> <tr> <td data-bbox="660 1431 715 1487">7.</td> <td data-bbox="715 1431 1217 1487">Research report(s)</td> <td data-bbox="1217 1431 1430 1487">As and when available</td> </tr> </tbody> </table> <p>Management will on best endeavours, encrypt documents which bear material price-sensitive information when circulating documents electronically.</p> <p>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.</p>	<b>Table 1.6 – Types of information provided by Management to the Board</b>				Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-Yearly and when necessary	2.	Updates to the Group's operations and the markets in which the Group operates	Half-Yearly and when necessary	3.	Budgets and/or forecasts (with variance analysis)	Half-Yearly	4.	Management accounts	Half-Yearly 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
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1.7	Access to Management, Company Secretary, and Independent Professional Advice	<p>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:</p> <ul style="list-style-type: none"> <li>• Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the Catalist Rules, are complied with;</li> <li>• Assisting the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;</li> <li>• Assisting the Chairman to ensure good information flows within the Board and Board Committees and key management personnel of the Group;</li> <li>• Facilitating orientation and assisting with professional development as required;</li> <li>• Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information;</li> <li>• Attending and preparing minutes for all Board and Board Committee meetings;</li> <li>• As secretary to all the other Board Committees, the Joint Company Secretaries assist to ensure coordination and act as liaison between the Board, the Board Committees and key management personnel; and</li> <li>• 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.</li> </ul> <p>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.</p>

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<b>Board Composition and Guidance</b>		
2.1 2.2 2.3	Board Composition and Degree of Independence of the Board	<p>There is a strong and independent element on the Board, with Independent Directors, including the Chairman of the Board who is independent, making up half of the Board. The Non-Executive Directors make up a majority of the Board.</p> <p>As at the date of this report, the Board comprises six (6) directors, two (2) of whom are Executive Directors, three (3) of whom are Independent and Non-Executive Directors and one (1) of whom is a Non-Independent and Non-Executive Director.</p> <p>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.</p> <p>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.</p>
2.4	Composition and Size of the Board	<p>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.</p> <p>To meet the changing challenges in the industry and country which the Group operates in, such reviews, which include 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.</p> <p>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.</p>

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		<p>The current Board composition provides a diversity of skills, experience, gender and knowledge to the Company as follows:</p> <table border="1" data-bbox="660 517 1430 1182"> <thead> <tr> <th colspan="3" data-bbox="660 517 1430 562"><i>Table 2.4 – Balance and Diversity of the Board</i></th> </tr> <tr> <th data-bbox="660 562 1050 645"></th> <th data-bbox="1050 562 1238 645">Number of Directors</th> <th data-bbox="1238 562 1430 645">Proportion of Board</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 645 1050 689"><b>Core Competencies</b></td> <td data-bbox="1050 645 1238 689"></td> <td data-bbox="1238 645 1430 689"></td> </tr> <tr> <td data-bbox="660 689 1050 734">– Accounting or finance</td> <td data-bbox="1050 689 1238 734">4</td> <td data-bbox="1238 689 1430 734">67%</td> </tr> <tr> <td data-bbox="660 734 1050 779">– Business management</td> <td data-bbox="1050 734 1238 779">6</td> <td data-bbox="1238 734 1430 779">100%</td> </tr> <tr> <td data-bbox="660 779 1050 824">– Legal or corporate governance</td> <td data-bbox="1050 779 1238 824">2</td> <td data-bbox="1238 779 1430 824">33%</td> </tr> <tr> <td data-bbox="660 824 1050 913">– Relevant industry knowledge or experience</td> <td data-bbox="1050 824 1238 913">3</td> <td data-bbox="1238 824 1430 913">50%</td> </tr> <tr> <td data-bbox="660 913 1050 958">– Strategic planning experience</td> <td data-bbox="1050 913 1238 958">6</td> <td data-bbox="1238 913 1430 958">100%</td> </tr> <tr> <td data-bbox="660 958 1050 1048">– Customer based experience or knowledge</td> <td data-bbox="1050 958 1238 1048">2</td> <td data-bbox="1238 958 1430 1048">33%</td> </tr> <tr> <td data-bbox="660 1048 1050 1093"><b>Gender</b></td> <td data-bbox="1050 1048 1238 1093"></td> <td data-bbox="1238 1048 1430 1093"></td> </tr> <tr> <td data-bbox="660 1093 1050 1137">– Male</td> <td data-bbox="1050 1093 1238 1137">4</td> <td data-bbox="1238 1093 1430 1137">67%</td> </tr> <tr> <td data-bbox="660 1137 1050 1182">– Female</td> <td data-bbox="1050 1137 1238 1182">2</td> <td data-bbox="1238 1137 1430 1182">33%</td> </tr> </tbody> </table> <p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul data-bbox="660 1323 1430 1541" style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> </ul> <p>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.</p>	<i>Table 2.4 – Balance and Diversity of the Board</i>				Number of Directors	Proportion of Board	<b>Core Competencies</b>			– Accounting or finance	4	67%	– Business management	6	100%	– Legal or corporate governance	2	33%	– Relevant industry knowledge or experience	3	50%	– Strategic planning experience	6	100%	– Customer based experience or knowledge	2	33%	<b>Gender</b>			– Male	4	67%	– Female	2	33%
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2.5	Meeting without the presence of Management	<p>Led by the Lead Independent Director, 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.</p> <p>The Non-Executive Directors and Independent Directors have met once in the absence of key management personnel in February 2020 and provided feedback to the Board accordingly.</p>																																				

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<b><u>Chairman and Chief Executive Officer</u></b>		
3.1 3.2	Role and Responsibility of Chairman and CEO	<p>The roles of Chairman and CEO are handled by two separate persons and their duties are segregated.</p> <p>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.</p> <p>Mr Ko Jihwan is the CEO and assumes executive responsibilities of the overall business and operational decisions of the Company.</p>
3.3	Lead Independent Director	<p>Ms Jessie Ho is the Lead Independent Director. She is available to shareholders to address concerns or issues that shareholders may have and for which communication with the Company's Chairman and/or Management has failed to resolve the concerns or issues, or where such communication is inappropriate.</p>
<b><u>Board Membership</u></b>		
4.1	Role and Terms of Reference of NC	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> <li>(a) Reviewing and recommending candidates for appointments to the Board (including alternate directors, if necessary) and Board Committees;</li> <li>(b) Reviewing and approving any new employment of related persons and proposed terms of their employment;</li> <li>(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;</li> <li>(d) Determining on an annual basis whether or not a director of the Company is independent;</li> </ul>



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		<p>(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;</p> <p>(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;</p> <p>(g) Recommending to the Board the review of board succession plans for the Company's directors;</p> <p>(h) Reviewing training and professional development programmes for the Board;</p> <p>(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</p> <p>(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.</p>
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 is independent. The Chairman of the NC is also the Lead Independent Director of the Company.

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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.	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="657 441 1430 517"><b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="657 524 719 689">1.</td> <td data-bbox="724 524 935 689">Determination of selection criteria</td> <td data-bbox="940 524 1430 689"> <ul style="list-style-type: none"> <li>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.</li> </ul> </td> </tr> <tr> <td data-bbox="657 696 719 898">2.</td> <td data-bbox="724 696 935 898">Search for suitable candidates</td> <td data-bbox="940 696 1430 898"> <ul style="list-style-type: none"> <li>The NC would consider candidates proposed by the directors, key management personnel or substantial shareholders, and may engage external recruitment consultants where necessary.</li> </ul> </td> </tr> <tr> <td data-bbox="657 904 719 1010">3.</td> <td data-bbox="724 904 935 1010">Assessment of shortlisted candidates</td> <td data-bbox="940 904 1430 1010"> <ul style="list-style-type: none"> <li>The NC would meet and interview the shortlisted candidates to assess their suitability.</li> </ul> </td> </tr> <tr> <td data-bbox="657 1016 719 1122">4.</td> <td data-bbox="724 1016 935 1122">Appointment of Director</td> <td data-bbox="940 1016 1430 1122"> <ul style="list-style-type: none"> <li>The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul> </td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3" data-bbox="657 1158 1430 1196"><b>Table 4.3(b) – Process for the Re-election of Incumbent Directors</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="657 1202 719 1442">1.</td> <td data-bbox="724 1202 935 1442">Assessment of Director</td> <td data-bbox="940 1202 1430 1442"> <ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul> </td> </tr> <tr> <td data-bbox="657 1449 719 1615">2.</td> <td data-bbox="724 1449 935 1615">Re-appointment of Director</td> <td data-bbox="940 1449 1430 1615"> <ul style="list-style-type: none"> <li>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.</li> </ul> </td> </tr> </tbody> </table>	<b>Table 4.3(a) – Process for the Selection and Appointment of New Directors</b>			1.	Determination of selection criteria	<ul style="list-style-type: none"> <li>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.</li> </ul>	2.	Search for suitable candidates	<ul style="list-style-type: none"> <li>The NC would consider candidates proposed by the directors, key management personnel or substantial shareholders, and may engage external recruitment consultants where necessary.</li> </ul>	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> <li>The NC would meet and interview the shortlisted candidates to assess their suitability.</li> </ul>	4.	Appointment of Director	<ul style="list-style-type: none"> <li>The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul>	<b>Table 4.3(b) – Process for the Re-election of Incumbent Directors</b>			1.	Assessment of Director	<ul style="list-style-type: none"> <li>The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>The NC would also consider the current needs of the Board.</li> </ul>	2.	Re-appointment of Director	<ul style="list-style-type: none"> <li>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.</li> </ul>
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4.4	Determining Director's Independence	<p>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.</p> <p>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 2021 and is satisfied that the Independent Directors are able to exercise independent business judgement in the best interests of the Company.</p> <p>There are no Independent Directors who have served beyond nine (9) years since the date of his/her first appointment.</p>
4.5	Assessment of Commitment of Directors, including assessment of Directors sitting on Multiple Boards	<p>The Board has set the maximum number of listed company board representations as 6.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of directors, including whether such commitment is a full-time or part-time employment capacity;</li> <li>• Geographical location of directors;</li> <li>• Size and composition of the Board;</li> <li>• Nature and scope of the Group's operations and size; and</li> <li>• Capacity, complexity and expectations of the other listed directorships and principal commitments held.</li> </ul> <p>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 FY2020.</p>

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		<p>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:</p> <table border="1" data-bbox="660 548 1430 1899"> <caption data-bbox="660 548 1430 582"><b>Table 4.5 – Directorship Additional Details</b></caption> <thead> <tr> <th data-bbox="660 589 751 752" rowspan="2">Name</th> <th colspan="2" data-bbox="756 589 887 645">Directorship in the Company</th> <th colspan="2" data-bbox="892 589 1246 645">Directorship(s) in other listed companies</th> <th data-bbox="1251 589 1430 752" rowspan="2">Principal commitments<sup>(1)</sup></th> </tr> <tr> <th data-bbox="756 651 887 752">Date of first appointment</th> <th data-bbox="892 651 1023 752">Date of last re-appointment</th> <th data-bbox="1027 651 1129 752">Present</th> <th data-bbox="1134 651 1246 752">Past preceding three (3) years</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 759 751 815">Anthony Wong</td> <td data-bbox="756 759 887 815">20 June 2014</td> <td data-bbox="892 759 1023 815">30 April 2019</td> <td data-bbox="1027 759 1129 815">N.A.</td> <td data-bbox="1134 759 1246 815">N.A.</td> <td data-bbox="1251 759 1430 815">N.A.</td> </tr> <tr> <td data-bbox="660 822 751 922">Richard Lee</td> <td data-bbox="756 822 887 922">18 January 2018</td> <td data-bbox="892 822 1023 922">28 April 2018</td> <td data-bbox="1027 822 1129 922">Spackman Equities Group Inc.</td> <td data-bbox="1134 822 1246 922">N.A.</td> <td data-bbox="1251 822 1430 922"> <ul style="list-style-type: none"> <li>• Spackman Media Group Limited</li> <li>• Spackman Media Korea Inc.</li> </ul> </td> </tr> <tr> <td data-bbox="660 929 751 1120">Eugene Lee</td> <td data-bbox="756 929 887 1120">20 June 2014</td> <td data-bbox="892 929 1023 1120">29 June 2020</td> <td data-bbox="1027 929 1129 1120">N.A.</td> <td data-bbox="1134 929 1246 1120">N.A.</td> <td data-bbox="1251 929 1430 1120"> <ul style="list-style-type: none"> <li>• Zip Cinema Co., Ltd.</li> <li>• Spackman Entertainment Group (HK) Limited</li> <li>• Spackman Entertainment Korea Inc.</li> </ul> </td> </tr> <tr> <td data-bbox="660 1126 751 1541">Kay Na</td> <td data-bbox="756 1126 887 1541">18 January 2018</td> <td data-bbox="892 1126 1023 1541">29 June 2020</td> <td data-bbox="1027 1126 1129 1541">Spackman Equities Group Inc.</td> <td data-bbox="1134 1126 1246 1541">N.A.</td> <td data-bbox="1251 1126 1430 1541"> <ul style="list-style-type: none"> <li>• Take Pictures Pte. 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Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.</p>	Name	Directorship in the Company		Directorship(s) in other listed companies		Principal commitments <sup>(1)</sup>	Date of first appointment	Date of last re-appointment	Present	Past preceding three (3) years	Anthony Wong	20 June 2014	30 April 2019	N.A.	N.A.	N.A.	Richard Lee	18 January 2018	28 April 2018	Spackman Equities Group Inc.	N.A.	<ul style="list-style-type: none"> <li>• Spackman Media Group Limited</li> <li>• Spackman Media Korea Inc.</li> </ul>	Eugene Lee	20 June 2014	29 June 2020	N.A.	N.A.	<ul style="list-style-type: none"> <li>• Zip Cinema Co., Ltd.</li> <li>• Spackman Entertainment Group (HK) Limited</li> <li>• Spackman Entertainment Korea Inc.</li> </ul>	Kay Na	18 January 2018	29 June 2020	Spackman Equities Group Inc.	N.A.	<ul style="list-style-type: none"> <li>• Take Pictures Pte. Ltd.</li> <li>• Spackman Media Group Pte. 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		<p>Ms Jessie Ho and Mr Richard Lee will retire by rotation pursuant to the Constitution of the Company, and being eligible and having consented, will be nominated for re-election as directors at the forthcoming Annual General Meeting ("<b>AGM</b>"). Upon re-election, Ms Jessie Ho will remain as the Lead Independent Director, Chairman of the NC and members of the ARMC and RC of the Company. Mr Richard Lee will, upon re-election, remain as the Non-Executive and Non-Independent Director of the Company.</p> <p>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.</p>												
<b>Board Performance</b>														
5.1 5.2	Performance criteria and process for evaluation	<p>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:</p> <table border="1" data-bbox="660 1059 1430 1794"> <thead> <tr> <th colspan="3" data-bbox="660 1059 1430 1102"><i>Table 5</i></th> </tr> <tr> <th data-bbox="660 1108 842 1184">Performance Criteria</th> <th data-bbox="847 1108 1161 1184">Board and Board Committees</th> <th data-bbox="1166 1108 1430 1184">Individual Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 1191 842 1485"><b>Qualitative</b></td> <td data-bbox="847 1191 1161 1485"> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> <li>7. Succession planning</li> </ol> </td> <td data-bbox="1166 1191 1430 1485"> <ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Independence (if applicable)</li> <li>5. Overall effectiveness</li> </ol> </td> </tr> <tr> <td data-bbox="660 1491 842 1794"><b>Quantitative</b></td> <td data-bbox="847 1491 1161 1794"> <ol style="list-style-type: none"> <li>1. Return on equity</li> <li>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</li> </ol> </td> <td data-bbox="1166 1491 1430 1794"> <ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol> </td> </tr> </tbody> </table> <p>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.</p>	<i>Table 5</i>			Performance Criteria	Board and Board Committees	Individual Directors	<b>Qualitative</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> <li>7. Succession planning</li> </ol>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Independence (if applicable)</li> <li>5. Overall effectiveness</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>1. Return on equity</li> <li>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</li> </ol>	<ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol>
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		<p>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.</p> <p>The NC had conducted its review in February 2021 and the process was as follows:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2. One of the Joint Company Secretaries collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her own performance.</p> <p>No external facilitator was used in the evaluation process.</p>
<b>REMUNERATION MATTERS</b>		
<b><u>Procedures for Developing Remuneration Policies</u></b>		
6.1 and 6.3	Role and Terms of Reference of RC	<p>The RC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>(a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each director and key management personnel;</li> <li>(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;</li> <li>(c) Reviewing the on-going appropriateness and relevance of the executive remuneration policy and other benefit programmes;</li> <li>(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;</li> </ol>

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		<p>(e) Considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to each member of key management;</p> <p>(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;</p> <p>(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</p> <p>(h) To administer the Spackman Entertainment Group Limited Employee Share Option Scheme.</p>
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	<p>The RC has access to professional advice of external experts in the area of remuneration, where required.</p> <p>No remuneration consultants were engaged by the Company in FY2020.</p>
<b>Level and Mix of Remuneration</b>		
7.	Determining the level of remuneration	<p>In determining the level of remuneration, the RC shall:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• ensure that proportion of the remuneration is linked to corporate and individual's performance; and</li> </ul>

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		<ul style="list-style-type: none"> <li>design remuneration packages in such manner to align interests of the Executive Director(s) and key management personnel with those of shareholders.</li> </ul> <p>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.</p>												
7.1	Remuneration Structure of Executive Director, CEO and Key Management Personnel	<p>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 FY2020. 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.</p> <p>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:</p> <table border="1" data-bbox="660 1200 1430 1933"> <thead> <tr> <th colspan="3" data-bbox="660 1200 1430 1249"><b>Table 7.1</b></th> </tr> <tr> <th data-bbox="660 1249 842 1361"><b>Performance Conditions</b></th> <th data-bbox="842 1249 1161 1361"><b>Short-term Incentives</b> (such as performance bonus)</th> <th data-bbox="1161 1249 1430 1361"><b>Long-term Incentives</b> (such as the Scheme)</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 1361 842 1570"><b>Qualitative</b></td> <td data-bbox="842 1361 1161 1570"> <ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Teamwork</li> <li>Current market and industry practices</li> </ol> </td> <td data-bbox="1161 1361 1430 1570"> <ol style="list-style-type: none"> <li>Current market and industry practices</li> </ol> </td> </tr> <tr> <td data-bbox="660 1570 842 1933"><b>Quantitative</b></td> <td data-bbox="842 1570 1161 1933"> <ol style="list-style-type: none"> <li>Return on equity</li> <li>Relative financial performance of the Group to its industry peers for that particular financial year under assessment</li> </ol> </td> <td data-bbox="1161 1570 1430 1933"> <ol style="list-style-type: none"> <li>Relative financial performance of the Group to its industry peers over a 3-year period</li> <li>Improvement in the Company's share price over a 3-year period vis-à-vis the FTSE Straits Times Index</li> </ol> </td> </tr> </tbody> </table>	<b>Table 7.1</b>			<b>Performance Conditions</b>	<b>Short-term Incentives</b> (such as performance bonus)	<b>Long-term Incentives</b> (such as the Scheme)	<b>Qualitative</b>	<ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Teamwork</li> <li>Current market and industry practices</li> </ol>	<ol style="list-style-type: none"> <li>Current market and industry practices</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>Return on equity</li> <li>Relative financial performance of the Group to its industry peers for that particular financial year under assessment</li> </ol>	<ol style="list-style-type: none"> <li>Relative financial performance of the Group to its industry peers over a 3-year period</li> <li>Improvement in the Company's share price over a 3-year period vis-à-vis the FTSE Straits Times Index</li> </ol>
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## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	Contractual Provision Protecting the Company's Interest	<p>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.</p> <p>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.</p>
7.2	Remuneration of Non-Executive Director	<p>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.</p> <p>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.</p>
7.3	Remuneration Framework	<p>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.</p>
<b>Disclosure on Remuneration</b>		
8.	Company's remuneration policy	<p>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.</p>

## CORPORATE GOVERNANCE REPORT

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8.1 (a)	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.	<p>The breakdown for the remuneration of the directors and CEO for FY2020 is as follows:</p> <table border="1" data-bbox="660 517 1431 981"> <caption data-bbox="667 526 1425 555"><b>Table 8.1 (a) – Remuneration of Directors and CEO</b></caption> <thead> <tr> <th data-bbox="660 562 804 667">Name</th> <th data-bbox="809 562 943 667">Remuneration band<sup>(1)</sup></th> <th data-bbox="948 562 1018 667">Salary (%)</th> <th data-bbox="1023 562 1093 667">Bonus (%)</th> <th data-bbox="1098 562 1168 667">Directors fee (%)</th> <th data-bbox="1173 562 1275 667">Benefits-in-kind (%)</th> <th data-bbox="1279 562 1350 667">Others (%)</th> <th data-bbox="1355 562 1431 667">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="660 674 804 712">Richard Lee</td> <td data-bbox="809 674 943 712">A</td> <td data-bbox="948 674 1018 712">100</td> <td data-bbox="1023 674 1093 712">–</td> <td data-bbox="1098 674 1168 712">–</td> <td data-bbox="1173 674 1275 712">–</td> <td data-bbox="1279 674 1350 712">–</td> <td data-bbox="1355 674 1431 712">100</td> </tr> <tr> <td data-bbox="660 719 804 757">Kay Na</td> <td data-bbox="809 719 943 757">B</td> <td data-bbox="948 719 1018 757">64</td> <td data-bbox="1023 719 1093 757">–</td> <td data-bbox="1098 719 1168 757">–</td> <td data-bbox="1173 719 1275 757">36</td> <td data-bbox="1279 719 1350 757">–</td> <td data-bbox="1355 719 1431 757">100</td> </tr> <tr> <td data-bbox="660 763 804 801">Eugene Lee</td> <td data-bbox="809 763 943 801">B</td> <td data-bbox="948 763 1018 801">82</td> <td data-bbox="1023 763 1093 801">–</td> <td data-bbox="1098 763 1168 801">–</td> <td data-bbox="1173 763 1275 801">18</td> <td data-bbox="1279 763 1350 801">–</td> <td data-bbox="1355 763 1431 801">100</td> </tr> <tr> <td data-bbox="660 808 804 846">Jessie Ho</td> <td data-bbox="809 808 943 846">A</td> <td data-bbox="948 808 1018 846">–</td> <td data-bbox="1023 808 1093 846">–</td> <td data-bbox="1098 808 1168 846">100</td> <td data-bbox="1173 808 1275 846">–</td> <td data-bbox="1279 808 1350 846">–</td> <td data-bbox="1355 808 1431 846">100</td> </tr> <tr> <td data-bbox="660 853 804 891">Anthony Wong</td> <td data-bbox="809 853 943 891">A</td> <td data-bbox="948 853 1018 891">–</td> <td data-bbox="1023 853 1093 891">–</td> <td data-bbox="1098 853 1168 891">100</td> <td data-bbox="1173 853 1275 891">–</td> <td data-bbox="1279 853 1350 891">–</td> <td data-bbox="1355 853 1431 891">100</td> </tr> <tr> <td data-bbox="660 898 804 936">Ng Hong Whee</td> <td data-bbox="809 898 943 936">A</td> <td data-bbox="948 898 1018 936">–</td> <td data-bbox="1023 898 1093 936">–</td> <td data-bbox="1098 898 1168 936">100</td> <td data-bbox="1173 898 1275 936">–</td> <td data-bbox="1279 898 1350 936">–</td> <td data-bbox="1355 898 1431 936">100</td> </tr> <tr> <td data-bbox="660 943 804 981">Ko Jihwan</td> <td data-bbox="809 943 943 981">A</td> <td data-bbox="948 943 1018 981">100</td> <td data-bbox="1023 943 1093 981">–</td> <td data-bbox="1098 943 1168 981">–</td> <td data-bbox="1173 943 1275 981">–</td> <td data-bbox="1279 943 1350 981">–</td> <td data-bbox="1355 943 1431 981">100</td> </tr> </tbody> </table> <p data-bbox="660 1014 715 1037">Notes:</p> <p data-bbox="660 1048 879 1070">(1) Remuneration bands:</p> <p data-bbox="699 1077 1206 1099">"A" refers to remuneration of up to S\$250,000 per annum.</p> <p data-bbox="699 1106 1299 1128">"B" refers to remuneration from S\$250,001 to S\$500,000 per annum.</p> <p data-bbox="660 1171 1331 1193">None of the directors received any stock options for FY2020.</p> <p data-bbox="660 1234 1431 1451">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.</p> <p data-bbox="660 1491 1431 1581">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 FY2020.</p>	Name	Remuneration band <sup>(1)</sup>	Salary (%)	Bonus (%)	Directors fee (%)	Benefits-in-kind (%)	Others (%)	Total (%)	Richard Lee	A	100	–	–	–	–	100	Kay Na	B	64	–	–	36	–	100	Eugene Lee	B	82	–	–	18	–	100	Jessie Ho	A	–	–	100	–	–	100	Anthony Wong	A	–	–	100	–	–	100	Ng Hong Whee	A	–	–	100	–	–	100	Ko Jihwan	A	100	–	–	–	–	100
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## CORPORATE GOVERNANCE REPORT

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8.1 (b)	<p>(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.</p> <p>(ii) Aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>The Company has two key management personnel (who is not Director or the CEO) and the breakdown of their remuneration is as follows:</p> <table border="1" data-bbox="659 517 1426 770"> <caption data-bbox="667 528 1418 555"><b>Table 8.1(b) – Remuneration of Key Management Personnel</b></caption> <thead> <tr> <th data-bbox="659 566 818 642">Name</th> <th data-bbox="826 566 994 642">Remuneration band<sup>(1)</sup></th> <th data-bbox="1002 566 1098 642">Salary (%)</th> <th data-bbox="1106 566 1201 642">Bonus (%)</th> <th data-bbox="1209 566 1305 642">Others (%)</th> <th data-bbox="1313 566 1409 642">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="659 654 818 719">Jasmine Leong</td> <td data-bbox="826 654 994 719">A</td> <td data-bbox="1002 654 1098 719">95</td> <td data-bbox="1106 654 1201 719">5</td> <td data-bbox="1209 654 1305 719">–</td> <td data-bbox="1313 654 1409 719">100</td> </tr> <tr> <td data-bbox="659 730 818 770">Ng Siew Ling</td> <td data-bbox="826 730 994 770">A</td> <td data-bbox="1002 730 1098 770">95</td> <td data-bbox="1106 730 1201 770">5</td> <td data-bbox="1209 730 1305 770">–</td> <td data-bbox="1313 730 1409 770">100</td> </tr> </tbody> </table> <p data-bbox="659 801 707 824">Note:</p> <p data-bbox="659 835 1382 857">(1) Remuneration band "A" refers to remuneration of up to S\$250,000 per annum.</p> <p data-bbox="659 898 1426 954">None of the key management personnel received any stock options for FY2020.</p> <p data-bbox="659 994 1426 1050">The total remuneration paid to these key management personnel who are not directors or the CEO for FY2020 was less than S\$500,000.</p>	Name	Remuneration band <sup>(1)</sup>	Salary (%)	Bonus (%)	Others (%)	Total (%)	Jasmine Leong	A	95	5	–	100	Ng Siew Ling	A	95	5	–	100
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Ng Siew Ling	A	95	5	–	100															
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 FY2020.																		

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.3	Employee share scheme.	<p>The Company has adopted a share option scheme known as the "Spackman Entertainment Group Limited Employee Share Option Scheme" on 20 June 2014 ("<b>Scheme</b>").</p> <p>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, <i>inter alia</i>, 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.</p> <p>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).</p> <p>The Scheme is administered by the RC ("<b>Administration Committee</b>"). 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.</p> <p>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.</p>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
9.1	Risk Management system	<p>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.</p> <p>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 FY2020, 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.</p> <p>The ARMC of the Company has been assisting the Board in, among others, overseeing the Group's risk management framework and policies.</p>
9.2	Assurance from CEO and Group Financial Controller	<p>The Board has obtained assurance from Mr Ko Jihwan, CEO and Ms Ng Siew Ling, Group Financial Controller of the Company in respect of FY2020 that:</p> <ul style="list-style-type: none"> <li>(i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances;</li> <li>(ii) the Company's risk management and internal control systems are adequate and effective.</li> </ul> <p>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.</p> <p>The Board has additionally relied on the IA report in respect of the Company's subsidiaries, namely, Zip Cinema Co., Ltd. and Novus Mediacorp Co., Ltd, which were issued to the Company in February 2021 as assurance that the Company's risk management and internal control systems are adequate and effective.</p> <p>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.</p>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1204(10) of the Catalyst Rule	Board's opinion on Internal Controls	<p>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 FY2020. The ARMC concurs with the Board's view.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the CEO and Group Finance Controller;</li> <li>2. An internal audit has been done by the IA and significant matters highlighted to the ARMC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel regularly evaluates, monitors and reports to the ARMC on material risks; and</li> <li>4. Discussions were held between the ARMC and auditors in the absence of the key management personnel to review and address any potential concerns.</li> </ol> <p>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.</p>
<b>Audit and Risk Management Committee</b>		
10.1 10.4	Duties of the ARMC	<p>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.</p> <p>In order to carry out its duties, the ARMC is guided by the following key terms of reference:</p> <ol style="list-style-type: none"> <li>(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;</li> <li>(b) Reviewing the half-year 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 Catalyst Rules and any other relevant statutory or regulatory requirements;</li> </ol>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(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);</p> <p>(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;</p> <p>(e) Review the assurance from the CEO and the Group Financial Controller on the financial records and the financial statements;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(j) Reviewing and approving transactions (if any) falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;</p> <p>(k) Reviewing potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;</p> <p>(l) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;</p>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(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;</p> <p>(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;</p> <p>(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> <p>(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;</p> <p>(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</p> <p>(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.</p> <p>The ARMC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation from 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.</p> <p>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.</p>
10.1(f)	Whistle-blowing policy	<p>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.</p>



## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	External Audit Function	<p>The ARMC has been briefed on key audit matters for the Company for FY2020 and has reviewed and is satisfied with the measures taken by the Company in addressing such key audit matters.</p> <p>The fees paid/payable to the EA of the Company for FY2020 for audit services amounted to S\$130,000. During FY2020, 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.</p> <p>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.</p> <p>The ARMC has recommended and the Board had approved the nomination to re-appoint the EA at the forthcoming AGM.</p>
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.
10.4	Internal Audit Function	<p>The Company's internal audit function is outsourced to Crowe Horwath First Trust Risk Advisory Pte. Ltd. ("<b>Crowe Horwath</b>") who was appointed by the ARMC and 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.</p> <p>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.</p> <p>The ARMC is satisfied that Crowe Horwath is able to discharge its duties effectively as the internal auditor:</p> <ul style="list-style-type: none"> <li>• is adequately qualified, given that it is a member of the Institute of Internal Auditors and aligns its practices to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors;</li> <li>• is adequately resourced as there is a team of 6 members assigned to the Company's internal audit, led by Alfred Cheong who has more than 20 years of relevant experience; and</li> </ul>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<ul style="list-style-type: none"> <li>has the appropriate standing in the Company, given, <i>inter alia</i>, 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.</li> </ul>
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 2021.
719(3), 1204(10C) of the Catalist Rules	ARMC comment on internal audit function	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<b>SHAREHOLDER RIGHTS AND ENGAGEMENT</b>		
<b>Shareholder Rights and Conduct of General Meetings</b>		
11.1	Provision of Information to shareholders of the rules, including voting procedures, that govern general meetings of shareholders	<p>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.</p> <p>In view of the current COVID-19 situation in Singapore, the 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. In a joint statement issued by the Monetary Authority of Singapore (the "<b>MAS</b>"), ACRA and the Singapore Exchange Regulation ("<b>SGX Regco</b>") on 13 April 2020 a checklist ("<b>Checklist</b>") was prescribed to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. The Checklist was updated on 27 April 2020, 22 June 2020 and 1 October 2020.</p>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Alternative arrangements have been 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.
11.2	Table separate resolutions at general meeting	<p>Separate resolutions on each distinct issue are tabled at general meetings.</p> <p>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. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders at the general meetings.</p> <p>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.</p>
11.3	Attendees at General Meeting	<p>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.</p> <p>The entire Board (except for Eugene Lee), EA and Management were present at the FY2019 AGM held on 29 June 2020 via a live streaming.</p> <p>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.</p>
11.4	Voting in Absentia	<p>The Company's Constitution allows for absentia voting, including but not limited to the voting by mail or electronic mail.</p> <p>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.</p> <p>In order to limit the number of attendees and pursuant to the alternative arrangements in the Checklist, 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.</p>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.5	Minutes of General Meetings	<p>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 be 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.</p> <p>The Company has published the minutes of the FY2019 AGM and EGM on SGXNET within one month after the date of AGM and EGM.</p>
11.6	Dividend policy	<p>The Company does not have a fixed dividend policy. Nonetheless, Management will review, <i>inter alia</i>, 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.</p> <p>The Board has not declared or recommended any dividend for FY2020.</p>
<b>Engagement with Shareholders</b>		
12.1	Communication with shareholders	<p>The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via the following:</p> <ul style="list-style-type: none"> <li>• a dedicated internal investor relations officer whose contact details can be found on the Company's corporate website at <a href="http://www.spackmanentertainmentgroup.com">www.spackmanentertainmentgroup.com</a> or the back inside cover of the annual report;</li> <li>• investor and analyst briefings; and</li> <li>• investor roadshows.</li> </ul> <p>The Company held several investor meetings in FY2020 to meet with its institutional and retail investors.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at <a href="http://www.spackmanentertainmentgroup.com">www.spackmanentertainmentgroup.com</a>.</p>

## CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>Following the amendments to Rule 705 of the Catalyst Rules which took effect as of 7 February 2020, the Board has, after due deliberations (including taking into consideration, <i>inter alia</i>, the resources and efforts required in connection therewith), decided not to continue with quarterly reporting of the Company and the Group's unaudited financial statements. Instead, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis, as required under the revised Catalyst Rules.</p> <p>The Board believes that announcement of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep Shareholders and potential investors updated on the Company's and the Group's state of affairs.</p>
12.2 and 12.3	Investor relations Policy and Mechanism through which shareholders may contact the Company.	<p>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 (<a href="http://www.spackmanentertainmentgroup.com/investor-relations2.html">http://www.spackmanentertainmentgroup.com/investor-relations2.html</a>) 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.</p>
<b>MANAGING STAKEHOLDERS RELATIONSHIPS</b>		
<b>Engagement with Stakeholders</b>		
13.1 13.2 13.3		<p>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.</p> <p>The Company maintains a corporate website at <a href="http://www.spackmanentertainmentgroup.com">www.spackmanentertainmentgroup.com</a> to communicate and engage with stakeholders.</p>

## CORPORATE GOVERNANCE REPORT

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 FY2020 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>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:</p> <ul style="list-style-type: none"> <li>• internal controls established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the CEO and Group Financial Controller; and</li> <li>• review performed by the various Board Committees and key management personnel.</li> </ul> <p>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.</p>
1204(17)	Interested Persons Transaction ("IPT")	<p>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.</p> <p>The Group has not obtained a general mandate from shareholders for interested person transactions.</p>

## CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES								
Catalist Rule	Rule Description	Company's Compliance or Explanation						
		<p>The aggregate value of interested person transactions during FY2020 is as follows:</p> <table border="1"> <thead> <tr> <th>Name of interested person</th> <th>Aggregate value of all interested person transactions for FY2020 (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 FY2020 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000</th> </tr> </thead> <tbody> <tr> <td>Eugene Lee (Executive Director and Chief Producer of the Company)</td> <td>1,165<sup>(1)(2)</sup></td> <td>Not applicable</td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> <li>Equivalent to US\$828,346.</li> <li>Relates to total loan extended from Zip Cinema to Eugene Lee including interest due, comprising a loan of KRW200 million extended on 2 August 2017, an additional loan of KRW380 million extended on 25 October 2018, and an additional loan of KRW300 million extended on 29 April 2020. Each of the loans have a tenure of 1 year and interest payable is at 4.6% per annum. The loans extended on 2 August 2017 and 25 October 2018 had been renewed subsequently.</li> </ol>	Name of interested person	Aggregate value of all interested person transactions for FY2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions for FY2020 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000	Eugene Lee (Executive Director and Chief Producer of the Company)	1,165 <sup>(1)(2)</sup>	Not applicable
Name of interested person	Aggregate value of all interested person transactions for FY2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions for FY2020 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000						
Eugene Lee (Executive Director and Chief Producer of the Company)	1,165 <sup>(1)(2)</sup>	Not applicable						
1204(19)	Dealing in Securities	<p>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.</p> <p>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 half-yearly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>						
1204(21)	Non-sponsor fees	There were no non-sponsor fees paid to the Company's sponsor, RHT Capital Pte. Ltd. in FY2020.						

## CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES																																									
Catalist Rule	Rule Description	Company's Compliance or Explanation																																							
1204(22)	Use of IPO Proceeds	<p>The Company refers to the net proceeds amounting to S\$5.35 million raised from the placement of 743,611,111 new ordinary shares of the Company as announced on 27 May 2020 (the "<b>Placement</b>").</p> <p>The status on the use of the Placement proceeds is as follows:</p> <table border="1"> <thead> <tr> <th>Use of proceeds</th> <th>Amount allocated (\$'000)</th> <th>Amount after first reallocation<sup>(2)</sup> (\$'000)</th> <th>Amount after second reallocation<sup>(3)</sup> (\$'000)</th> <th>Amount after third reallocation<sup>(4)</sup> (\$'000)</th> <th>Amount utilized (\$'000)</th> <th>Balance (\$'000)</th> </tr> </thead> <tbody> <tr> <td>New business investments and acquisitions</td> <td>3,207</td> <td>2,000</td> <td>1,000</td> <td>500</td> <td>–</td> <td>500</td> </tr> <tr> <td>Repayment of borrowings</td> <td>1,336</td> <td>1,336</td> <td>1,436</td> <td>1,436</td> <td>(1,360)</td> <td>76</td> </tr> <tr> <td>General working capital<sup>(1)</sup></td> <td>802</td> <td>2,009</td> <td>2,909</td> <td>3,409</td> <td>(2,423)</td> <td>986</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,345</b></td> <td><b>5,345</b></td> <td><b>5,345</b></td> <td><b>5,345</b></td> <td><b>(3,783)</b></td> <td><b>1,562</b></td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Utilised for:</p> <ul style="list-style-type: none"> <li>Personnel expenses (S\$1,199,548);</li> <li>Audit and professional fees (S\$568,579);</li> <li>Rental expenses (S\$525,564); and</li> <li>Others (S\$129,542)</li> </ul> <p>(2) In six months ended 30 June 2020, the Company has reallocated S\$1,207,000 for new business investments and acquisitions to general working capital to accommodate to the changing business environment.</p> <p>(3) In six months ended 31 December 2020, the Company has reallocated a further S\$1,000,000 for new business investments and acquisitions to general working capital and repayment of borrowings to accommodate to the changing business environment of S\$900,000 and S\$100,000 respectively.</p> <p>(4) In three months ended 31 March 2021, the Company has reallocated a further S\$500,000 for new business investments and acquisitions to general working capital to accommodate to the changing business environment.</p>					Use of proceeds	Amount allocated (\$'000)	Amount after first reallocation <sup>(2)</sup> (\$'000)	Amount after second reallocation <sup>(3)</sup> (\$'000)	Amount after third reallocation <sup>(4)</sup> (\$'000)	Amount utilized (\$'000)	Balance (\$'000)	New business investments and acquisitions	3,207	2,000	1,000	500	–	500	Repayment of borrowings	1,336	1,336	1,436	1,436	(1,360)	76	General working capital <sup>(1)</sup>	802	2,009	2,909	3,409	(2,423)	986	<b>Total</b>	<b>5,345</b>	<b>5,345</b>	<b>5,345</b>	<b>5,345</b>	<b>(3,783)</b>	<b>1,562</b>
Use of proceeds	Amount allocated (\$'000)	Amount after first reallocation <sup>(2)</sup> (\$'000)	Amount after second reallocation <sup>(3)</sup> (\$'000)	Amount after third reallocation <sup>(4)</sup> (\$'000)	Amount utilized (\$'000)	Balance (\$'000)																																			
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## DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company as set out on pages 81 to 155 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and 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, Chapter 50 and Singapore Financial Reporting Standards (International); 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:

Richard Lee  
 Na Kyoungwon  
 Yoo Jin Lee ("Eugene Lee")  
 Thong Yuen Siew Jessie ("Jessie Ho")  
 Anthony Wei Kit Wong ("Anthony Wong")  
 Ng Hong Whee

### 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 Cap. 50, except as follows:

Name of directors	Number of ordinary shares Shareholdings registered in the name of directors	
	At	At
	1.1.2020	31.12.2020
Eugene Lee	23,160,000	23,160,000
Na Kyoungwon	1,026,800	1,026,800
Richard Lee	1,013,900	1,013,900

The directors' interests in ordinary shares and share options of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

## 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)  
Jessie Ho  
Ng Hong Whee

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) half yearly 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

Richard Lee  
Director

Na Kyoungwon  
Director

14 April 2021

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPACKMAN ENTERTAINMENT GROUP LIMITED

### Report on the Audit of the Financial Statements

#### **Qualified 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 81 to 155, which comprise the balance sheets of the Group and of the Company as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 2020 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 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.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SPACKMAN ENTERTAINMENT GROUP LIMITED

### Report on the Audit of the Financial Statements (Continued)

#### **Basis for Qualified Opinion** (Continued)

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.

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.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020, 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. Because of the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

#### **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. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

##### **1. Impairment assessment on intangible assets**

As at 31 December 2020, the Group has goodwill, customer contracts, customer relationships and copyrights of USD5,713,489, USD9,430, USD553,511 and USD269,781 respectively. These intangible assets had been allocated to certain cash generating units ("CGUs") as disclosed in Note 12 to the financial statements.

The Group has performed an impairment assessment in accordance with SFRS(I) 1-36 *Impairment of Assets* to determine the value-in-use of the respective CGUs. This process requires estimating future cash flows based on management's view of future business prospects with consideration of the impact of COVID-19 on the future cash flows, 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.

# 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)

#### 1. Impairment assessment on intangible assets (Continued)

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

##### *Our procedures to address the key audit matter*

We evaluated management's value-in-use calculations and the process by which they were developed. We assessed and challenged the key estimates applied in the value-in-use calculations by comparing the cash flow projections to the Group's historical data and performance, existing contracts and other relevant documents and published industry data. We reviewed the management's assessment on the existing and anticipated effects of COVID-19 on the impairment assessment. We also compared current year actual results to prior year forecast where relevant, to assess the reasonableness of the estimates made. 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 value-in-use 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.

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

As at 31 December 2020, the carrying amount of the Group's and the Company's investment in SMGL amount to USD14,785,834 and USD14,897,897 after recognising impairment loss of USD5,180,000 as disclosed in Note 17 to the financial statements. The Group had engaged an external valuation expert to assist in the value-in-use calculation of SMGL. The value-in-use calculation involves management's assumptions and forecast of future cash flow of the business with consideration of the impact of COVID-19 on the cash flow projections, and the appropriate terminal growth rates and discount rates applied to the cash flow projections.

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 value-in-use.

##### *Our procedures to address the key audit matter*

We assessed the competence, objectivity and capabilities of the external valuation expert engaged by the Group. We assessed and challenged the key estimates and assumptions applied in the value-in-use calculation by comparing the cash flow projection to historical data, existing contracts and published industry data. We reviewed management's assessment on the existing and anticipated effects of COVID-19 on the value-in-use calculation. We assessed the sensitivity of the key estimates on the impairment assessments, based on reasonably possible changes in the key estimates. We involved our internal valuation specialists in assessing the discount rate used. We recomputed the comparison between the recoverable amount based on value-in-use calculation and the carrying amount of the investment.

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)

#### 3. Business combination

On 20 August 2019, the Company completed the acquisition of the entire issued and paid-up share capital of Simplex Films Limited and its subsidiary ("Simplex") for a total consideration of USD1,786,746 satisfied by the issuance of 165,000,000 new ordinary shares of the Company. During the financial year, the Group completed the purchase price allocation ("PPA") arising from the acquisition of Simplex and recognised final goodwill of USD1,881,939.

The Group's disclosure of the business combination accounting applied to the acquisition of Simplex is set out in Notes 3 and 16(c) to the financial statements.

We focused on this area because of the quantitative impact of the acquisition on the consolidated financial statements and that the PPA exercise, which involves the fair valuation of the consideration transferred, the identification of the acquired assets and liabilities and their respective fair values, requires the use of significant management judgement and estimates. Management has engaged an external valuation expert to assist them with the PPA exercise for the acquisition of Simplex.

#### *Our procedures to address the key audit matter*

We obtained an understanding of management's process related to the acquisition accounting. We reviewed the board memorandum and sales and purchase agreement and assessed the accounting treatment in accordance with SFRS(I) 3 *Business Combinations*.

We assessed the competence, objectivity and capabilities of the external valuation expert engaged by the Group and evaluated the reasonableness of their conclusions in relation to the key assumptions used. This included assessing the completeness of assets and liabilities identified, and the appropriateness of the fair value of the consideration transferred and the identifiable assets acquired and liabilities assumed. We involved our internal valuation specialist in evaluating the reasonableness of the key estimates used in the valuation.

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

#### **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.



## 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*

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.
- 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.

## 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)

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, except for the matter described in the *Basis for Qualified Opinion* section of our report, 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 Guo Shuqi.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

14 April 2021

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020 USD	2019 USD
Revenue	4	<b>9,480,762</b>	20,094,582
Cost of sales		<b>(7,779,134)</b>	(13,278,006)
Gross profit		<b>1,701,628</b>	6,816,576
Other income and gains	5a	<b>723,822</b>	439,260
Interest income	5b	<b>106,445</b>	142,030
<b>Expenses</b>			
Selling expenses		<b>(374,876)</b>	(654,704)
General and administrative expenses		<b>(6,469,050)</b>	(6,999,854)
Finance costs	6	<b>(331,116)</b>	(292,291)
Other expenses		<b>(18,495,472)</b>	(2,336,255)
Share of results of associated companies		<b>(1,359,174)</b>	(201,631)
<b>Loss before tax</b>	7	<b>(24,497,793)</b>	(3,086,869)
Tax credit/(expense)	9	<b>1,372,612</b>	(346,954)
<b>Loss for the year</b>		<b>(23,125,181)</b>	(3,433,823)
<b>Other comprehensive income/(loss)</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>289,889</b>	(228,569)
Share of other comprehensive income/(loss) of associated companies		<b>134,978</b>	(216,640)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>34,943</b>	(70,271)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>459,810</b>	(515,480)
<b>Total comprehensive loss for the year</b>		<b>(22,665,371)</b>	(3,949,303)
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(22,910,025)</b>	(3,156,066)
Non-controlling interests		<b>(215,156)</b>	(277,757)
<b>Loss for the year</b>		<b>(23,125,181)</b>	(3,433,823)
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		<b>(22,485,158)</b>	(3,601,275)
Non-controlling interests		<b>(180,213)</b>	(348,028)
		<b>(22,665,371)</b>	(3,949,303)
<b>Loss per share for loss attributable to equity holders of the Company (cents per share)</b>			
Basic and diluted	10	<b>(1.45)</b>	(0.29)

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

## BALANCE SHEETS

At 31 December 2020

	Note	Group		Company	
		2020 USD	2019 USD	2020 USD	2019 USD
<b>Non-current assets</b>					
Property, plant and equipment	11	6,074,105	8,259,894	463,219	672,000
Intangible assets	12	6,650,732	19,019,547	277	277
Investment in subsidiaries	16	–	–	16,494,188	33,043,528
Investment in associated companies	17	14,831,533	21,235,730	14,992,897	20,108,383
Film production inventories	13	1,885,093	1,830,037	–	–
Deferred tax assets	14	601,398	351,734	–	–
Financial assets at fair value through profit or loss	18	1,211,106	1,095,896	357,282	374,282
Trade and other receivables	20	738,940	720,548	–	–
<b>Total non-current assets</b>		<b>31,992,907</b>	<b>52,513,386</b>	<b>32,307,863</b>	<b>54,198,470</b>
<b>Current assets</b>					
Film production inventories	13	916,283	1,146,697	–	–
Inventories		5,664	8,710	–	–
Financial assets at fair value through profit or loss	18	3,711,483	4,137,945	–	–
Loan to subsidiaries	15	–	–	625,938	496,000
Trade and other receivables	20	9,225,593	6,100,120	1,605,949	673,921
Contract assets	19	25,458	2,004,317	–	–
Cash and cash equivalents	21	4,342,909	4,212,366	236,633	147,603
<b>Total current assets</b>		<b>18,227,390</b>	<b>17,610,155</b>	<b>2,468,520</b>	<b>1,317,524</b>
<b>Total assets</b>		<b>50,220,297</b>	<b>70,123,541</b>	<b>34,776,383</b>	<b>55,515,994</b>
<b>Non-current liabilities</b>					
Borrowings	23	2,353,746	2,832,863	2,213,368	3,286,953
Other non-current liabilities		382,233	202,724	–	–
Deferred tax liabilities	14	97,421	1,202,428	–	–
Contract liabilities	19	1,502,728	1,325,762	–	–
<b>Total non-current liabilities</b>		<b>4,336,128</b>	<b>5,563,777</b>	<b>2,213,368</b>	<b>3,286,953</b>
<b>Current liabilities</b>					
Trade and other payables	22	3,999,236	3,891,826	655,428	382,988
Contract liabilities	19	2,729,825	2,427,324	–	–
Film obligations and production loans	24	308,011	387,912	–	–
Borrowings	23	6,204,771	5,771,750	581,566	602,875
Tax payable		7,150	375,636	–	–
<b>Total current liabilities</b>		<b>13,248,993</b>	<b>12,854,448</b>	<b>1,236,994</b>	<b>985,863</b>
<b>Total liabilities</b>		<b>17,585,121</b>	<b>18,418,225</b>	<b>3,450,362</b>	<b>4,272,816</b>
<b>Net assets</b>		<b>32,635,176</b>	<b>51,705,316</b>	<b>31,326,021</b>	<b>51,243,178</b>

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

**BALANCE SHEETS**

At 31 December 2020

	Note	Group		Company	
		2020 USD	2019 USD	2020 USD	2019 USD
<b>Equity</b>					
Share capital	25	<b>70,007,456</b>	66,197,553	<b>70,007,456</b>	66,197,553
Treasury shares	25	<b>(679,698)</b>	(465,026)	<b>(679,698)</b>	(465,026)
Other reserves	26	<b>(2,349,302)</b>	(2,774,169)	–	–
Accumulated losses		<b>(34,961,362)</b>	(12,051,337)	<b>(38,001,737)</b>	(14,489,349)
Equity attributable to equity holders of the Company, total		<b>32,017,094</b>	50,907,021	<b>31,326,021</b>	51,243,178
Non-controlling interests		<b>618,082</b>	798,295	–	–
<b>Total equity</b>		<b>32,635,176</b>	51,705,316	<b>31,326,021</b>	51,243,178

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	← Attributable to equity holders of the Company →						
	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 2020	66,197,553	(465,026)	(2,774,169)	(12,051,337)	50,907,021	798,295	51,705,316
Loss for the year	-	-	-	(22,910,025)	(22,910,025)	(215,156)	(23,125,181)
<i>Other comprehensive income</i>							
Share of other comprehensive income of associated companies	-	-	134,978	-	134,978	-	134,978
Currency translation differences on consolidation	-	-	289,889	-	289,889	34,943	324,832
Total comprehensive income/(loss) for the year	-	-	424,867	(22,910,025)	(22,485,158)	(180,213)	(22,665,371)
Issue of ordinary shares (Note 25)	3,809,903	-	-	-	3,809,903	-	3,809,903
Purchase of treasury shares (Note 25)	-	(214,672)	-	-	(214,672)	-	(214,672)
<b>Balance at 31 December 2020</b>	<b>70,007,456</b>	<b>(679,698)</b>	<b>(2,349,302)</b>	<b>(34,961,362)</b>	<b>32,017,094</b>	<b>618,082</b>	<b>32,635,176</b>
Balance at 1 January 2019	64,410,807	(204,909)	(2,328,960)	(8,895,271)	52,981,667	1,146,323	54,127,990
Loss for the year	-	-	-	(3,156,066)	(3,156,066)	(277,757)	(3,433,823)
<i>Other comprehensive loss</i>							
Share of other comprehensive loss of associated companies	-	-	(216,640)	-	(216,640)	-	(216,640)
Currency translation differences on consolidation	-	-	(228,569)	-	(228,569)	(70,271)	(298,840)
Total comprehensive loss for the year	-	-	(445,209)	(3,156,066)	(3,601,275)	(348,028)	(3,949,303)
Issue of ordinary shares (Note 25)	1,786,746	-	-	-	1,786,746	-	1,786,746
Purchase of treasury shares (Note 25)	-	(260,117)	-	-	(260,117)	-	(260,117)
Balance at 31 December 2019	66,197,553	(465,026)	(2,774,169)	(12,051,337)	50,907,021	798,295	51,705,316

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

**STATEMENT OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital USD	Treasury shares USD	Accumulated losses USD	Total equity USD
<b>Company</b>				
Balance at 1 January 2020	66,197,553	(465,026)	(14,489,349)	51,243,178
Loss and total comprehensive loss for the year	–	–	(23,512,388)	(23,512,388)
Issue of ordinary shares (Note 25)	3,809,903	–	–	3,809,903
Purchase of treasury shares (Note 25)	–	(214,672)	–	(214,672)
<b>Balance at 31 December 2020</b>	<b>70,007,456</b>	<b>(679,698)</b>	<b>(38,001,737)</b>	<b>31,326,021</b>
Balance at 1 January 2019	64,410,807	(204,909)	(4,119,547)	60,086,351
Loss and total comprehensive loss for the year	–	–	(10,369,802)	(10,369,802)
Issue of ordinary shares (Note 25)	1,786,746	–	–	1,786,746
Purchase of treasury shares (Note 25)	–	(260,117)	–	(260,117)
Balance at 31 December 2019	66,197,553	(465,026)	(14,489,349)	51,243,178

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020 USD	2019 USD
<b>Cash flows from operating activities</b>			
Loss before tax		<b>(24,497,793)</b>	(3,086,869)
Adjustments for:			
Depreciation of property, plant and equipment	11	<b>1,919,115</b>	2,129,542
Interest income	5b	<b>(106,445)</b>	(142,030)
Interest expenses	6	<b>331,116</b>	292,291
Impairment loss on film production inventories	7	<b>583,012</b>	28,270
Share of results of associated companies		<b>1,359,174</b>	201,631
Amortisation of intangible assets	12	<b>309,717</b>	495,076
Impairment loss on goodwill	12	<b>6,554,006</b>	1,246,000
Impairment loss on investment in associated company	17	<b>5,180,000</b>	135,601
Impairment loss on intangible assets	12	<b>4,377,213</b>	–
Impairment loss on property, plant and equipment	7	<b>1,533,671</b>	–
Fair value loss on investments in financial assets at FVTPL	7	<b>118,231</b>	289,690
Fair value gain on investments in financial assets at FVTPL	5a	<b>(29,130)</b>	(22,239)
Allowance for impairment for receivables	7	<b>305,815</b>	171,435
Reversal of allowance for impairment for receivables	7	<b>(124,188)</b>	(23,377)
Reversal of loss on film borne by external investors	7	<b>1,917</b>	1,940
Loss on disposal of property, plant and equipment	7	<b>49,497</b>	1,386
Gain on disposal of financial assets at FVTPL	5a	<b>(48)</b>	(170,005)
Operating (loss)/profit before working capital changes		<b>(2,135,120)</b>	1,548,342
Change in operating assets and liabilities, net of effects from acquisition of subsidiaries:			
Inventories and copyrights		<b>3,046</b>	179,863
Film production inventories		<b>(263,622)</b>	(54,489)
Receivables and contract assets		<b>1,682,189</b>	(94,727)
Payables and contract liabilities		<b>112,560</b>	1,043,112
Currency translation adjustments		<b>(101,708)</b>	(80,173)
Cash (used in)/from operations		<b>(702,655)</b>	2,541,928
Interest received		<b>9,779</b>	115,125
Income tax paid		<b>(350,544)</b>	(407,720)
<b>Net cash (used in)/from operating activities</b>		<b>(1,043,420)</b>	2,249,333

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



## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 USD	2019 USD
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		95,624	3,931
Purchases of property, plant and equipment	11	(51,561)	(644,087)
Purchases of intangible assets	12	(31,778)	(251,626)
Acquisition of a subsidiary, net cash acquired	16c	–	20,112
Purchases of financial assets at fair value through profit or loss		(397,526)	(2,218,747)
Proceeds from disposal of financial assets at fair value through profit or loss		875,741	2,137,714
Additional short term loans		(2,672,382)	(3,120,664)
Repayment of short term loans		1,025,000	2,934,293
Net decrease in leasehold deposits		9,609	–
<b>Net cash used in investing activities</b>		<b>(1,147,273)</b>	<b>(1,139,074)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(331,116)	(292,291)
Issuance of ordinary shares	25	3,809,903	–
Repayment of borrowings	23	(2,151,293)	(3,314,775)
Proceeds from borrowings	23	2,707,408	5,309,500
Advances received from directors of subsidiaries	23	722,268	1,045,499
Repayment of advances received from directors of subsidiaries	23	(501,480)	(610,084)
Repayment of film obligations and production loans	23	(75,105)	(37,606)
Repayment of lease liabilities	23	(1,561,464)	(1,517,341)
Purchase of treasury shares	25	(214,672)	(260,117)
<b>Net cash generated from financing activities</b>		<b>2,404,449</b>	<b>322,785</b>
<b>Net increase in cash and cash equivalents</b>		<b>213,756</b>	<b>1,433,044</b>
Cash and cash equivalents at beginning of the financial year		4,212,366	2,744,140
Effects of exchange rate changes on cash and cash equivalents		(83,213)	35,182
<b>Cash and cash equivalents at end of the financial year</b>		<b>4,342,909</b>	<b>4,212,366</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 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.

#### *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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### a) Basis of preparation (Continued)

##### *New and revised standards*

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 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 2020 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### b) Basis of consolidation (Continued)

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### d) Associated companies (Continued)

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.

#### 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).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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 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.

*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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### f) Revenue recognition (Continued)

*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.

*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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### f) Revenue recognition (Continued)

##### *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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### g) Property, plant and equipment (Continued)

##### *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:

	<u>Years</u>
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.

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.

Content development costs 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### h) Intangible assets (Continued)

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 relates to pictorial assets of a Korean artist acquired by the Group, recognised at fair value upon the acquisition of a subsidiary. Copyright is amortised using the expected sales forecast method, where the costs are amortised in the proportion that current year's revenue bears to an estimate of the ultimate revenue expected to be recognised from the exploitation and sales of the pictorial assets.

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 the lower of amortised cost or estimated fair value.

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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### j) Impairment of non-financial assets excluding goodwill (Continued)

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.

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 balance sheets.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### k) Leases (Continued)

##### *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. 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 balance sheets.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(j). As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease 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 to allocate the consideration under the contract to each component.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### m) Financial assets (Continued)

##### ***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.

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, advance payment and tax recoverable), 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### m) Financial assets (Continued)

##### **Subsequent measurement** (Continued)

###### *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*

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

##### **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).

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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 and excludes pledged deposits.

#### 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.

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 Producer but not the Presenter of the film titles, financing received from the third party funders are advanced to the Presenter of the film. These 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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.

#### 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) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

#### u) 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### v) 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.

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### w) 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 balance sheet 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.

#### x) 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.

### 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).

##### *Going concern assumption*

The Group recognised a loss for the year of USD23,125,181 and operating cash outflow of USD1,043,420 for the financial year ended 31 December 2020. The Group's net assets and net current assets as at 31 December 2020 were USD32,635,176 and USD4,978,397 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 outbreak of the COVID-19 pandemic and the measures adopted by the Korea Government to mitigate the spread of the virus have negatively impacted the Group's financial performance during the financial year. The directors are satisfied that the going concern basis of accounting is appropriate as the Group has cash and cash equivalents of USD4,342,909 as at 31 December 2020 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.

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### 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 with consideration of the impact of COVID-19 on the cash flow projections. 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.

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

Investment in SMGL is tested for impairment annually and whenever there is indication that the investment may be impaired. The Group had engaged an external valuation expert to assist in the value-in-use calculation using cash flow projections from forecasts of SMGL and its subsidiaries with consideration of the impact of COVID-19 on the cash flow projections. Any changes in the assumptions used and estimates made will impact the impairment assessment of investment in SMGL. The key assumptions and estimates applied in the determination of the value-in-use including a sensitivity analysis, and the carrying amount of investment in SMGL are disclosed and further explained in Note 17.

##### *Acquisitions of subsidiaries*

The initial accounting on acquisition of subsidiaries involve the fair valuation of the consideration transferred, the identification of the acquired assets and liabilities and their respective fair values. The fair value measurement of the consideration transferred, and the assets and liabilities identified during the acquisition of subsidiaries are determined by external valuation expert and management by reference to comparable market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of the assets and liabilities identified and goodwill as recorded in the consolidated financial statements and investments in subsidiaries in the Company's balance sheet. Details of the Group's acquisition are disclosed in Note 16.

##### *Impairment of property, plant and equipment ("PPE")*

The Group assesses whether there are any indicators of impairment for its PPE at each balance sheet date. PPE are tested for impairment when there is indicators that the carrying amounts may not be recoverable.

During the financial year, the leasing of equipment segment incurred a net loss for the current financial year. Management has determined the recoverable amount of PPE relating to the leasing of equipment segment which mainly comprise equipment as disclosed in Note 11, based on value-in-use calculation.

The value-in-use calculation uses cash flow projections from forecast of the leasing of equipment segment approved by management covering a four-year period which is the remaining useful lives of equipment, and applying pre-tax discount rate of 13%. An impairment loss of USD1,533,671 (2019: Nil) is included within "Other expenses" in the consolidation statement of profit or loss and other comprehensive income.

A 1% decrease in forecasted revenue would result in additional impairment loss on PPE of USD36,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

#### Key sources of estimation uncertainty (Continued)

##### *Impairment of investments 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 with consideration of the impact of COVID-19 on the cash flow projections 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 16.

##### *Fair value estimation of unquoted equity investments*

The Group holds unquoted equity investments amounting to USD357,282 (2019: USD374,282). 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	
	2020 USD	2019 USD
Distribution of films	1,227,994	3,817,293
Production of films	4,750,383	12,212,117
Leasing of equipment	537,440	2,195,538
Others		
– Consulting services	7,288	521,879
– Talent appearance and management	551,982	189,689
– Sale of content	1,982,967	491,464
– Others	422,708	666,602
	<b>9,480,762</b>	<b>20,094,582</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 4 REVENUE (CONTINUED)

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

	Group	
	2020 USD	2019 USD
<i>Timing of revenue recognition</i>		
At a point in time	<b>2,682,998</b>	1,470,161
Over time	<b>6,797,764</b>	18,624,421
	<b>9,480,762</b>	20,094,582

The Group applies the practical expedient in SFRS(I) 15 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.

### 5A OTHER INCOME AND GAINS

	Group	
	2020 USD	2019 USD
Fair value gain on investment in financial assets at FVTPL	<b>29,130</b>	22,239
Foreign exchange gain	<b>332,584</b>	41,783
Gain on disposal of financial assets at FVTPL	<b>48</b>	170,005
Rental income		
– Related party	<b>10,186</b>	–
– Third parties	<b>38,643</b>	103,774
Government grants	<b>122,665</b>	40,064
Reversal of allowance for doubtful debt	<b>124,188</b>	23,377
Others	<b>66,378</b>	38,018
	<b>723,822</b>	439,260

### 5B INTEREST INCOME

	Group	
	2020 USD	2019 USD
Interest income		
– Loan to related parties	<b>75,891</b>	22,889
– Loan to third parties	<b>1,712</b>	115,747
– Money market funds	<b>28,842</b>	3,394
	<b>106,445</b>	142,030

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 6 FINANCE COSTS

	Group	
	2020 USD	2019 USD
Interest expenses		
– Bank loans	203,235	143,048
– Leases	76,279	118,850
– Related parties	51,602	30,393
	<b>331,116</b>	<b>292,291</b>

### 7 LOSS BEFORE TAX

	Group	
	2020 USD	2019 USD
Loss before tax is arrived at after charging/(crediting):		
Allowance for impairment for receivables (Note 28b)	305,815	171,435
Reversal of allowance for impairment for receivables (Note 28b)	(124,188)	(23,377)
Amortisation of intangible assets (Note 12)	309,717	495,076
Audit fees paid/payable to		
– Auditor of the Company	98,619	88,235
– Other auditors of the Group*	162,861	97,212
Fees for non-audit services paid/payable to		
– Auditor of the Company	–	3,993
– Other auditors of the Group*	41,321	30,314
Depreciation of property, plant and equipment (Note 11)	1,919,115	2,129,542
Fair value loss on investments in financial assets at FVTPL	118,231	289,690
Impairment on goodwill	6,554,006	1,246,000
Impairment loss on investment in associated company	5,180,000	135,601
Impairment loss on intangible assets	4,377,213	–
Impairment loss on property, plant and equipment	1,533,671	–
Loss on disposal of property, plant and equipment	49,497	1,386
Personnel expenses (Note 8)	2,706,673	2,819,620
Rental expense	42,494	175,270
Travelling expenses	53,576	170,517
Impairment loss on film production inventories (Note 13)	583,012	28,270
Reversal of loss on film borne by external investors	1,917	1,940
Foreign exchange loss	29,459	179,862

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 8 PERSONNEL EXPENSES

	Group	
	2020 USD	2019 USD
<i>Key management personnel</i>		
– Salaries, bonus and other benefits	<b>731,508</b>	665,779
– Defined contribution benefits	<b>33,145</b>	33,922
	<b>764,653</b>	699,701
<i>Other personnel</i>		
– Salaries and bonus	<b>1,501,292</b>	1,637,570
– Defined contribution benefits	<b>103,651</b>	139,382
– Other short-term benefits	<b>337,077</b>	342,967
	<b>1,942,020</b>	2,119,919
	<b>2,706,673</b>	2,819,620

### 9 TAX (CREDIT)/EXPENSE

	Group	
	2020 USD	2019 USD
Tax (credit)/expense attributable to profit/(loss) is made up of:		
Current income tax provision	<b>37,296</b>	352,456
Deferred tax (Note 14)	<b>(1,308,171)</b>	(141,964)
	<b>(1,270,875)</b>	210,492
(Over)/under provision in respect of previous financial year		
– current income tax	<b>(101,737)</b>	136,462
	<b>(1,372,612)</b>	346,954



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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	
	2020 USD	2019 USD
Loss before tax	<b>(24,497,793)</b>	(3,086,869)
Tax at domestic rates applicable to profit/(loss) in countries where the Group operate	<b>(3,432,230)</b>	(414,105)
Expenses not deductible for tax purposes	<b>1,200,765</b>	318,342
Income not subject to tax	<b>(29,106)</b>	(39,073)
Deferred tax assets not recognised for the year	<b>876,830</b>	534,146
(Over)/under provision in prior year	<b>(101,737)</b>	136,462
Tax credit	–	(288,476)
Others	<b>112,866</b>	99,658
	<b>(1,372,612)</b>	346,954

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% (2019: 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 22% (2019: 22%).

### 10 LOSS PER SHARE

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

	Group	
	2020 USD	2019 USD
Net loss for the year attributable to equity holders of the Company	<b>(22,910,025)</b>	(3,156,066)
Weighted average number of ordinary shares for basic and diluted loss per share	<b>1,582,900,488</b>	1,088,656,019
Basic and diluted loss per share (cents per share)	<b>(1.45)</b>	(0.29)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11 PROPERTY, PLANT AND EQUIPMENT

	Land USD	Building USD	Leasehold properties USD	Equipment USD	Motor vehicles USD	Leasehold improvements USD	Construction in progress USD	Total USD
<b>Group 2020</b>								
<b>Cost</b>								
At 1.1.2020	383,288	2,685,584	2,032,752	6,859,599	474,024	1,016,771	24,184	13,476,202
Additions	-	-	866,951	8,834	196,871	-	-	1,072,656
Disposal	-	-	(609,926)	(2,635)	(352,454)	-	-	(965,015)
Currency translation differences	24,589	172,292	211,498	123,119	(35,320)	73,703	1,551	571,432
At 31.12.2020	407,877	2,857,876	2,501,275	6,988,917	283,121	1,090,474	25,735	14,155,275
<b>Accumulated depreciation and impairment loss</b>								
At 1.1.2020	-	278,314	762,185	3,256,991	213,811	705,007	-	5,216,308
Depreciation charge	-	65,874	831,841	748,714	159,192	113,494	-	1,919,115
Disposal	-	-	(584,793)	-	(235,101)	-	-	(819,894)
Impairment loss	-	-	-	1,533,671	-	-	-	1,533,671
Currency translation differences	-	18,967	120,850	36,301	(7,521)	63,373	-	231,970
At 31.12.2020	-	363,155	1,130,083	5,575,677	130,381	881,874	-	8,081,170
<b>Representing</b>								
Accumulated depreciation	-	363,155	1,130,083	4,042,006	130,381	881,874	-	6,547,499
Accumulated impairment	-	-	-	1,533,671	-	-	-	1,533,671
	-	363,155	1,130,083	5,575,677	130,381	881,874	-	8,081,170
<b>Net carrying value</b>								
At 31.12.2020	407,877	2,494,721	1,371,192	1,413,240	152,740	208,600	25,735	6,074,105
<b>2019</b>								
<b>Cost</b>								
At 1.1.2019	396,897	2,780,940	-	6,129,319	47,910	1,031,504	25,042	10,411,612
Recognition of Right-of-use asset on initial application of SFRS(I) 16	-	-	2,089,645	-	409,418	-	-	2,499,063
Cost at 1.1.2019 (restated)	396,897	2,780,940	2,089,645	6,129,319	457,328	1,031,504	25,042	12,910,675
Additions	-	-	-	939,541	19,931	13,359	-	972,831
Acquisition of subsidiaries	-	-	-	67	-	-	-	67
Disposal	-	-	-	(3,715)	(1,716)	-	-	(5,431)
Currency translation differences	(13,609)	(95,356)	(56,893)	(205,613)	(1,519)	(28,092)	(858)	(401,940)
At 31.12.2019	383,288	2,685,584	2,032,752	6,859,599	474,024	1,016,771	24,184	13,476,202
<b>Accumulated depreciation</b>								
At 1.1.2019	-	214,330	-	2,346,594	30,905	592,410	-	3,184,239
Depreciation charge	-	66,687	766,377	987,278	184,021	125,179	-	2,129,542
Disposal	-	-	-	-	(114)	-	-	(114)
Currency translation differences	-	(2,703)	(4,192)	(76,881)	(1,001)	(12,582)	-	(97,359)
At 31.12.2019	-	278,314	762,185	3,256,991	213,811	705,007	-	5,216,308
<b>Net carrying value</b>								
At 31.12.2019	383,288	2,407,270	1,270,567	3,602,608	260,213	311,764	24,184	8,259,894

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	Equipment USD	Leasehold improvements USD	Leasehold properties USD	Total USD
<b>Company</b>				
<b>2020</b>				
<b>Cost</b>				
At 1.1.2020	29,933	37,959	838,106	905,998
Additions	258	–	–	258
At 31.12.2020	<u>30,191</u>	<u>37,959</u>	<u>838,106</u>	<u>906,256</u>
<b>Accumulated depreciation</b>				
At 1.1.2020	18,620	21,969	193,409	233,998
Depreciation charge	4,338	11,292	193,409	209,039
At 31.12.2020	<u>22,958</u>	<u>33,261</u>	<u>386,818</u>	<u>443,037</u>
<b>Net carrying value</b>				
At 31.12.2020	<u>7,233</u>	<u>4,698</u>	<u>451,288</u>	<u>463,219</u>
<b>2019</b>				
<b>Cost</b>				
At 1.1.2019	29,175	37,959	–	67,134
Recognition of Right-of-use asset on initial application of SFRS(I) 16	–	–	838,106	838,106
At 1.1.2019 (restated)	29,175	37,959	838,106	905,240
Additions	758	–	–	758
At 31.12.2019	<u>29,933</u>	<u>37,959</u>	<u>838,106</u>	<u>905,998</u>
<b>Accumulated depreciation</b>				
At 1.1.2019	12,699	10,677	–	23,376
Depreciation charge	5,921	11,292	193,409	210,622
At 31.12.2019	<u>18,620</u>	<u>21,969</u>	<u>193,409</u>	<u>233,998</u>
<b>Net carrying value</b>				
At 31.12.2019	<u>11,313</u>	<u>15,990</u>	<u>644,697</u>	<u>672,000</u>

- (a) Included in property, plant and equipment of the Group and the Company are right-of-use assets of USD1,719,860 and USD451,288 (2019: USD2,055,579 and USD644,697) respectively (Note 27).
- (b) Bank borrowings are secured on the land and building of the Group with a net carrying value of USD2,902,598 (2019: USD2,794,749) (Note 23).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

(c) Non cash transactions

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
Aggregate cost of property, plant and equipment acquired	<b>1,072,656</b>	972,831	<b>258</b>	758
Less: acquired under lease arrangement (Note 27)	<b>(940,673)</b>	(328,744)	-	-
Less: additions using deposit	<b>(80,422)</b>	-	-	-
Net cash outflow for purchases of property, plant and equipment	<b>51,561</b>	644,087	<b>258</b>	758

### 12 INTANGIBLE ASSETS

	Acquired libraries USD	Software USD	Goodwill USD	Customer contracts USD	Customer relationships USD	Copyrights USD	Total USD
<b>Group</b>							
<b>2020</b>							
<b>Cost</b>							
At 1.1.2020	<b>92,731</b>	<b>199,766</b>	<b>13,464,796</b>	<b>692,799</b>	<b>1,217,216</b>	<b>5,829,118</b>	<b>21,496,426</b>
Additions	-	-	-	-	-	<b>31,778</b>	<b>31,778</b>
Disposal	-	-	-	-	-	<b>(5,626,768)</b>	<b>(5,626,768)</b>
Currency translation differences	<b>4,168</b>	<b>12,702</b>	<b>48,699</b>	-	-	<b>35,653</b>	<b>101,222</b>
At 31.12.2020	<b>96,899</b>	<b>212,468</b>	<b>13,513,495</b>	<b>692,799</b>	<b>1,217,216</b>	<b>269,781</b>	<b>16,002,658</b>
<b>Accumulated amortisation and impairment loss</b>							
At 1.1.2020	<b>27,766</b>	<b>127,110</b>	<b>1,246,000</b>	<b>600,138</b>	<b>475,865</b>	-	<b>2,476,879</b>
Amortisation charge	-	<b>38,646</b>	-	<b>83,231</b>	<b>187,840</b>	-	<b>309,717</b>
Impairment loss	-	-	<b>6,554,006</b>	-	-	<b>4,377,213</b>	<b>10,931,219</b>
Disposal	-	-	-	-	-	<b>(4,377,213)</b>	<b>(4,377,213)</b>
Currency translation differences	-	<b>11,324</b>	-	-	-	-	<b>11,324</b>
At 31.12.2020	<b>27,766</b>	<b>177,080</b>	<b>7,800,006</b>	<b>683,369</b>	<b>663,705</b>	-	<b>9,351,926</b>
<b>Net carrying value</b>							
At 31.12.2020	<b>69,133</b>	<b>35,388</b>	<b>5,713,489</b>	<b>9,430</b>	<b>553,511</b>	<b>269,781</b>	<b>6,650,732</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12 INTANGIBLE ASSETS (CONTINUED)

	Acquired libraries USD	Software USD	Goodwill USD	Customer contracts USD	Customer relationships USD	Copyrights USD	Total USD
<b>Group</b>							
<b>2019</b>							
<i>Restated</i>							
<b>Cost</b>							
At 1.1.2019	95,038	205,908	11,609,813	739,966	1,178,038	5,749,228	19,577,991
Acquisition of subsidiaries	–	–	1,574,940	306,999	–	–	1,881,939
Restatement (Note A)	–	–	306,999	(306,999)	–	–	–
Additions	–	–	–	–	–	251,626	251,626
Disposal	–	–	–	–	–	(180,000)	(180,000)
Currency translation differences	(2,307)	(6,142)	(26,956)	(47,167)	39,178	8,264	(35,130)
At 31.12.2019	<u>92,731</u>	<u>199,766</u>	<u>13,464,796</u>	<u>692,799</u>	<u>1,217,216</u>	<u>5,829,118</u>	<u>21,496,426</u>
<b>Accumulated amortisation and impairment loss</b>							
At 1.1.2019	27,766	87,411	–	342,216	280,842	–	738,235
Amortisation charge	–	42,131	–	257,922	195,023	–	495,076
Impairment loss	–	–	1,246,000	–	–	–	1,246,000
Currency translation differences	–	(2,432)	–	–	–	–	(2,432)
At 31.12.2019	<u>27,766</u>	<u>127,110</u>	<u>1,246,000</u>	<u>600,138</u>	<u>475,865</u>	<u>–</u>	<u>2,476,879</u>
<b>Net carrying value</b>							
At 31.12.2019	<u>64,965</u>	<u>72,656</u>	<u>12,218,796</u>	<u>92,661</u>	<u>741,351</u>	<u>5,829,118</u>	<u>19,019,547</u>
						<b>Software USD</b>	
<b>Company</b>							
<b>Cost</b>							
At 1.1.2019, 31.12.2019 and 31.12.2020							<u>277</u>
<b>Accumulated amortisation</b>							
Amortisation charge and at 1.1.2019, 31.12.2019 and 31.12.2020							<u>–</u>
<b>Net carrying value</b>							
At 31.12.2019 and 31.12.2020							<u>277</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12 INTANGIBLE ASSETS (CONTINUED)

#### Note A

#### Goodwill on the acquisition of Simplex Films Limited ("Simplex")

The details of the acquisition of Simplex on 20 August 2019 are disclosed in Note 16(c). Upon the completion of acquisition of Simplex, a provisional goodwill and customer contracts amounting to USD1,574,940 and USD306,999 respectively were recognised in previous financial year. With the completion of purchase price allocation (PPA) exercise during the current financial year, the 2019 comparative information has been revised retrospectively to reflect the adjustment to provisional amounts in accordance with SFRS(I) 3 *Business Combinations*. There are no adjustments to the consolidated financial statements for the financial year ended 31 December 2019 arising from the PPA exercise other than the adjustment between goodwill and customer contracts of USD306,999.

#### 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		Frame		Take Pictures	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
	(Restated)											
Goodwill	1,881,939	1,881,939	3,032,856	3,032,856	4,300,363	4,300,363	807,854	759,151	1,864,006	1,864,006	1,626,477	1,626,477
Impairment loss	-	-	(2,646,000)	(501,000)	(2,050,000)	-	(440,000)	-	(1,864,006)	(745,000)	(800,000)	-
	1,881,939	1,881,939	386,856	2,531,856	2,250,363	4,300,363	367,854	759,151	-	1,119,006	826,477	1,626,477
Intangible assets:												
- customer relationships	-	-	-	-	101,742	150,578	-	-	451,769	590,773	-	-
- customer contracts	-	-	-	-	9,430	132,933	-	-	-	-	-	-
- copyrights	-	-	138,661	178,318	87,002	5,609,342	-	-	44,118	41,458	-	-

#### 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		Frame		Take Pictures	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	%	%	%	%	%	%	%	%	%	%
Average gross margin <sup>(1)</sup>	8	11	31	85	42	62	21	23	6	27	8	15
Growth rate <sup>(2)</sup>	1	2	1	1	1	1	1	1	1	1	1	1
Discount rate (pre-tax) <sup>(3)</sup>	14	14	12	11	15	16	14	14	13	17	15	17

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12 INTANGIBLE ASSETS (CONTINUED)

#### Impairment test of goodwill (Continued)

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

The Group's ticket sales from films released in 2020 were impacted by the 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 2020. Significant judgements are 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 of each scenario are set out in the table as follows:

	<u>Scenario 1</u>	<u>Scenario 2</u>
Probability weightage	70%	30%
Recovery rate in 2021	67%	90%
Recovery rate in 2022	85%	100%
Recovery rate from 2023 onwards	100%	100%

- (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. The impairment loss of USD6,554,006 (2019: USD1,246,000) is included within "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

##### Sensitivity to changes in assumptions

###### (i) Simplex CGU

With regards to the assessment of value-in-use for Simplex CGU, a decrease in forecasted revenue by 3.78% would result in the recoverable amount of Simplex CGU to be equal to its carrying amount.

###### (ii) Greenlight, Constellation, Take Pictures, Novus and Frame CGU

With regards to the assessment of value-in-use for Greenlight, Constellation, Take Pictures, Novus and Frame CGU, a decrease in forecasted revenue by 1% would result in additional impairment loss on intangible assets of USD91,000, USD110,000, USD199,000, USD300,000 and USD110,000 respectively.

##### Impairment test of copyrights

During the financial year, management determined the recoverable amount of copyrights based on the higher of value-in-use or fair value less cost of disposal as there are indicators that the carrying amount may not be recoverable in light of the COVID-19 pandemic. The value-in-use is determined based on forecasted cash flow generated from the exploitation of the copyrights and the fair value less cost of disposal is determined based on non-binding offer price for the copyrights from third party. Based on the impairment assessment, an impairment loss of USD4,377,213 was recognised for the financial year ended 31 December 2020.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 13 FILM PRODUCTION INVENTORIES

	Group	
	2020 USD	2019 USD
<b>Cost</b>		
Balance at beginning of the financial year	3,048,110	2,646,786
Acquisition of subsidiaries	–	358,021
Additions	897,603	247,800
Disposal	(379,754)	(127,637)
Currency translation differences	229,572	(76,860)
Balance at end of the financial year	<u>3,795,531</u>	<u>3,048,110</u>
<b>Accumulated amortisation and impairment losses</b>		
Balance at beginning of the financial year	71,376	54,293
Impairment loss	583,012	28,270
Disposal	254,227	–
Currency translation differences	85,540	(11,187)
Balance at end of the financial year	<u>994,155</u>	<u>71,376</u>
<b>Net carrying value</b>		
Balance at end of the financial year	<u>2,801,376</u>	<u>2,976,734</u>
Representing:		
Current	916,283	1,146,697
Non-current	1,885,093	1,830,037
	<u>2,801,376</u>	<u>2,976,734</u>

### 14 DEFERRED TAX (LIABILITIES)/ASSETS

The movement in the deferred income tax (liabilities)/assets are as follows:

	Group	
	2020 USD	2019 USD
Balance at beginning of the financial year	(850,694)	(994,295)
Tax credited/(charged) to:		
– statement of profit or loss (Note 9)	1,308,171	141,964
Currency translation differences	46,499	1,637
Balance at end of the financial year	<u>503,977</u>	<u>(850,694)</u>
Representing:		
Deferred tax assets	601,398	351,734
Deferred tax liabilities	(97,421)	(1,202,428)
	<u>503,977</u>	<u>(850,694)</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 14 DEFERRED TAX (LIABILITIES)/ASSETS (CONTINUED)

The deferred income tax assets/(liabilities) on temporary differences recognised in the financial statements in respect of tax effects arising from:

	Group	
	2020 USD	2019 USD
Tax losses	46,960	91,605
Differences in depreciation for tax purposes	(22,298)	(442,839)
Differences in amortisation for tax purposes	(97,421)	(872,571)
Allowance for doubtful debt	193,986	213,538
Net fair value loss on investments in financial asset at FVTPL	36,744	81,765
Impairment of film production inventories	92,152	37,445
Impairment of investments	67,471	81,765
Severance benefits	62,977	2,272
Other deductible temporary differences	123,406	(43,674)
	<b>503,977</b>	<b>(850,694)</b>

At the balance sheet date, the Group has unutilised tax losses of USD7,173,260 (2019: USD7,435,863) 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. Deferred tax assets have been recognised in respect of USD196,802 (2019: USD616,700) of such losses. No deferred tax assets has been recognised in respect of the remaining USD6,976,458 (2019: USD6,819,163) 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 USD5,374,000 (2019: USD4,565,000) 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 2021 to 2025 (2019: 2020 to 2024).

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 USD8,270,247 (2019: USD13,335,214). 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.

### 15 LOAN TO SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, bear interest at 2% (2019: 2%) per annum, unsecured and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16 INVESTMENT IN SUBSIDIARIES

	Company	
	2020 USD	2019 USD
<i>Unquoted equity shares, at cost</i>		
Balance at beginning of financial year	<b>40,454,784</b>	38,668,039
Acquisitions during financial year	–	1,786,745
Balance at end of financial year	<b>40,454,784</b>	40,454,784
<i>Accumulated impairment</i>		
As at 1 January	<b>(7,411,256)</b>	–
Less: impairment loss	<b>(16,549,340)</b>	(7,411,256)
As at 31 December	<b>23,960,596</b>	(7,411,256)
Balance at end of financial year	<b>16,494,188</b>	33,043,528

a) Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Principal business	Proportion of ownership interest	
			2020 %	2019 %
<i>Held by the Company</i>				
Spackman Entertainment Group (HK) Limited ("SEG HK") <sup>(1)</sup>	Hong Kong	Investment holding company.	<b>100.00</b>	100.00
Frame Pictures Co., Ltd <sup>(2)</sup>	Korea	Leasing of movie/drama equipment.	<b>100.00</b>	100.00
Constellation Agency Pte. Ltd. ("Constellation") <sup>(3)</sup>	Singapore	Involved in the business of overseas agency for Korean artists venturing into the overseas market.	<b>100.00</b>	100.00
Greenlight Content Limited ("Greenlight") <sup>(7)</sup>	Cayman Islands	Involved in the business of investing into dramas and movies, as well as providing consulting services for the production of Korean content.	<b>100.00</b>	100.00
Take Pictures Pte. Ltd. ("Take") <sup>(3)</sup>	Singapore	Web portals, development of other software and programming activities.	<b>100.00</b>	100.00
Noon Pictures Co., Ltd ("Noon") <sup>(7)</sup>	Korea	Professional photography services.	<b>60.24</b>	60.24

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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	
			2020 %	2019 %
<i>Held by the Company</i>				
<i>(Continued)</i>				
Novus Mediacorp Co., Ltd ("Novus") <sup>(2)</sup>	Korea	Development, production, importation and exportation, investment, distribution and promotion of motion pictures.	<b>51.00</b>	51.00
Simplex Films Limited ("Simplex") <sup>(7)</sup>	Hong Kong	Planning, production and distribution of films, television dramas and performances.	<b>100.00</b>	100.00
Spackman Entertainment Korea Inc. ("SEKI") <sup>(2)#</sup>	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.	<b>100.00</b>	–
<i>Held by SEG HK</i>				
Spackman Equities Limited ("SEL") <sup>(1)</sup>	Hong Kong	Investment holding company.	<b>100.00</b>	100.00

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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	
			2020 %	2019 %
Zip Cinema Co., Ltd ("Zip") <sup>(1)</sup>	Korea	Planning, production and distribution of films, television ("TV") dramas and performances. Business of advertisement and advertising agent. Management and promotional activities for local and overseas entertainers, athletes, artists, etc. Development, production and distribution of games and animations. Production and sale of goods related to entertainment. Development of mobile content and online services. Agency of promotion and advertising, event and human resource services for films, TV dramas, music videos and commercials. Sales and lease of real property.	100.00	100.00
Spackman Entertainment Korea Inc. ("SEKI") <sup>(2)#</sup>	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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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	
			2020 %	2019 %
<i>Held by SEKI</i> Upper West Inc. ("Upper West") <sup>(4)</sup>	Korea	Restaurant business, franchise and service business, processing and sale of food.	<b>94.38</b>	94.38
<i>Held by Take</i> Studio Take Co., Ltd. <sup>(2)</sup>	Korea	Planning, production and distribution of films, television dramas and performances.	<b>100.00</b>	100.00
<i>Held by Constellation</i> The P Factory Co., Ltd. ("P Factory") <sup>(6)</sup>	Korea	Production of advertising projects (commercial advertising).	<b>100.00</b>	100.00
Platform Media Group Co., Ltd ("Platform") <sup>(6)</sup>	Korea	Management of artiste event sales, from movies and drama.	<b>100.00</b>	100.00
<i>Held by Greenlight</i> Greenlight Content Co., Ltd. ("Greenlight Content") <sup>(4)</sup>	Korea	Provision of consulting services for the production of Korean content.	<b>100.00</b>	100.00
<i>Held by Simplex</i> Simplex Films Co., Ltd ("Simplex Films") <sup>(6)</sup>	Korea	Planning, production and distribution of films, television dramas and performances.	<b>100.00</b>	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.

# SEKI was held by SEG HK in prior year. A transfer of shares in SEKI was made to the Company in October 2020.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### 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	
		2020 %	2019 %
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	
	2020 USD	2019 USD
<u>Summarised Balance Sheets</u>		
Non-current assets	648,254	782,968
Current assets	6,149,356	6,735,098
Non-current liabilities	(1,213,475)	(1,098,185)
Current liabilities	(3,948,545)	(4,486,318)
<b>Net assets</b>	<b>1,635,590</b>	<b>1,933,563</b>
<b>Net assets attributable to NCI</b>	<b>801,439</b>	<b>947,446</b>
<u>Summarised Income Statements</u>		
Revenue	1,111,760	3,527,739
Loss before tax	(461,611)	(687,003)
Income tax credit	73,331	189,481
Loss after tax and total comprehensive loss	(388,280)	(497,522)
<b>Loss allocated to NCI</b>	<b>(190,257)</b>	<b>(243,786)</b>
<u>Summarised Cash Flows</u>		
Operating cash flows	(199,189)	(149,551)
Investing cash flows	377,615	(2,215,710)
Financing cash flows	(617,585)	2,564,453
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(439,159)</b>	<b>199,192</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### c) Acquisition of subsidiaries

##### *Acquisition of Simplex Films Limited*

On 20 August 2019, the Company acquired 100% of the issued share capital of Simplex Films Limited and its subsidiaries ("Simplex Group") for USD1,786,746. The Group has acquired Simplex Group to expand its film production capacity and enhance the performance of its motion picture production segment. The acquisition of Simplex Group also allows the sharing of networks and resources to bring about higher business synergy and efficiency in the Group's film production business segment.

##### *i) Acquisition-date consideration transferred*

	<b>Group 2019 USD</b>
Non-cash consideration and total consideration transferred	<u>1,786,746</u>

##### *ii) Fair values of identifiable assets and liabilities of subsidiary at acquisition date*

	<b>Group (Restated) 2019 USD</b>
Property, plant and equipment	67
Intangible assets*	–
Deposits	136
Film production inventories	358,021
Trade and other receivables	1,029
Cash and cash equivalents	20,112
Trade and other payables	(104,249)
Borrowings	(370,309)
Net identifiable assets acquired	(95,193)
Goodwill recognised* (Note 12)	<u>1,881,939</u>
Total consideration transferred	<u>1,786,746</u>

\* Intangible assets relating to customer contracts and goodwill have been restated following the completion of the PPA exercise in the current financial year (Note 12).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### c) Acquisition of subsidiaries (Continued)

*Acquisition of Simplex Films Limited (Continued)*

##### iii) Effect on cash flows of the Group

	<b>Group 2019 USD</b>
Total consideration for 100% equity interest acquired	1,786,746
Less: Non-cash consideration <sup>(1)</sup>	(1,786,746)
Consideration settled in cash	–
Less: Cash and cash equivalents of subsidiary acquired	(20,112)
Net cash inflow on acquisition	<u>20,112</u>

(1) The non-cash consideration for the acquisition consist of the issuance of 165,000,000 new ordinary shares of the Company of SGD0.015 (equivalent to USD0.011) per share, representing the volume weighted average price ("VWAP") for each share on 20 August 2019.

#### d) Company level – impairment review of investment in subsidiaries

##### i) Constellation

During the financial year, the management performed impairment test for the investment in Constellation as the subsidiary's net asset value is lower than cost of investment. The assessment by management has resulted in an impairment loss of USD6,760,000 (2019: USD2,100,000) recognised for the year ended 31 December 2020 to write down this subsidiary to its recoverable amount of USD3,465,782. Key assumptions used in the assessment of recoverable amount is disclosed in Note 12.

A 1% decrease in forecasted revenue will result in the Company recognising additional impairment loss of approximately USD92,000.

##### ii) Novus

During the financial year, the management performed impairment test for the investment in Novus as this subsidiary's net asset value is lower than cost of investment. An impairment loss of USD1,310,330 (2019: USD300,000) was recognised for the year ended 31 December 2020 to write down this subsidiary to its recoverable amount of USD Nil. Key assumptions used in the assessment of recoverable amount is disclosed in Note 12.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### d) Company level – impairment review of investment in subsidiaries (Continued)

##### iii) *SEGHK*

During the financial year, the management performed impairment test for the investment in SEGHK as this subsidiary's net asset value is lower than the cost of investment. No additional impairment is recognised during the financial year. An impairment loss of USD4,860,000 was recognised for the year ended 31 December 2019 to write down this subsidiary to its recoverable amount of USD9,683,841.

The recoverable amount of the investment in SEGHK has been determined based on a value-in-use calculation using cash flow projections from forecasts of SEGHK and its subsidiaries ("SEGHK group") approved by management covering a four-year period and applying a terminal growth rate of 1.46% (2019: 1.63%) and pre-tax discount rate of 19% (2019: 17%). The forecasted revenue includes SEGHK group's share of profits from the films as producer which is estimated based on the number of ticket sales for each forecasted film production. The Group has considered the two scenarios as disclosed in Note 12 in estimating the number of ticket sales.

A 1% decrease in forecasted revenue will result in the Company recognising additional impairment loss of approximately USD497,000.

##### iv) *Take Pictures*

During the financial year, the management performed impairment test for the investment in Take Pictures as this subsidiary's net asset value is lower than cost of investment. An impairment loss of USD2,589,010 (2019: USD Nil) was recognised for the year ended 31 December 2020 to write down this subsidiary to its recoverable amount of USD Nil. Key assumptions used in the assessment of recoverable amount is disclosed in Note 12.

##### v) *Frame*

During the financial year, the management performed impairment test for the investment in Frame as this subsidiary's net asset value is lower than the cost of investment. An impairment loss of USD3,800,000 (2019: USD Nil) was recognised for the year ended 31 December 2020 to write down this subsidiary to its recoverable amount of USD79,384. Key assumptions used in the assessment of recoverable amount is disclosed in Note 12

A 1% decrease in forecasted revenue will result in the Company recognising additional impairment loss of approximately USD79,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16 INVESTMENT IN SUBSIDIARIES (CONTINUED)

#### d) Company level – impairment review of investment in subsidiaries (Continued)

##### vi) *Greenlight*

During the financial year, the management performed impairment test for the investment in Greenlight as this subsidiary's net asset value is lower than the cost of investment. An impairment loss of USD2,090,000 (2019: USD60,000) was recognised for the year ended 31 December 2020 to write down this subsidiary to its recoverable amount of USD1,478,434. Key assumptions used in the assessment of recoverable amount is disclosed in Note 12.

A 1% decrease in forecasted revenue will result in the Company recognising an additional impairment loss of approximately USD42,000.

##### vii) *Noon*

During the previous financial year, the management performed impairment test for the investment in Noon as the subsidiary is persistently loss making. Full impairment loss of USD91,256 was recognised in previous financial year.

The recoverable amount of the investment in Noon has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a four-year period and applying a terminal growth rate of 0% and pre-tax discount rate of 9%. As the subsidiary is still loss making during the current financial year, no reversal of previously recognised impairment loss was made.

##### viii) *Simplex*

During the financial year, the management performed impairment test for the investment in Simplex as the subsidiary's net asset value is lower than the cost of investment. The recoverable amount of the investment in Simplex has been determined based on a value-in-use calculation using cash flow projections from forecasts of Simplex approved by management covering a four-year period. Key assumptions used in the assessment of recoverable amount is disclosed in Note 12.

A 2.75% decrease in forecasted revenue would result in the recoverable amount of investment in Simplex to be equal to its carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 17 INVESTMENT IN ASSOCIATED COMPANIES

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

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
<i>Carrying amount:</i>				
Spackman Media Group Limited ("SMGL")	<b>14,785,834</b>	21,186,722	<b>14,897,897</b>	20,013,383
The Makers Studio Co., Ltd. ("The Makers")	<b>45,699</b>	49,008	<b>95,000</b>	95,000
	<b>14,831,533</b>	21,235,730	<b>14,992,897</b>	20,108,383

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	
			2020 %	2019 %
<i>Held by Company</i>				
<i>Unquoted equity shares</i>				
Spackman Media Group Limited ("SMGL")*	Hong Kong	Investment holding company	<b>43.88</b>	43.88
The Makers Studio Co., Ltd ("The Makers")**	Korea	Planning, production and distribution of films, television ("TV") dramas and performance	<b>20.00</b>	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.

During the financial year, the Group engaged an external valuation expert to assist in the determination of the recoverable amount of investment in SMGL. The recoverable amount has been determined based on value-in-use calculations using cash flow projections from forecasts of SMGL and its subsidiaries approved by the management covering a five-year period with consideration of the impact of COVID-19 on the cash flow projections, and applying terminal growth rate of 1.46% and pre-tax discount rate of 17%. SMGL's revenue in 2020 was impacted by the COVID-19 pandemic. In the impairment assessment, assumption was made that revenue will gradually return to pre-COVID-19 level which is represented by revenue earned in the financial year ended 31 December 2019, in the financial year ended 31 December 2022. The average revenue growth rate estimated in the cash flow projections from 2023 to 2025 is 10%. Based on the value-in-use calculation, the Group and the Company recognised an impairment loss of USD5,180,000 (2019: Nil) for the financial year ended 31 December 2020.

A 1% decrease in forecasted revenue would result in the Company recognising additional impairment loss of approximately USD683,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 17 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

#### *SMGL*

In the previous financial year, the management computed the recoverable amount of investment in SMGL based on the fair value less cost to sell which is determined using price per share of share transfers between independent third parties of the associated Company's shares in the previous financial year.

#### *Ongoing review in relation to SMGL*

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 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 5,465,288 SMGL shares at USD3 each (the "Past Acquisition") 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 the 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 authorisation of the financial statements, the ARMC Review is still on-going.

#### *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 1.4% (2019: 1.6%) and pre-tax discount rate of 16% (2019: 16%). 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. No additional impairment (2019: impairment loss of USD135,601) is recognised during the financial year.

A 1% decrease in forecasted revenue would result in the Company recognising additional impairment loss of approximately USD25,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 17 INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

#### *The Makers* (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:

	2020 USD	2019 USD
Revenue	15,591,929	22,556,969
Loss after tax	(3,364,271)	(544,852)
Other comprehensive income/(loss)	263,486	(310,872)
Total comprehensive loss	<b>(3,100,785)</b>	(855,724)
Non-current assets	9,463,653	8,651,291
Current assets	18,251,766	15,214,749
Non-current liabilities	(434,225)	(415,054)
Current liabilities	<b>(15,670,695)</b>	(8,771,434)
<b>Net assets</b>	<b>11,610,499</b>	14,679,552
Non-controlling interest	146,711	(140,244)
Net assets attributable to equity holders	<b>11,757,210</b>	14,539,308
Group's share of net assets attributable to equity holders based on proportion of ownership interest	5,159,507	6,380,395
Goodwill on acquisition	14,806,327	14,806,327
Less: Impairment loss on investment in associate	<b>(5,180,000)</b>	–
<b>Carrying amount of investment</b>	<b>14,785,834</b>	21,186,722

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:

	2020 USD	2019 USD
Loss after tax	(2,914)	(15,037)
Other comprehensive loss	(395)	(1,554)
Total comprehensive loss	<b>(3,309)</b>	(16,591)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
<i>Non-current</i>				
(a) Unquoted equity investments in Singapore	<b>357,282</b>	374,282	<b>357,282</b>	374,282
(b) Investment in insurance products	<b>853,824</b>	721,614	-	-
	<b>1,211,106</b>	1,095,896	<b>357,282</b>	374,282
<i>Current</i>				
(c) Investment in film funds	<b>1,439,635</b>	1,110,538	-	-
(d) Investment in theatrical projects	<b>2,271,848</b>	3,027,407	-	-
	<b>3,711,483</b>	4,137,945	-	-
	<b>4,922,589</b>	5,233,841	<b>357,282</b>	374,282

- (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).

The fair value of unquoted equity shares of the other investee company was determined using income approach based on discounted cash flow method and a discount rate of 8.7% in previous financial year and the investment had been fully written down. As the investee company is in the process of liquidation, the fair value of the investment remains at USD Nil.

- (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).
- (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 2020. 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 2020 mainly relates to one film which is in the early stages of production 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 2020, investment in theatrical projects of USD13,889 (2019: USD42,429) were made from funds received from third party funders.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 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.

	<b>31.12.2020</b>	<b>Group 31.12.2019</b>	<b>1.1.2019</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Trade receivables from contracts with customers	<b>2,001,460</b>	273,959	471,869
Contract assets	<b>25,458</b>	2,004,317	2,038,131
Contract liabilities (non-current)	<b>1,502,728</b>	1,325,762	599,231
Contract liabilities (current)	<b>2,729,825</b>	2,427,324	2,901,308

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

	<b>Group</b>			
	<b>Contract assets</b>		<b>Contract liabilities</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	<b>(86,230)</b>	(727,095)
Increases due to advances received, excluding amounts recognised as revenue during the year	–	–	<b>565,697</b>	1,106,363
Contract asset reclassified to trade receivables	<b>2,004,317</b>	2,038,131	–	–

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
<i>Non-current</i>				
Deposits	<b>738,940</b>	720,548	–	–
<i>Current</i>				
Trade receivables				
– Third parties	<b>2,854,766</b>	774,659	<b>13,975</b>	19,724
– Related parties	<b>65,330</b>	61,425	–	–
	<b>2,920,096</b>	836,084	<b>13,975</b>	19,724
Less: Allowance for impairment	<b>(918,636)</b>	(562,125)	–	–
	<b>2,001,460</b>	273,959	<b>13,975</b>	19,724
Short-term loans				
– Directors	<b>569,853</b>	500,950	–	–
– Associated companies	<b>1,845,816</b>	483,834	<b>1,196,825</b>	–
– Third parties	<b>1,067,923</b>	919,029	–	–
	<b>3,483,592</b>	1,903,813	<b>1,196,825</b>	–
Less: Allowance for impairment	<b>(251,008)</b>	(235,875)	–	–
	<b>3,232,584</b>	1,667,938	<b>1,196,825</b>	–
Other receivables				
– Subsidiary	–	–	<b>76,046</b>	231,597
– Associated company	<b>304,889</b>	431,272	<b>283,600</b>	39,637
– Third parties	<b>264,787</b>	433,275	–	352,938
	<b>569,676</b>	864,547	<b>359,646</b>	624,172
Less: Allowance for impairment	<b>(133,016)</b>	(243,105)	<b>(76,046)</b>	(76,046)
	<b>436,660</b>	621,442	<b>283,600</b>	548,126
Accrued interest	<b>301,946</b>	198,462	<b>84,901</b>	67,579
Less: Allowance for impairment	<b>(38,325)</b>	(31,509)	<b>(47,988)</b>	(26,199)
	<b>263,621</b>	166,953	<b>36,913</b>	41,380
Advance payments	<b>1,621,584</b>	1,841,526	–	–
Prepayments	<b>954,345</b>	804,573	<b>9,945</b>	–
Tax recoverable	–	4	–	–
Deposits	<b>715,339</b>	723,725	<b>64,691</b>	64,691
	<b>3,291,268</b>	3,369,828	<b>74,636</b>	64,691
	<b>9,225,593</b>	6,100,120	<b>1,605,949</b>	673,921

The short-term loans to directors and third parties are unsecured, repayable on demand and interests are payable at 6.9% (2019: 6.9%) and between 3.0% to 6.9% (2019: 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 6.0% (2019: 6%) per annum.

Other receivables are non-trade in nature, interest free and repayable on demand.

Included in deposits is an amount of USD18,382 (2019: USD17,274) which had been pledged to banks as collateral for corporate credit cards.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
Bank and cash balances	<b>4,119,636</b>	3,995,278	<b>236,633</b>	147,603
Money market funds	<b>223,273</b>	217,088	–	–
	<b>4,342,909</b>	4,212,366	<b>236,633</b>	147,603

### 22 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
Trade payables				
– Third parties	<b>410,536</b>	1,020,787	–	–
Accrued operating expenses	<b>792,938</b>	568,289	<b>511,793</b>	221,999
Other payables				
– Subsidiary	–	–	<b>8,667</b>	78,659
– Third parties	<b>1,362,487</b>	944,931	<b>134,968</b>	82,330
– Related parties	–	132,583	–	–
– Directors of subsidiaries	<b>1,379,731</b>	1,095,203	–	–
Advances received from				
– Third parties	<b>53,544</b>	130,033	–	–
	<b>3,999,236</b>	3,891,826	<b>655,428</b>	382,988

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% (2019: 4.6%) and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 23 BORROWINGS

	Repayment period	Group		Company	
		2020 USD	2019 USD	2020 USD	2019 USD
<i>Non-current</i>					
<u>Third-parties:</u>					
Term loan (secured)					
– average 6-months interest rate of bond insurance by banks in Korea	2021 – 2025	<b>661,765</b>	993,263	–	–
Lease liabilities (secured)	2021 – 2022	<b>772,863</b>	975,893	<b>274,156</b>	470,016
Debenture – 2.81%	2022	<b>919,118</b>	863,707	–	–
<u>Related parties:</u>					
Subsidiaries – 2.00%	2022	–	–	<b>1,939,212</b>	2,816,937
		<b>2,353,746</b>	2,832,863	<b>2,213,368</b>	3,286,953
<i>Current</i>					
<u>Third-parties:</u>					
Term loans (secured)					
– fixed rates ranging from 1.50% to 6.83%		<b>1,203,125</b>	1,078,770	–	–
Third parties – 2.00% to 5.00%		<b>2,480,782</b>	1,403,208	<b>375,000</b>	375,000
Lease liabilities (secured)		<b>1,154,092</b>	1,521,177	<b>195,860</b>	187,875
<u>Related parties:</u>					
Associate – fixed rates from 2.00% to 4.60%		<b>190,525</b>	542,640	<b>10,706</b>	40,000
Director of subsidiary – 4.60%	Repayable on demand	<b>1,176,247</b>	1,225,955	–	–
		<b>6,204,771</b>	5,771,750	<b>581,566</b>	602,875
Total borrowings		<b>8,558,517</b>	8,604,613	<b>2,794,934</b>	3,889,828

- (a) The term loans are secured by guarantees from Korea Credit Guarantee Fund and Korea Technology Finance Corporation, a mortgage of the land and building of the Group (Note 11) and a personal guarantee by a subsidiary's chief executive officer.
- (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 2020

### 23 BORROWINGS (CONTINUED)

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

	Bank loans and others	Lease liabilities	Advances received from directors of subsidiaries (Note 22)	Film obligation and production loan (Note 24)	Total
	USD	USD	USD	USD	USD
<b>2020</b>					
Balance at 1 January 2020	6,107,543	2,497,070	1,095,203	387,912	10,087,728
Changes from financing cash flows:					
– Proceeds	2,707,408	–	722,268	–	3,429,676
– Repayments	(2,151,293)	(1,561,464)	(501,480)	(75,105)	(4,289,342)
– Interest paid	(203,235)	(76,279)	(51,602)	–	(331,116)
Non-cash changes:					
– Interest expense	203,235	76,279	51,602	–	331,116
– New leases	–	940,673	–	–	940,673
Effect of changes in foreign exchange rates	(32,096)	50,676	63,740	(4,796)	77,524
<b>Balance at 31 December 2020</b>	<b>6,631,562</b>	<b>1,926,955</b>	<b>1,379,731</b>	<b>308,011</b>	<b>10,246,259</b>
<b>2019</b>					
Balance at 1 January 2019	3,795,846	–	681,513	440,891	4,918,250
Reclassification from finance lease liabilities on adoption of SFRS(I) 16	–	1,277,438	–	–	1,277,438
On adoption of SFRS(I) 16	–	2,499,063	–	–	2,499,063
Acquisition of subsidiaries	370,309	–	–	–	370,309
Changes from financing cash flows:					
– Proceeds	5,309,500	–	1,045,499	–	6,354,999
– Repayments	(3,314,775)	(1,517,341)	(610,084)	(37,606)	(5,479,806)
– Interest paid	(143,048)	(118,850)	(30,393)	–	(292,291)
Non-cash changes:					
– Interest expense	143,048	118,850	30,393	–	292,291
– New leases	–	328,744	–	–	328,744
Effect of changes in foreign exchange rates	(53,337)	(90,834)	(21,725)	(15,373)	(181,269)
Balance at 31 December 2019	6,107,543	2,497,070	1,095,203	387,912	10,087,728

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 24 FILM OBLIGATIONS AND PRODUCTION LOANS

	Group	
	2020 USD	2019 USD
Third parties	<u>308,011</u>	<u>387,912</u>

### 25 SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	No. of ordinary shares Issued share capital	Treasury shares	Amount Share capital USD	Treasury shares USD
<b>2020</b>				
Beginning of financial year	1,205,614,708	(21,649,100)	66,197,553	(465,026)
Purchase of treasury shares	–	(25,919,400)	–	(214,672)
Shares issued	<u>743,611,111</u>	–	<u>3,809,903</u>	–
End of financial year	<u>1,949,225,819</u>	<u>(47,568,500)</u>	<u>70,007,456</u>	<u>(679,698)</u>
<b>2019</b>				
Beginning of financial year	1,040,614,708	(3,449,100)	64,410,807	(204,909)
Purchase of treasury shares	–	(18,200,000)	–	(260,117)
Shares issued	<u>165,000,000</u>	–	<u>1,786,746</u>	–
End of financial year	<u>1,205,614,708</u>	<u>(21,649,100)</u>	<u>66,197,553</u>	<u>(465,026)</u>

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

On 2 June 2020, the Group has allotted and issued 743,611,111 new ordinary shares of the Company by way of private placement at SGD0.0072 (USD0.0051) per share.

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 25,919,400 (2019: 18,200,000) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was USD214,672 (2019: USD260,117) and this was presented as a component within shareholders' equity.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 26 OTHER RESERVES

	Group	
	2020 USD	2019 USD
Merger reserve	(2,718,492)	(2,718,492)
Currency translation reserve	369,190	(55,677)
	<b>(2,349,302)</b>	<b>(2,774,169)</b>

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

### 27 LEASES

#### a) The Group as a lessee

##### *Nature of the Group's leasing activities*

The Group's leasing activities comprise the following:

- i) The Group leases properties, motor vehicles and equipment 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	
	2020 USD	2019 USD	2020 USD	2019 USD
<b><u>Classified within Property, plant and equipment</u></b>				
Leasehold properties	1,371,192	1,270,567	451,288	644,697
Motor vehicle	75,747	234,302	-	-
Equipment	272,921	550,710	-	-
	<b>1,719,860</b>	<b>2,055,579</b>	<b>451,288</b>	<b>644,697</b>
Additions to right-of-use assets	<b>940,673</b>	328,744	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 27 LEASES (CONTINUED)

#### a) The Group as a lessee (Continued)

*Nature of the Group's leasing activities (Continued)*

**Amounts recognised in profit or loss**

	Group	
	2020 USD	2019 USD
<b><u>Depreciation charge for the year</u></b>		
Leasehold properties	831,841	766,377
Motor vehicle	124,389	175,116
Equipment	110,537	149,808
	<b><u>1,066,767</u></b>	<b><u>1,091,301</u></b>

*Lease expense not included in the measurement of lease liabilities*

	Group	
	2020 USD	2019 USD
Lease expense – short term leases	3,559	134,929
Lease expense – low value assets leases	38,935	40,341
	<b><u>42,494</u></b>	<b><u>175,270</u></b>
Interest expense on lease liabilities	<b><u>76,279</u></b>	<b><u>118,850</u></b>

Total cash flow for leases amounted to USD1,680,237 (2019: USD1,811,461).

*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.

#### b) The Group as a lessor

The Group and the Company leased out its camera and lighting equipment and office premise space to a third party for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from leasing office premise space are disclosed in Note 5a.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 27 LEASES (CONTINUED)

#### b) The Group as a lessor (Continued)

The following table shows the maturity analysis of the undiscounted lease payments to be received after the reporting date are as follows:

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
Within one year	<b>97,059</b>	270,147	–	21,210
After one year but within five years	<b>16,176</b>	15,201	–	49,491

### 28 FINANCIAL INSTRUMENTS

#### a) Categories of financial instruments

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

	Group		Company	
	2020 USD	2019 USD	2020 USD	2019 USD
<i>Financial assets</i>				
Financial assets at fair value				
through profit or loss	<b>4,922,589</b>	5,233,841	<b>357,282</b>	374,282
Financial assets at amortised cost	<b>11,731,513</b>	8,386,931	<b>2,444,600</b>	1,297,800
	<b>16,654,102</b>	13,620,772	<b>2,801,882</b>	1,672,082
<i>Financial liabilities</i>				
Financial liabilities at amortised costs	<b>12,438,788</b>	12,293,675	<b>3,450,360</b>	4,272,816
Financial liabilities at fair value				
through profit or loss	<b>308,011</b>	387,912	–	–
	<b>12,746,799</b>	12,681,587	<b>3,450,360</b>	4,272,816

#### 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.

##### **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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Foreign currency risk* (Continued)

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:

	2020		2019	
	SGD USD	USD USD	SGD USD	USD USD
<b>Group</b>				
<i>Financial assets</i>				
Cash and cash equivalents	60,009	–	115,837	–
Short-term loans	–	428,501	–	–
<b>Net financial assets</b>	<b>60,009</b>	<b>428,501</b>	<b>115,837</b>	<b>–</b>
<b>Company</b>				
<i>Financial assets</i>				
Cash and cash equivalents	38,921	–	98,981	–

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.

##### *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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Credit risk* (Continued)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Credit risk* (Continued)

##### *Significant increase in credit risk* (Continued)

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 where 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. When recoveries are made, these are recognised in profit or loss. As at 31 December 2020, trade receivables of USD522,183 (2019: USD499,373) 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.

##### *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 (2019: 3 debtor) that represented 41% (2019: 59%) of total trade receivables. The Company has no significant concentration of credit risk except for the amounts due from associated company and related party 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 balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### **Credit risk** (Continued)

##### *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.

Group 2020	12-month or lifetime ECL	Gross carrying amount USD	Loss allowance USD	Net carrying amount USD
Trade receivables	Lifetime	2,920,096	(918,636)	2,001,460
Contract assets	Lifetime	25,458	–	25,458
Other receivables	Lifetime	569,676	(133,016)	436,660
Short-term loans	Lifetime	3,483,592	(251,008)	3,232,584
Deposits	12-month	1,454,279	–	1,454,279
Accrued interest	Lifetime	301,946	(38,325)	263,621
Cash and cash equivalents	Not applicable (Exposure limited)	4,342,909	–	4,342,909
2019				
Trade receivables	Lifetime	836,084	(562,125)	273,959
Contract assets	Lifetime	2,004,317	–	2,004,317
Other receivables	Lifetime	243,105	(243,105)	–
	12-month	621,442	–	621,442
Short-term loans	Lifetime	1,903,813	(235,875)	1,667,938
Deposits	12-month	1,444,273	–	1,444,273
Accrued interest	Lifetime	198,462	(31,509)	166,953
Cash and cash equivalents	Not applicable (Exposure limited)	4,212,366	–	4,212,366

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Credit risk* (Continued)

##### *Trade receivables and contract assets* (Continued)

<b>Company 2020</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount USD</b>	<b>Loss allowance USD</b>	<b>Net carrying amount USD</b>
Trade receivables	Lifetime	13,975	–	13,975
Other receivables	Lifetime	359,646	(76,046)	283,600
Deposits	12-month	64,691	–	64,691
Short term loans	Lifetime	1,196,825	–	1,196,825
Accrued interest	Lifetime	84,901	(47,988)	36,913
Loan to subsidiaries	Lifetime	1,038,000	(1,038,000)	–
	12-month	625,938	–	625,938
Cash and cash equivalents	Not applicable (Exposure limited)	236,633	–	236,633
2019				
Trade receivables	Lifetime	19,724	–	19,724
Other receivables	Lifetime	76,046	(76,046)	–
	12-month	548,126	–	548,126
Deposits	12-month	64,691	–	64,691
Accrued interest	Lifetime	67,579	(26,199)	41,380
Loan to subsidiaries	Lifetime	995,570	(995,570)	–
	12-month	496,000	–	496,000
Cash and cash equivalents	Not applicable (Exposure limited)	147,603	–	147,603

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Credit risk* (Continued)

##### *Short term loans and loans to subsidiaries*

For the short term loans, loans to subsidiaries and other receivables where impairment loss allowance is measured using 12 months ECL, 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 no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

##### *Movements in credit loss allowance*

There are no movement in the allowance for impairment of financial assets under SFRS (I) 9 during the financial year for the Group and Company except for the following:

	<b>Trade receivables USD</b>	<b>Other receivables USD</b>	<b>Short-term loans USD</b>	<b>Accrued interest USD</b>
<b>Group</b>				
Balance at 1 January 2019	619,616	82,640	244,250	24,471
Loss allowance measured/(reversed):				
Lifetime ECL				
– credit-impaired	4,785	161,163	–	5,487
– reversal of loss allowance	(17,309)	–	(6,068)	–
Effect of changes in foreign currency exchange rates	(44,967)	(698)	(2,307)	1,551
Balance at 31 December 2019	562,125	243,105	235,875	31,509
Loss allowance measured/(reversed):				
Lifetime ECL				
– credit-impaired	<b>299,394</b>	<b>2,000</b>	–	<b>4,421</b>
– reversal of loss allowance	<b>(8,729)</b>	<b>(115,459)</b>	–	–
Effect of changes in foreign currency exchange rates	<b>65,846</b>	<b>3,370</b>	<b>15,133</b>	<b>2,395</b>
Balance at 31 December 2020	<b>918,636</b>	<b>133,016</b>	<b>251,008</b>	<b>38,325</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Credit risk* (Continued)

*Movements in credit loss allowance* (Continued)

	<b>Short-term loans USD</b>	<b>Other receivables USD</b>	<b>Accrued interest USD</b>
<b>Company</b>			
Balance at 1 January 2019	767,000	–	–
Loss allowance measured/(reversed):			
Lifetime ECL			
– credit-impaired	228,570	76,046	26,199
Balance at 31 December 2019	995,570	76,046	26,199
Loss allowance measured/(reversed):			
Lifetime ECL			
– credit-impaired	<b>42,430</b>	–	<b>21,789</b>
Balance at 31 December 2020	<b>1,038,000</b>	<b>76,046</b>	<b>47,988</b>

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28 FINANCIAL INSTRUMENTS (CONTINUED)

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

##### *Liquidity risk* (Continued)

	Within 1 year USD	2 to 5 years USD	More than 5 years USD	Total USD
<b>Group</b>				
<b>2020</b>				
Trade and other payables	3,880,262	–	–	3,880,262
Film obligations and production loans	308,011	–	–	308,011
Borrowings	5,241,267	1,635,939	–	6,877,206
Lease liabilities	1,164,614	772,897	–	1,937,511
<b>2019</b>				
Trade and other payables	3,891,061	–	–	3,891,061
Film obligations and production loans	387,912	–	–	387,912
Borrowings	4,469,038	2,033,963	–	6,503,001
Lease liabilities	1,595,922	1,025,193	–	2,621,115
<b>Company</b>				
<b>2020</b>				
Trade and other payables	655,428	–	–	655,426
Borrowings	649,837	2,228,137	–	2,877,974
<b>2019</b>				
Trade and other payables	382,988	–	–	382,988
Borrowings	646,292	3,367,340	–	4,013,632

### 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 measured at fair value on the balance sheet at 31 December 2020 are disclosed in Note 18.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 29 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

#### 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	
	2020	2019	2020	2019	2020	2019
	USD	USD	USD	USD	USD	USD
<b>Group</b>						
Balance at beginning year	<b>3,027,407</b>	2,884,212	<b>374,282</b>	459,530	<b>1,110,538</b>	1,878,406
Acquisition of subsidiaries	–	–	–	–	–	–
Additions	–	2,144,726	–	–	<b>338,969</b>	–
Disposals	<b>(875,693)</b>	(1,981,326)	–	–	–	(499,574)
Fair value loss with respect to financial assets at FVTPL	–	–	<b>(17,000)</b>	(85,248)	<b>(101,231)</b>	(204,442)
Currency translation differences	<b>120,134</b>	(20,205)	–	–	<b>91,359</b>	(63,852)
Balance at end of financial year	<b><u>2,271,848</u></b>	<u>3,027,407</u>	<b><u>357,282</u></b>	<u>374,282</u>	<b><u>1,439,635</u></b>	<u>1,110,538</u>
Total losses for the year included in:						
<u>Profit or loss</u>						
Fair value loss with respect to financial assets at FVTPL	–	–	<b>(17,000)</b>	(85,248)	<b>(101,231)</b>	(204,442)
<u>Other comprehensive loss</u>						
Currency translation differences arising from consolidation	<b>120,134</b>	(20,205)	–	–	<b>91,359</b>	(63,852)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 30 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:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>USD</b>	<b>USD</b>
<b>Related parties</b>		
<i>Income</i>		
Revenue	–	199,637
Rental income	<b>45,306</b>	59,493
Interest income	<b>10,186</b>	73,410
Other income	<b>7,288</b>	8,718
<i>Expense</i>		
Interest expenses	<b>14,770</b>	31,288
Cost of sales	–	145,000
Loan to	<b>2,418,155</b>	–
Advance received from	<b>33,736</b>	–
Advance payment to	<b>2,927</b>	–
<b>Director</b>		
Loan to	<b>254,227</b>	–
Interest income	<b>35,027</b>	27,367
<b>Directors of subsidiaries</b>		
Loan from	–	1,225,955
Advances from	<b>722,268</b>	1,045,499
Interest expense	<b>51,602</b>	30,393

Related parties refer to associated companies and companies in which certain directors of the Group having control over financial and operating decisions.

### 31 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, leasing of equipment and talent management. 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:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31 SEGMENT INFORMATION (CONTINUED)

	Distribution of films		Production of films		Leasing of equipment		Talent management		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Revenue	1,227,994	3,817,293	4,750,383	12,212,117	537,440	2,195,538	2,543,254	1,161,867	421,691	707,767	9,480,762	20,094,582
Cost of sales	(535,276)	(3,173,756)	(4,637,631)	(8,559,516)	(725,322)	(951,443)	(1,691,728)	(368,187)	(189,177)	(225,104)	(7,779,134)	(13,278,006)
Share of results of associated companies	-	-	-	-	-	-	(1,359,174)	(201,631)	-	-	(1,359,174)	(201,631)
Loss on disposal of property, plant and equipment	(7,312)	-	(2,635)	-	(39,550)	(1,386)	-	-	-	-	(49,497)	(1,386)
Reversal of loss on film borne by external investors	(1,917)	(1,940)	-	-	-	-	-	-	-	-	(1,917)	(1,940)
Fair value loss on investment in financial assets of FVTPL	(101,231)	-	-	-	-	-	-	-	(17,000)	-	(118,231)	-
Impairment loss on film production inventories	(583,012)	(28,270)	-	-	-	-	-	-	-	-	(583,012)	(28,270)
Impairment of goodwill	(440,000)	-	(800,000)	-	(1,119,006)	(745,000)	(4,195,000)	(501,000)	-	-	(6,554,006)	(1,246,000)
Impairment of investment in associated companies	-	-	-	-	-	-	(5,180,000)	(135,601)	-	-	(5,180,000)	(135,601)
Impairment loss on intangible assets	-	-	-	-	-	-	(4,377,213)	-	-	-	(4,377,213)	-
Impairment loss on property, plant and equipment	-	-	-	-	(1,533,671)	-	-	-	-	-	(1,533,671)	-
<b>Segment gross results</b>	<b>(440,754)</b>	<b>613,327</b>	<b>(689,883)</b>	<b>3,652,601</b>	<b>(2,880,109)</b>	<b>497,709</b>	<b>(14,259,861)</b>	<b>(44,552)</b>	<b>(215,514)</b>	<b>482,663</b>	<b>(18,055,093)</b>	<b>5,201,748</b>
Selling expenses and general and administrative expenses (exclude depreciation and amortisation)	(706,730)	(955,519)	(2,733,922)	(3,056,855)	(309,305)	(549,572)	(1,463,683)	(290,831)	(242,690)	(177,163)	(5,456,330)	(5,029,940)
<b>Segment net results</b>	<b>(1,147,484)</b>	<b>(342,192)</b>	<b>(3,423,805)</b>	<b>595,746</b>	<b>(3,189,414)</b>	<b>(51,863)</b>	<b>(15,723,544)</b>	<b>(335,383)</b>	<b>(27,176)</b>	<b>305,500</b>	<b>(23,511,423)</b>	<b>171,808</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31 SEGMENT INFORMATION (CONTINUED)

	Distribution of films		Production of films		Leasing of equipment		Talent management		Others		Total	
	2020 USD	2019 USD	2020 USD	2019 USD	2020 USD	2019 USD	2020 USD	2019 USD	2020 USD	2019 USD	2020 USD	2019 USD
Unallocated other income:												
Other income and gains											723,822	439,260
Interest income											106,445	142,030
Unallocated expenses:												
Depreciation and amortisation											(1,387,593)	(2,624,618)
Other expenses											(97,928)	(923,058)
Finance costs											(331,116)	(292,291)
Loss before tax											(24,497,793)	(3,086,869)
Tax credit/(expense)											1,372,612	(346,954)
Loss for the year											(23,125,181)	(3,433,823)
<b>Segment assets</b>	<b>1,313,068</b>	<b>1,891,758</b>	<b>6,469,916</b>	<b>7,182,400</b>	<b>1,036,292</b>	<b>3,455,578</b>	<b>19,799,720</b>	<b>34,701,040</b>	<b>324,587</b>	<b>211,133</b>	<b>28,943,583</b>	<b>47,441,889</b>
Unallocated assets											<b>21,276,714</b>	<b>22,681,652</b>
Total assets											<b>50,220,297</b>	<b>70,123,541</b>
<b>Segment assets includes:</b>												
Investment in associated companies											<b>14,831,533</b>	<b>21,235,730</b>
Additions to non-current assets	<b>183,263</b>		<b>247,281</b>	<b>25,892</b>	<b>368,201</b>	<b>985,280</b>	<b>314,611</b>	<b>212,169</b>		<b>1,116</b>	<b>1,113,356</b>	<b>1,224,457</b>
<b>Segment liabilities</b>	<b>641,290</b>	<b>980,565</b>	<b>2,480,773</b>	<b>3,136,981</b>	<b>742,503</b>	<b>1,606,972</b>	<b>1,328,153</b>	<b>298,454</b>	<b>220,218</b>	<b>480,261</b>	<b>5,412,937</b>	<b>6,204,779</b>
Unallocated liabilities											<b>12,172,184</b>	<b>12,213,446</b>
Total liabilities											<b>17,585,121</b>	<b>18,418,225</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 31 SEGMENT INFORMATION (CONTINUED)

#### 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 building and 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 two (2019: four) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

	Attributable segments	2020 USD	2019 USD
Customer 1	Production and distribution of films	–	3,874,261
Customer 2	Production and distribution of films	968,727	2,279,289
Customer 3	Distribution of films	–	5,555,765
Customer 4	Distribution of films	–	2,387,060
Customer 5	Production of films	2,893,272	–
		<b>3,861,999</b>	<b>14,096,375</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 32 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 2019.

### 33 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors dated 14 April 2021.

## STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2021

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	:	47,568,500
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	10	0.48	333	0.00
100 – 1,000	31	1.50	17,600	0.00
1,001 – 10,000	173	8.37	1,288,089	0.07
10,001 – 1,000,000	1,654	80.02	350,533,334	18.43
1,000,001 and above	199	9.63	1,549,817,963	81.50
<b>TOTAL</b>	<b>2,067</b>	<b>100.00</b>	<b>1,901,657,319</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BIGFOOT CONTENT LIMITED	143,055,556	7.52
2	UOB KAY HIAN PTE LTD	91,770,341	4.83
3	MASHMELLOW MARKETING AGENCY PTE. LTD.	90,833,333	4.78
4	MASK ENTERTAINMENT AND PRODUCTIONS CO., LTD.	90,833,333	4.78
5	REALDEAL ENTERTAINMENT AND PRODUCTIONS CO. LTD.	86,850,057	4.57
6	VANILLA SKY MARKETING AGENCY PTE LTD	80,000,101	4.21
7	OCBC SECURITIES PRIVATE LTD	69,065,456	3.63
8	SPACKMAN EQUITIES GROUP INC.	62,000,000	3.26
9	LEE EE @ LEE ENG	52,135,100	2.74
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	49,013,912	2.58
11	DBS NOMINEES PTE LTD	31,434,200	1.65
12	LEONG LAI YEE	30,198,713	1.59
13	RAFFLES NOMINEES (PTE) LIMITED	29,834,469	1.57
14	LEE YOO JIN	23,160,000	1.22
15	LIM AND TAN SECURITIES PTE LTD	21,935,000	1.15
16	PHILLIP SECURITIES PTE LTD	19,141,800	1.01
17	KIM SOON JA	18,411,000	0.97
18	LIM JI YOUNG	17,516,226	0.92
19	LEE WEE NGAM	16,100,000	0.85
20	MAYBANK KIM ENG SECURITIES PTE. LTD	15,669,000	0.82
	<b>TOTAL</b>	<b>1,038,957,597</b>	<b>54.65</b>

**STATISTICS OF SHAREHOLDINGS**

AS AT 17 MARCH 2021

**SUBSTANTIAL SHAREHOLDERS**

<b>NAME OF SHAREHOLDER</b>	<b>DIRECT INTEREST</b>		<b>DEEMED INTEREST</b>	
	<b>NO. OF SHARES</b>	<b>%</b>	<b>NO. OF SHARES</b>	<b>%</b>
SPACKMAN EQUITIES GROUP INC.	143,521,000	7.55	–	–
BIGFOOT CONTENT LIMITED	143,055,556	7.52	–	–

**SHAREHOLDINGS HELD IN HANDS OF PUBLIC**

Based on information available to the Company as at 17 March 2021, approximately 83.42% 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

Ms Thong Yuen Siew Jessie and Mr Richard Lee are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2021 (“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	Thong Yuen Siew Jessie	Richard Lee <sup>(1)</sup>
Date of Appointment	10 January 2014	18 January 2018
Date of last re-appointment	26 April 2018	26 April 2018
Age	54	47
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered the recommendation of the Nominating Committee, and having assessed Ms Thong Yuen Siew Jessie’s prior working experience and qualifications, is of the view that she has requisite experiences and capabilities to assume the responsibility as Lead Independent Director of the Company.	The Board of Directors of the Company has considered the recommendation of the Nominating Committee, and having assessed Mr Richard Lee’s prior working experience and qualifications, is of the view that he has requisite experiences and capabilities to assume the responsibility as Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Nominating Committee and member of Audit and Risk Management Committee and the Remuneration Committee	Non-Executive Director
Professional qualifications	Please refer to page 34 of the Annual Report	Please refer to page 34 of the Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to page 34 of the Annual Report	Please refer to page 34 of the Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Nil	1,013,900 ordinary shares of the Company (0.052%)
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
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Thong Yuen Siew Jessie	Richard Lee <sup>(1)</sup>
<p>Other Principal Commitments* Including Directorships#</p> <p>* "Principal Commitments" has the same meaning as defined in the Code.</p> <p># These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>	<ul style="list-style-type: none"> <li>• JHT Law Corporation</li> <li>• Halogen Foundation (Singapore)</li> <li>• Tsing Investments Pte. Ltd.</li> <li>• Indo Kaya Energi Pte. Ltd.</li> <li>• Arrow Consulting Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Spackman Equities Group Inc.</li> <li>• Spackman Media Group Limited</li> <li>• Spackman Media Korea Inc.</li> </ul>
(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/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she 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/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No
(d) Whether he/she 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/she is aware) for such purpose?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Thong Yuen Siew Jessie	Richard Lee <sup>(1)</sup>
(e) Whether he/she 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/she is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her 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/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she 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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Thong Yuen Siew Jessie	Richard Lee <sup>(1)</sup>
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Thong Yuen Siew Jessie	Richard Lee <sup>(1)</sup>
(k) Whether he/she 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
Any prior experience as a director of a listed company? 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).	Yes  Ms Thong Yuen Siew Jessie is presently a Lead Independent Director of the Company.	Yes  Mr Richard Lee is presently a Non-Executive Director of the Company.

**Note:**

(1) On 3 September 2020, Singapore Exchange Regulation ("SGX RegCo") issued a Notice of Compliance to the Company, pursuant to which the Audit and Risk Management Committee of the Company had appointed Deloitte & Touche Financial Advisory Services Pte Ltd to conduct an independent review.

On 12 November 2020, the Board was made aware of a decision of the High Court of the Hong Kong Special Administrative Region in action no. HCA 1586/2016 issued on 20 October 2020 in regards to the continuation of an interlocutory injunction involving, inter alia, Yoo Shin Choi (naturalized name Charles C. Spackman) and Mr Richard Lee ("**HK High Court Decision**").

On 12 January 2021, in response to SGX RegCo's queries, the Company announced the Nominating Committee's recommendation and its bases to the Board in finding Mr Richard Lee to remain suitable as a Non-Executive Director of the Company. As the independent review would likely cover certain matters described in the HK High Court Decision, the Nominating Committee takes the view that it will, upon conclusion of the independent review, consider the findings and will thereafter reassess the suitability of the Company's directors and management.

Please refer to the Company's announcements dated 3 September 2020, 20 October 2020, 12 November 2020 and 12 January 2021 for further details.

## NOTICE OF ANNUAL GENERAL MEETING

### SPACKMAN ENTERTAINMENT GROUP LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 201401201N)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Spackman Entertainment Group Limited (the “Company”) will be held via electronic means on Friday, 30 April 2021 at 3:00 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 2020 together with the Auditor’s Report thereon.

**(Resolution 1)**

2. To re-elect Ms Thong Yuen Siew Jessie (“**Ms Jessie Thong**”) who is retiring pursuant to the Company’s Constitution and who, being eligible, offers herself for re-election.

Ms Jessie Thong will, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of Nominating Committee, member of Audit and Risk Management Committee and Remuneration Committee.

*[See Explanatory Note (a)]*

**(Resolution 2)**

3. To re-elect Mr Richard Lee (“**Mr Lee**”) who is retiring pursuant to the Company’s Constitution and who, being eligible, offers himself for re-election.

Mr. Lee will, upon re-election as a Director of the Company, remain as Non-Executive and Non- Independent Director of the Company.

*[See Explanatory Note (b)]*

**(Resolution 3)**

4. To approve the payment of Directors’ fees of US\$108,000 (2020: US\$108,000) for the financial year ending 31 December 2021, to be paid quarterly in arrears.

**(Resolution 4)**

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

**(Resolution 5)**

6. 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:

7. **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, Chapter 50 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 (c)]*

**(Resolution 6)**

## NOTICE OF ANNUAL GENERAL MEETING

### 8. 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;

(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 earlier; 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:

## NOTICE OF ANNUAL GENERAL MEETING

- (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 (d)]*

**(Resolution 7)**

By Order of the Board

Mr Anthony Wong Wei Kit  
Independent Non-Executive Chairman  
Singapore  
15 April 2021

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (a) Information on Ms Jessie Thong can be found on pages 34 and 158 to 162 of the annual report.
- (b) Information on Mr Lee can be found on pages 34 and 158 to 162 of the annual report.
- (c) The Resolution 6 in item 7, 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.
- (d) The Resolution 7 in item 8, 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 7. Details of the proposed renewal of the Share Buy Back Mandate are set out in the Appendix accompanying this annual report.

## MEASURES TO MINIMISE RISK OF COMMUNITY SPREAD OF COVID-19

### Alternative arrangements to hold general meetings

1. The Annual General Meeting (“AGM”) of the Company will be 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 and shareholders will NOT be allowed to attend the AGM in person. Printed copies of this Notice will NOT be sent to members. This Notice will be available to members by electronic means via publication on the Company’s corporate website [www.spackmanentertainmentgroup.com](http://www.spackmanentertainmentgroup.com) and on the SGXNet.
2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by: (a) observing and listening to the AGM proceedings via a live streaming. Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraphs 3 and 4 below; (b) voting by proxy at the AGM in the manner outlined in paragraphs 7 to 10 below; and (c) submitting questions prior to the date of the AGM in the manner outlined in paragraphs 11 to 15 below.

### Participate in the AGM via live streaming

3. All shareholders or their corporate representatives (in the case of corporate shareholders) will be able to observe and listen to the AGM proceedings through a live streaming via their mobile phones, tablets or computers upon pre-registration. To do so, they will need to complete the attached pre-registration form and email the signed and completed pre-registration form to the email address provided by the Company for verification of their status as shareholders (or the corporate representatives of such shareholders). All completed pre-registration forms must be received by the Company no later than 5.00 p.m. on 22 April 2021.

**Email address: [info@spackmanentertainment.com](mailto:info@spackmanentertainment.com)**

4. Upon successful pre-registration, each such shareholder or its corporate representative will receive an email by 28 April 2021. The email will contain a link to access the live streaming of the AGM proceedings, together with the relevant log in details and instructions. Shareholders (or corporate representatives) who do not receive an email by 28 April 2021, but have pre-registered in accordance with paragraph 3 above should email the Company at [info@spackmanentertainment.com](mailto:info@spackmanentertainment.com).
5. Shareholders are reminded that the AGM proceedings are private. Instructions on access to the live streaming of the AGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise not authorised to attend the AGM. Recording of the live streaming in whatever form is also strictly prohibited.
6. Shareholders will not be able to vote through the live streaming and can only vote with their proxy forms which are required to be submitted in advance.

### Voting by proxy

7. The only way for Shareholders to exercise their voting rights at the AGM is via proxy voting. Shareholders would have to submit the attached proxy form to the Company in accordance with the instructions set out in such proxy form and appoint “Chairman of the Meeting” as their proxy. All votes in the AGM will be taken on a poll.
8. Shareholders (whether individuals or corporates) appointing the “Chairman of the Meeting” as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.
9. The proxy form must be received by the Company’s share registrar no later than 3:00 p.m. on 28 April 2021 (being 48 hours before the time appointed for the AGM) by submitting the proxy form to the following:

**Mailing address: Spackman Entertainment Group Limited  
C/o Tricor Barbinder Share Registration Services  
80 Robinson Road #11-02, Singapore 068898**

or

**Email address: [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com)**

10. Shareholders who hold their shares through relevant intermediaries and who wish to exercise their votes by appointing the “Chairman of the Meeting” as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days prior to the date of the AGM. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit the proxy form to the Company’s share registrar by the deadline set out in paragraph 9 above.



# NOTICE OF ANNUAL GENERAL MEETING

## Submission of questions prior to AGM

11. Shareholders may submit in advance any questions they wish for the Company to consider addressing during the live streaming of the AGM proceedings by emailing such questions to [info@spackmanentertainment.com](mailto:info@spackmanentertainment.com).
12. All questions must be received by the Company no later than 5.00 p.m. on 22 April 2021. Shareholders are also reminded to provide their full names and identification numbers when writing in, along with their email addresses and mobile contact numbers.
13. Please note that shareholders will not be able to ask questions at the AGM and accordingly, it is important for shareholders to submit their questions by the deadline set out in paragraph 12 above.
14. Due to the time limit of the AGM, the Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from shareholders prior to the date of the AGM.
15. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of AGM, including responses from the Board and Management in relation to substantial and relevant questions from shareholders relating to the resolutions to be tabled for approval at the AGM, if any.

## Notes:

- (1) A member of the Company who is entitled to attend and vote at the AGM is entitled to appoint the "Chairman of the Meeting" as a proxy to vote in his/her stead.
- (2) The instrument appointing the "Chairman of the Meeting" as proxy must be duly sent to the Company's share registrar's office by mail or email (see paragraph 9 above for the address and email address) not less than forty-eight (48) hours before the time appointed for holding the AGM of the Company.

## PERSONAL DATA PRIVACY

By (a) submitting the pre-registration form in accordance with paragraph 3 and 4 of section "Measures to Minimise Risk of Community Spread of COVID-19" (the "COVID-19 Notice") above, or (b) submitting an instrument appointing the "Chairman of the Meeting" as proxy to vote at the AGM and/or any adjournment thereof in accordance with paragraphs 7 to 10 of the COVID-19 Notice or (c) submitting any question prior to the AGM in accordance with paragraphs 11 to 15 of the COVID-19 Notice above, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the "Chairman of the Meeting" as proxy for the AGM (including any adjournment thereof);
- (ii) processing the pre-registration forms for purposes of granting access to members (or their corporate representatives in the case of members who are corporate entities) to view the live streaming of the AGM proceedings and providing viewers with any technical assistance where necessary;
- (iii) addressing selected questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

The Company will continue to comply with precautionary measures recommended and imposed by the authorities and will make further announcement should there be further changes to the AGM arrangements.

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*This notice 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 Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this notice.*

*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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this notice.*

*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](mailto:sponsor@rhtgoc.com)*





**spackmanentertainmentgroup**

(Company Registration No.: 201401201N)

(Incorporated in the Republic of Singapore on 10 January 2014)

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