

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

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**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED WITH REGARDS TO THE ANNOUCEMENT DATED 28 FEBRUARY 2023 (“FY2022 FINANCIAL RESULTS”)**

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The Board of Directors (“**Board**”) of Spackman Entertainment Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to provide the following information in response to query from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in respect of the Company’s FY2022 Financial Results.

**Query of the SGX-ST & Company’s Response**

1. The Group’s trade and other receivables amounting to US\$5.94 million, while its revenue for FY2022 was US\$3.4 million.

Please disclose the following details:

- (i) A breakdown of the Group’s trade and other receivables;

Please refer to Appendix 1.

- (ii) For other receivables, the underlying transactions, the terms of the transactions (including the contract sum), terms of payment, and whether this was incurred in the ordinary course of business;

Other receivables mainly comprise advance payment of US\$2.28 million for production (including development and pre-production) of films, loan to the associated company of US\$1.01 million\*, and other receivables of US\$0.90 million, of which US\$0.53 million had been received as of today.

*\*Approved by the Board for the Group’s business strategy to leverage on the talent management platform of the associated company.*

- (iii) the aging profile of the Group’s trade and other receivables/trade receivables in bands of 3 months;

Please refer to Appendix 1-1 and 1-4-1.

- (iv) whether these outstanding amounts are owing to related parties. If yes, to provide details and quantify;

The counterparties for the receivables are with non-related third parties, except for the loan to the associated company.

- (v) whether these debtors are related to any directors, key executives, substantial shareholders or their respective associates;

No.

vi) whether these customers are still in operation; and

Yes.

(vii) the Board's assessment on the recoverability of the Group's trade and other receivables/trade receivables, and the basis for such an assessment.

The Board does not foresee any major recoverability issues based on the receivable aging, nature of the receivables and the credit profile of the debtors.

2. Please disclose a breakdown of the Group's trade and other payables of US\$2.126 million as at 31 December 2022.

Please refer to Appendix 2.

For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.

Please refer to Appendix 2-1 for aging and Appendix 2-2 for other payables.

Other than the amount due to the subsidiary's CEO (who is neither the director nor the management of the Group) and other payables related to staff salaries, the remaining counterparties are non-related third parties. These other payables are incurred in the Group's ordinary course of business.

3. Please provide the reason(s) for the significant loans and borrowings of US\$6.5 million when the Group has US\$6.2 million of cash and cash equivalents as at 31 December 2022.

Please note that the loans and borrowings of US\$6.54 million is at the Company level (i.e. the Singapore company as a stand-alone), and not the listed Group consolidated level. This amount consists mainly of the intercompany loans at the Company level.

At the listed Group consolidated level, the Group's total borrowings is US\$ 1.81 million and has a total of US\$ 6.21 million cash and cash equivalents as at 31 December 2022.

At the stand-alone Company level, the borrowings of US\$ 6.54 million loans comprise intercompany loans from its wholly owned subsidiaries such as Zip Cinema (HK) Limited ("**Zip HK**"), Take Pictures Pte. Ltd. ("**Take Pictures**") and Constellation Agency Pte. Ltd. ("**Constellation Agency**"), excluding the lease liabilities from right of use asset related to office rent of US\$0.07 million. Please refer to Appendix 3 on the breakdown of the Company level borrowings.

Please also disclose:

(i) details of the loans, including the terms of the loans, interest on loans and maturity dates;

Please refer to Appendix 3.

(ii) a breakdown of the lenders and their identities (and its ultimate beneficial shareholders and directors if this is not a bank);

Please refer to Appendix 3.

(iii) when were the loans obtained and approved by the Board including the Audit Committee; and

In accordance with the Group's policy, there is no requirement to obtain Board approval for intercompany loans. In addition, Zip HK, wholly owned subsidiary of the Company, is expected to declare dividend to the Company in 2023. This will offset against the Company's borrowings payable to Zip HK.

(iv) the use of proceeds from the loan.

The loans were mainly used as working capital in the Group's ordinary course of business.

4. The Group disposed Frame Pictures Co., Ltd. in December 2021 and is left with its film production and distribution business.

Does the Board have other plans for the Company since the disposal of its cinema businesses, such as business/geography focus or any diversification plans.

After the disposal of Zip Cinema and Frame Pictures, the Group has developed a pipeline of films and dramas.

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

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

The Group is also working on an OTT drama project based on an award-winning novel, which is currently at the development and pre-production stage.

In addition to the development and production of Korean content, the Group is reviewing projects for the co-production and financing of US films, and presently working with renowned US film producer and well-established script writer and director on an upcoming US movie.

As some of these projects are still in the development and production stage, the Group will announce if there are material updates to its pipeline of films and dramas.

By Order Of The Board

Na Kyoungwon  
Chief Operating Officer, President and Executive Director  
6 March 2023

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").*

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

*The details of the contact person for the Sponsor are:-*

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## Appendix 1 SEGL Group's Trade and Other Receivables

Trade and other receivables	US\$'000	Re mark
Trade receivables	190	
Advance payments	2,279	Please refer to Appendix 1-3
Loans	1,883	Out of which, 1,011 loan is with the associated company, Spackman Media Group*
Other receivables	895	Collected 526 as of present
Leasehold deposits	349	
Accrued income	287	
VAT or GST receivables	57	
<b>Total</b>	<b>5,940</b>	

\*Approved by the Board for the Group's business strategy to leverage on the talent management platform of the associated company.

### Appendix 1-1 Aging Profile of SEGL Group's Trade Receivables

Aging of the trade receivables	US\$'000	Remark
not due	52	
1-30 days	59	Received full collection on February 2023
31-60 days	-	
61-90 days	-	
over 90 days	78	Mainly from associated company SMGL, which is in net asset position
<b>Total</b>	<b>190</b>	

### Appendix 1-2 Loans of SEGL Group

Loans	USD'000	Maturity	Interest	Description
Associated company	1,011	Dec 23	2.00-6.00%	Loan to associated company in the talent management agency business as operating capital with interest charged based on geographical region
Employees	126	Jul 23-Jan 24	0.00-4.60%	Part of employee benefit
Third Party Non-related Business Partners	747	Sep-Dec 23	0.00-3.00%	Loan to third party business partners in film production, distribution and talent management agency business for business relationship and on-going partnerships
<b>Total</b>	<b>1,883</b>			

### Appendix 1-3 Advance payments of SEGL Group

Advance payments	US\$'000
Production (including development & pre-production) in film projects	569
Development and pre-production in TV drama projects	675
Advance payments for collaboration with the talent management business	913
Others	122
<b>Total</b>	<b>2,279</b>

### Appendix 1-4 SEGL Group's Other Receivables

Other receivables	US\$'000
Prepayments related to insurance and office rent etc	103
Other receivables related to disposal of post-theatrical distribution rights of a film*	526
Other receivables related to the artist's appearance fees	256
Miscellaneous	10
<b>Total</b>	<b>895</b>

\*Received as of 6 March 2023.

#### Appendix 1-4-1 Aging Profile of SEGL Group's Other Receivables

Aging of the other receivables	US\$'000
1-30 days	792*
31-60 days	-
61-90 days	11
Over 90 days	92
<b>Total</b>	<b>895</b>

\*Received 526k as of 6 March 2023.

### Appendix 2 SEGL Group's Trade and Other Payables

Trade and other payables	US\$'000
Trade payables	19
Accrued expenses	44
Withholding Tax	63
Other payables	1,979
Allowance for unutilized leave	19
<b>Total</b>	<b>2,126</b>

### Appendix 2-1 Aging Profile of SEGL Group's Trade Payable

Aging on trade payables	US\$'000
1-30 days	14
31-60 days	-
61-90 days	-
Over 90 days	5
<b>Total</b>	<b>19</b>

### Appendix 2-2 SEGL Group's Other Payables

Other payables	US\$'000	Counter Parties
Amount due to subsidiary's CEO	328	Employees
Staff salaries	270	Employees
Legal fees	314	Third Party Vendors
Audit fees	190	Third Party Vendors
Advance received related to a film	237	Third Party Vendors
Other receivables related to the artist's (from its subsidiary, PMG) appearance fees	224	Third Party Vendors
Rental deposits	10	Third Party Vendors
VAT / GST payables	37	Government
Other payables related to the post-theatrical distribution of a film	90	Third Party Vendors
Sponsor fees	66	Third Party Vendors
Other accruals related to operations	126	Third Party Vendors
Rent	88	Third Party Vendors
<b>Total</b>	<b>1,979</b>	

### Appendix 3 SEGL Company Level Borrowings

Account	Entity	Relation	USD'000	Maturity	Interest Rate
Long term borrowings	Constellation Agency	Subsidiary	476	2024-12-31	2.00%
	Take Pictures	Subsidiary	393	2024-12-31	2.00%
	Zip Cinema (HK)	Subsidiary	266	2024-12-31	2.00%
Short term borrowings	Zip Cinema (HK)	Subsidiary	5,330	2023-12-31	2.00%
	City Dev Real Estate (ROU lease liability)	Landlord	70	2023-04-30	-
<b>Total</b>			<b>6,535</b>		