

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

RESPONSE TO SGX QUERIES IN RELATION TO THE HONG KONG DECISION ISSUED ON 20 OCTOBER 2020

*Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Notice of Compliance dated 3 September 2020 (“**Notice of Compliance**”) and the Company’s announcements dated 20 October 2020 and 12 November 2020.*

The Board of Directors (the “**Board**”) of Spackman Entertainment Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Notice of Compliance issued by SGX RegCo to the Company and the Company’s announcement dated 20 October 2020 in relation to the appointment of the Independent Reviewer and the Company’s announcement dated 12 November 2020 in relation to the HK High Court Decision issued by the HK Courts in regards to, *inter alia*, Mr. Spackman and Mr. Richard Lee.

The Board wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the HK High Court Decision.

1. SGX-ST’s Query:

The HK High Court Decision pointed to evidence that Mr Richard Lee is Mr Spackman’s nominee, and he was the corporate secretary of BVI entities involved in the share swap of shares of Spackman Media Group Limited (“**SMGL**”).

As Mr Spackman is no longer a director/key management of the Company since 2017, we would like the Company’s Nominating Committee to opine with basis on whether Mr Richard Lee is suitable to remain as a non-executive director of the Company.

Company’s Response:

The Nominating Committee noted that the HK High Court Decision was made in relation to certain injunction reliefs sought by one Mr. Sang Cheol Woo (“**Mr. Woo**”) to enforce a default judgment obtained by Mr. Woo in regards to Mr. Spackman in Korea in 2011, details of which were disclosed on pages 182 to 186 of the Company’s offer document dated 11 July 2014 (“**Korean Default Judgment**”).

The Nominating Committee has been advised by the legal adviser to the Company, Drew & Napier LLC, that the findings in the HK High Court Decision appears to be made on an interlocutory basis and without the participation of Mr. Richard Lee, and therefore evidence mentioned in the HK High Court Decision in relation to Mr. Richard Lee should not be taken as conclusive evidence of facts. Upon enquiry from the Nominating Committee, Mr. Richard

Lee denied the allegations made against him in the HK High Court Decision, save for the provision of a personal loan to Mr. Spackman as described, although differently, in paragraph 73(iii) of the HK High Court Decision. The loan was extended in Mr. Richard Lee's personal capacity and as a longtime friend of Mr. Spackman. Mr. Richard Lee however maintains that he is not a nominee of Mr. Spackman and is able to independently discharge his fiduciary duties and obligations as a director of the Company.

Based on its review of the HK High Court Decision, supporting evidence and representation provided by Mr. Richard Lee to the Nominating Committee, the Nominating Committee is of the view that at present, the HK High Court Decision has no bearing on the suitability of Mr. Richard Lee as director of the Company. The Nominating Committee is satisfied that there are no material concerns which would cast doubts on Mr. Richard Lee's ability to discharge his fiduciary duties and obligations and therefore he should remain as a non-executive director of the Company. The Nominating Committee's view further premises on Mr. Richard Lee's experience in the investment and entertainment business and directorships, as executive and non-executive both past and present, as well as his present role in the Company.

The Nominating Committee however noted that the independent review pursuant to the Notice of Compliance would likely cover certain matters described in the HK High Court Decision, such as the Past Acquisitions involving SMGL shares. 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.

Having considered the above, the Board has accepted the Nominating Committee's recommendation that Mr. Richard Lee should remain as a non-executive director of the Company. In the interim, Mr. Richard Lee will keep the Board updated on the progress of the HK High Court Decision.

2. SGX-ST's Query:

In view of the disclosure in Spackman's offer document of 2014, on the civil suits between Mr Sang Cheol Woo and Mr Spackman, and in view of the current development (HK High Court Decision), we would like the Company to update shareholders (via an announcement) on the development and impact (if any) of the civil suits on the Company.

Company's Response:

The Board noted that the HK High Court Decision was made in relation to certain injunction reliefs sought by Mr. Woo to enforce the Korean Default Judgment in regards to Mr. Spackman in his personal capacity. The Company is not privy to the developments of the Korean Default Judgment or the HK High Court Decision as the Company is not a party to those matters. Accordingly, the Board is of the view that the personal civil suits between Mr. Woo and Mr. Spackman, who is no longer a director of the Company, do not have any impact on the Company.

Notwithstanding the above, the Board noted that the HK High Court Decision referred to certain disposal of shares in SMGL which appear to be part of the Past Acquisitions made by the Company.

Given that the Independent Reviewer is conducting an independent review on, *inter alia*, the Past Acquisitions, the Company will update shareholders on the development and impact (if any) on the Company upon the completion of the independent review.

3. SGX-ST's Query:

Please provide an update on the progress of the Independent Review and an indicative timeline for the release of the findings.

Company's Response:

The ARMC wishes to provide shareholders with an update on the progress of the independent review pursuant to the Notice of Compliance.

The scope of the independent review was determined in October 2020 which involves, *inter alia*, review of the circumstances and events relating to the Past Acquisitions, review of the adequacy and effectiveness of the internal controls of the Group relating to the Past Acquisitions, background checks on the Vendors of the Past Acquisitions and interviews with persons to be identified by the Independent Reviewer.

To achieve the objectives of the independent review, the Company has made available information, documents and records dating as far back as 2015. The Company has offered its cooperation to the Independent Reviewer by making available relevant documents and records within its possession. However, certain documents and records required for the independent review belong to third parties and in that regard, Management has been in discussions with those parties and is in the process of procuring those documents and records to the extent possible.

In addition to the above, Management has been informed of the progress of the independent review. Management has also been providing regular status updates to the ARMC and the Sponsor on material developments of the independent review.

As at the date of this announcement, the ARMC has been informed that the independent review is expected to take approximately three (3) months upon the provision of all of the required information, documents and records, following which the first draft of the report is expected to be circulated to the ARMC, the Sponsor and SGX RegCo.

The ARMC would like to reassure shareholders that there has been progress in respect of the independent review and the Company will continue to devote the necessary resources and efforts to complete the independent review as soon as practicable.

The Company will make further announcement(s) as and when there are material developments on this matter.

BY ORDER OF THE BOARD

Na Kyoungwon
Chief Operating Officer, President and Executive Director
12 January 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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

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