SPACKMAN EQUITIES GROUP INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Canadian Dollars)

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Independent Auditors' Report

To the Shareholders of Spackman Equities Group Inc.

Opinion

We have audited the consolidated financial statements of Spackman Equities Group Inc. and its subsidiaries (the “Group” or the “Company”), which comprise the consolidated statements of financial position as at December 31, 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders’ equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The consolidated financial statements of Spackman Equities Group Inc. for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified audit opinion on those statements on April 28, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in Material Uncertainty Related to Going Concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis for the year ended December 31, 2022.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis for the year ended December 31, 2022, prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, 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.

The engagement partner on the audit resulting in this independent auditor's report is Harpreet Dhawan.

HDCPA Professional Corporation
Chartered Professional Accountants,
Authorized to practice public accounting by CPA Ontario

Mississauga, ON
April 19, 2023

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	Notes	**December 31, 2022**	December 31, 2021
ASSETS			
Cash	4	**$ 7,470**	$ 72,996
Investment in shares of public company	5	**434,998**	539,695
Investment in shares of private company	6,13	**154,943**	151,468
Total assets		**$ 597,411**	$ 764,159
LIABILITIES			
Accounts payable and accrued liabilities	7,11	**$ 297,362**	$ 234,769
Loan payable	8	**1,018,272**	848,396
Total liabilities		**1,315,634**	1,083,165
SHAREHOLDERS' EQUITY			
Share capital	9	**11,601,165**	11,601,165
Contributed surplus	10	**1,558,667**	1,558,667
Accumulated earnings (deficit)		**(13,878,055)**	(13,478,838)
Total deficit		**(718,223)**	(319,006)
Total equity and liabilities		**$ 597,411**	$ 764,159

Nature of operations and Going concern (Note 1)
Contingency (Note 14)
Subsequent event (Note 15)

Approved on Behalf of the Board

'Richard Lee' Director

'William Hale' Director

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Notes	Years Ended December 31, 2022	2021
Investment loss			
Unrealized gain (loss) on fair value of investment in shares of private company		**$ 18,678**	$ (37,278)
Unrealized loss on fair value of investment in shares of public company		**(144,999)**	(269,763)
Total loss from investments		**(126,321)**	(307,041)
Expenses			
General and administrative	11	**184,881**	190,782
Interest and penalties	8	**63,329**	44,603
Loss on foreign currency		**42,420**	30,254
Accretion expense		**16,516**	3,883
Fair value adjustment of loan		**-**	(17,402)
Total expenses		**307,146**	252,120
Loss before income tax		**(433,467)**	(559,161)
Other income		**34,250**	-
Net loss and comprehensive loss for the year		**$ (399,217)**	$ (559,161)

Net loss per share			
Basic and fully diluted loss per share		**$ (0.03)**	$ (0.04)
Weighted average number of shares outstanding basic and fully diluted		**14,889,972**	14,889,972

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Share capital				
	Common shares	Amount	Contributed surplus	Accumulated deficit	Total
Balance, January 1, 2021	14,889,972	$11,601,165	$ 1,558,667	$ (12,919,677)	$ 240,155
Net loss and comprehensive loss for the year	-	-	-	(559,161)	(559,161)
Balance, December 31, 2021	14,889,972	$11,601,165	$ 1,558,667	$ (13,478,838)	$ (319,006)
Balance, January 1, 2022	14,889,972	$11,601,165	$ 1,558,667	$ (13,478,838)	$ (319,006)
Net loss and comprehensive loss for the year	-	-	-	(399,217)	(399,217)
Balance, December 31, 2022	14,889,972	$11,601,165	$ 1,558,667	$ (13,878,055)	$ (718,223)

The 10 to 1 consolidation affected all of the Company's outstanding common shares as at the effective date; as a result, the prior year presentation in the consolidated financial statements has been restated.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Notes	Years Ended December 31, 2022	2021
OPERATING ACTIVITIES			
Net loss for the year		**$ (399,217)**	$ (559,161)
Adjustments not affecting cash:			
Unrealized gain on fair value of investment in shares of private company	6	**(18,678)**	37,278
Unrealized loss on fair value of investment in shares of public company	5	**144,999**	269,763
Fair value adjustment of loan		**-**	(17,402)
Accretion expense		**16,516**	3,883
Foreign exchange loss		**40,389**	30,613
		(215,991)	(235,026)
Changes in non-cash working capital			
Accounts payable and accrued liabilities		**62,593**	92,087
Cash used in operating activities		**(153,398)**	(142,939)
FINANCING ACTIVITIES			
Proceeds from loan payable	8	**87,872**	150,857
Repayment of loan payable	8	**-**	(18,143)
Cash provided by financing activities		**87,872**	132,714
Net decrease in cash		**(65,526)**	(10,225)
Cash, beginning of year		**72,996**	83,221
Cash, end of year		**$ 7,470**	$ 72,996

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Spackman Equities Group Inc. (the "Company" or "SEGI") was incorporated on May 18, 2006 under the Canada Business Corporations Act and its shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol SQG.

SEGI carries on the business of identifying and investing into or acquiring small/medium sized growth companies. The Company focuses on investing into or acquiring growth companies in Asia, principally in the Republic of Korea ("Korea") at attractive valuations, building a diversified portfolio of such growth companies and, ultimately, delivering the collective value derived from the performance of these businesses to the shareholders.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $13,878,055 as at December 31, 2022 (December 31, 2021 - $13,478,838). Management believes that it has the ability to raise the required additional funding to operate the business. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. These events represent material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern. As at December 31, 2022, the Company had assets of $597,411 (December 31, 2021 - $764,159) to cover liabilities of $1,315,634 (December 31, 2021 - $1,083,165).

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. These travel restrictions are also prevalent in most parts of Asia, where the majority of the Company's investments are held. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the reporting period. Management continues to monitor the situation to identify any issues that may affect operational or financial reporting activities.

2. BASIS OF PRESENTATION

Investment Entity Status

The Company does not qualify as an investment entity as the concentration of its investments is not sufficiently diversified. The Company considers itself to be a venture capital organization. It is determined that the company's main investee company, Spackman Entertainment Group Limited (SEGL), is considered an investment, as the Company is considered not to have significant influence over it. This investment is accounted for as a financial instrument under IFRS 9 at fair value through profit and loss.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors on April 19, 2023.

2. BASIS OF PRESENTATION (Cont'd)

Basis of measurement and functional currency

The consolidated financial statements are presented in Canadian dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Company and its subsidiary's functional currency is the Canadian dollar.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SEGI Investments Limited, a BVI company. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is determined based on whether the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of financial reporting that require management's estimates and judgments are as follows:

Fair value of investment in private companies or securities not quoted in an active market

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Share-based payments

In calculating the stock-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. Certain of the inputs are estimates which involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the option or a higher volatility used would result in an increase in the option value.

Deferred income tax assets

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Investment Income

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposal of investments in shares of public and private companies and unrealized gains and losses in the value of investments in shares of public and private companies are reflected in the consolidated statements of loss and comprehensive loss.

Other income

Other income includes interest earned on invested funds, or other services provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the consolidated statements of loss and comprehensive loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in the consolidated statements of loss and comprehensive loss.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in the consolidated statements of loss and comprehensive loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to the consolidated statements of loss and comprehensive loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through the consolidated statements of loss and comprehensive loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash, investment in shares of public companies, and investment in shares in private companies.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in the consolidated statements of loss and comprehensive loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1– Receivables that have not experienced a significant increase in credit risk since initial recognition;

Stage 2– Receivables that have experienced a significant increase in credit risk since initial recognition;

Stage 3 – Receivables for which there is objective evidence of impairment.

Significant increase in credit risk

The Company has established a policy to assess, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. IFRS 9 provides a rebuttable presumption that a significant increase in credit risk ("SICR") has occurred if contractual payments are more than 30 days past due. The Company has not rebutted this presumption. Additional risk factors may be considered such as changes in financial condition of the borrower and other borrower specific information and other forward looking information.

Definition of default

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. In certain other cases, where qualitative thresholds indicate unlikeliness to pay as a result of a credit event, the Company carefully considers whether the event should result in an assessment at Stage 2 or 3 for ECL calculations.

The Company applies the simplified approach for other receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in the consolidated statements of loss and comprehensive loss.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in the consolidated statements of loss and comprehensive loss.

The financial instruments of the Company were classified as follows:

	IFRS 9	
	Classification	**Measurement**
Cash	FVTPL	Fair value
Investment in shares of public company	FVTPL	Fair value
Investment in shares of private company	FVTPL	Fair value
Loan payable	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Cash

Cash include cash on hand and in banks currently held by financial institutions with high credit worthiness.

Investments in shares of public company

Investments in shares of public company are measured at fair value and recognized on the trade date. The fair value of publicly traded securities is determined using quoted market prices. Realized and unrealized gains and losses are recognized using average cost. Gains and losses in the changes on fair value of investments in shares of public company are recognized in the consolidated statements of loss and comprehensive loss.

Other receivables

Other receivables are initially recorded at the fair value of the amount expected to be received and subsequently measured at amortized cost less any provision for impairment. Individual significant receivables are considered for recoverability when they are past due or when other objective evidence is received that a specific counterparty will default. There were no balances identified as other receivables at year end.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to a business combination or to items recognized directly in equity or in other comprehensive loss. In this case, the tax is also recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date in the countries in which the Company operates, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining income tax provisions. Management periodically evaluates the positions taken in the Company's tax returns with respect to situations in which applicable tax rules are subject to interpretation. A provision is established related to tax uncertainties where appropriate based on management's best estimate of the amount that will ultimately be paid to or received from tax authorities.

Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currencies of the Company's entity at exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate in effect at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevailing at the date that the fair value was determined. Non-monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate in effect at the date of the transaction.

Foreign currency differences arising on translation of foreign currency balances into the functional currency are recognized in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Stock-based compensation

The Company issues share-based awards to its officers and directors. The awards are comprised of equity settled stock options. Fair values of stock options are calculated using the Black-Scholes option pricing model at the date of the grant and adjusted for estimated forfeitures. For awards with graded vesting, the fair value of each tranche is calculated separately and recognized over its respective vesting period. Nonmarket vesting conditions are considered in making assumptions about the number of awards that are expected to vest. At each reporting date, the Company will reassess its estimates of the number of awards that are expected to vest and recognize the impact of any revision in the consolidated statements of loss and comprehensive loss with a corresponding adjustment to contributed surplus.

Any consideration paid on exercise of stock options or purchase of shares, together with the amount initially recorded in contributed surplus, is credited to share capital. When options expire, their grant date fair value is kept in contributed surplus.

Net income (loss) per share

Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding options of the Company. Diluted income (loss) per share for the years presented does not include the effect of stock options as they are anti-dilutive.

4. CASH

The Company's cash consist of the following:

	December 31, 2022	December 31, 2021
Cash held in banks	**$ 7,470**	$ 72,996

5. INVESTMENT IN SHARES OF PUBLIC COMPANY

	December 31, 2022	December 31, 2021
Spackman Entertainment Group Limited (SEGL)	**$ 434,998**	$ 539,695

The Company owns 7.55% (December 31, 2021 - 7.55%) of SEGL, and based on the December 31, 2022 closing price of SEGL's shares on the SGX of SGD $0.003, USD $0.0022 and CAD $0.003 per share (December 31, 2021 - CAD $0.0038 per share), the market value of the Company's stake in SEGL is SGD $430,563 (CAD $434,998) (December 31, 2021 - CAD $539,695).

(Expressed in Canadian Dollars)

6. INVESTMENT IN SHARES OF PRIVATE COMPANY

The Company has historically made investments in private companies through equity and debt investments. Due to uncertainty surrounding these investments, the Company historically wrote down these investments to a nominal value. The Company considers these investments, which were written down in the past, to still be impaired during the current period.

During the year ended December 31, 2017, the Company purchased 130,000 common voting shares of Spackman Media Group Limited (SMGL) for USD $390,000 (CAD $491,595), or USD $3.00 (CAD $3.78) per common share, from an unrelated shareholder of SMGL. The fair value of the investment is based on a independent, third party valuator as discussed in Note 13.

The Company owns 0.41% (December 31, 2021 - 0.41%) of SMGL and the fair value of the Company's stake in SMGL is USD $114,400 (CAD $154,943) (December 31, 2021 - USD $119,600 (CAD $151,468)). The gain (loss) in the fair value of SMGL for the year was $18,678 (December 31, 2021 - ($37,278)) and was recognized in the consolidated statements of loss and comprehensive loss.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	December 31, 2021
Accounts payable	**$ 83,402**	$ 52,093
Accrued expenses	**213,960**	182,676
	$ 297,362	$ 234,769

Accounts payable and accrued liabilities are current obligations expected to be settled in the normal course of operations.

8. LOAN PAYABLE

On August 9, 2017 the Company borrowed USD $400,000 (CAD $504,200) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. On June 12, 2019 the Company made a portion repayment of USD $375,000 (CAD $513,210). The balance as at December 31, 2022 is USD $25,000 (CAD $33,860) and accrued interest on the loan amounts to $1,627. On August 8, 2020 the maturity date of the loan payable by the Company was extended to August 8, 2021 and on August 8, 2021, it was extended to August 8, 2022 and on August 8, 2022, it was extended to August 8, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On June 10, 2019 the Company borrowed USD $400,000 (CAD $519,520) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 4% per annum. On September 25, 2020 the Company made a portion repayment of USD $218,000 (CAD $290,520). The balance as at December 31, 2022 is USD $182,000 (CAD $246,501) and accrued interest on the loan amounts to $9,480. On June 10, 2020, the maturity date of the loan payable by the Company was extended to June 10, 2021 and on June 10, 2021, it was extended to June 10, 2022 and on June 10, 2022, it was extended to June 10, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

8. LOAN PAYABLE (Cont'd)

On August 12, 2020 the Company borrowed SGD $400,000 (CAD $390,520) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. The change in the loan balance as at December 31, 2022 is due to the effects of movements in the exchange rates for the SGD. Accrued interest on the loan amounts to $18,884. On August 12, 2021, the maturity date of the loan payable by the Company was extended to August 11, 2022 and on August 11, 2022, it was extended to August 11, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On August 12, 2020 the Company borrowed SGD $96,000 (CAD $93,725) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. The change in the loan balance as at December 31, 2022 is due to the effects of movements in the exchange rates for the SGD. Accrued interest on the loan amounts to $4,520. On August 12, 2021, the maturity date of the loan payable by the Company was extended to August 11, 2022 and on August 11, 2022, it was extended to August 11, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On April 29, 2021 the Company borrowed USD $20,000 (CAD $24,992) from a related party, on an unsecured basis with maturity date December 31, 2022 at an interest rate of 2% per annum. On June 10, 2021 the Company made a portion repayment of USD $14,960 (CAD $18,143). The balance as at December 31, 2022 is USD $5,041 (CAD $6,391). The change in the loan balance as at December 31, 2022 is due to the effects of movements in the exchange rates for the SGD. On December 31, 2022, the maturity date of the loan payable by the Company was extended to December 31, 2023.

On August 24, 2021 the Company borrowed USD $50,000 (CAD $63,015) and on November 23, 2021 USD $50,000 (CAD $62,850) from a related party, on an unsecured basis with maturity date December 31, 2022 at an interest rate of 2% per annum. The balance as at December 31, 2022 is USD $100,000 (CAD $135,440). The change in the loan balance as at December, 2022 is due to the effects of movements in the exchange rates for the SGD. On December 31, 2022, the maturity date of the loan payable by the Company was extended to December 31, 2023.

The initial fair value of the loans was $134,734 which was determined using an estimated discount rate of 13%. The difference between the principal and the fair value of the loans has been recorded as a fair value change in loans cost on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2021. Total accrued interest expense for the year ended December 31, 2022 was $2,732.

On February 25, 2022 the Company borrowed USD $35,000 (CAD $44,506) from a related party, on an unsecured basis with maturity date December 31, 2023 at an interest rate of 2% per annum. The change in the loan balance as at December 31, 2022 is due to the effects of movements in the exchange rates for the USD. Accrued interest on the loan amounts to $778.

On July 12, 2022 the Company borrowed USD $20,000 (CAD $25,884) from a related party, on an unsecured basis with maturity date December 31, 2023 at an interest rate of 2% per annum. The change in the loan balance as at December 31, 2022 is due to the effects of movements in the exchange rates for the USD. Accrued interest on the loan amounts to $250.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

On August 13, 2021, the Company executed the consolidation of the outstanding common shares on the basis of ten existing common shares for one new common share. This resulted in a reduction of outstanding shares from 148,900,183 to 14,889,972 (subject to fractional rounding), the prior year presentation in the consolidated financial statements has been restated.

	Number of Shares	Amounts
Balance, December 31, 2020, 2021 and December 31, 2022	14,889,972	$ 11,601,165

(c) Stock options

The Company has an incentive stock option plan for the officers and directors enabling them to purchase common shares. Each option granted under the plan is for a maximum term of 5 years. The exercise price is determined by the Company's board of directors at the time the option is granted, subject to regulatory approval, and may not be less than the most recent closing price of the common shares at the date of grant. Vesting provisions are also determined at the time of grant by the Company's board of directors.

During the year ended December 31, 2022 and year ended December 31, 2021, no options were granted.

10. CONTRIBUTED SURPLUS

The December 31, 2022 contributed surplus of the Company was $1,558,667 (December 31, 2021 - $1,558,667). The contributed surplus was resulted from the fair market value of stock options granted through 2007 - 2014.

11. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in general and administrative expense in the consolidated financial statements during the years ended December 31, 2022 and 2021 as follows:

REMUNERATION OF KEY PERSONNEL

	December 31, **2022**	December 31, 2021
Management consulting fees	$ 70,633	$ 64,831
Directors' fees	7,500	15,000

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Transactions with related parties are incurred in the normal course of operations and initially recorded at fair value.

Included in accounts payable and accrued liabilities are consulting and directors' fees of $24,462 and $7,500 (December 31, 2021 - $22,813 and $15,000) to companies controlled by officers, directors and chief financial officer in common with the Company.

(Expressed in Canadian Dollars)

12. INCOME TAXES

(a) Income tax expense

The reconciliation of income taxes attributable to operations computed at the combined statutory income tax rate of 26.5% (2021 - 26.5%) to income tax recovery is as follows:

	December 31, 2022	December 31, 2021
Net loss before recovery of income taxes	**$ (399,217)**	$ (559,161)
Expected income tax (recovery) expense	**(105,793)**	(148,180)
Tax rate changes and other adjustments	**-**	30,340
Non-deductible expenses	**44,477**	44,640
Unrealized foreign exchange	**-**	510
Change in tax benefits not recognized	**61,316**	72,690
Income tax (recovery) expense	**$ -**	$ -

(b) Deferred income taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The significant components of the Company's deferred income taxes are as follows:

	December 31, 2022	December 31, 2021
Deferred Tax Assets		
Non-capital losses carried forward	**$ -**	$ 4,830
	-	4,830
Deferred Tax Liabilities		
Loan payable	**-**	(4,830)
Net deferred tax asset	**$ -**	$ -

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2022	December 31, 2021
Property, plant and equipment	**$ 40,520**	$ 40,520
Investments	**2,145,631**	2,019,310
Loans	**65,686**	-
Intercompany loan	**436,760**	436,760
Non-capital losses carried forward	**7,219,975**	6,993,430
Capital losses carried forward	**86,960**	86,960

(Expressed in Canadian Dollars)

12. INCOME TAXES (Cont'd)

(c) Tax loss carry-forwards

The Company has approximately $7,219,975 (2021 - $6,993,430) of non-capital losses as at December 31, 2022 available to be carried forward against future taxable income. These non-capital losses will expire as follows:

2031	$ 397,865
2032	359,540
2033	617,450
2034	1,930,940
2035	1,498,250
2036	635,420
2037	509,470
2038	313,740
2039	266,110
2040	231,120
2041	228,690
2042	231,380
	$ 7,219,975

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments comprise of cash, investments in shares of private and public companies, loans payable and accounts payable and accrued liabilities.

The Company classifies financial instruments in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value at the various reporting dates:

December 31, 2022

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash	$ 7,470	$ -	$ -	$ 7,470
Investment in shares of public company	434,998	-	-	434,998
Investment in shares of private company	-	-	154,943	154,943
	$ 442,468	$ -	$ 154,943	$ 597,411

December 31, 2021

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Cash	$ 72,996	$ -	$ -	$ 72,996
Investment in shares of public company	539,695	-	-	539,695
Investment in shares of private company	-	-	151,468	151,468
	$ 612,691	$ -	$ 151,468	$ 764,159

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The Company measures its investment in private companies as a Level 3 disclosure. At year end, the investment is carried at fair value. The fair value of the investment is based on an independent, third party valuator. The valuator determined that the discounted cash flow method ("DCF") (specifically debt-free cash flow) was selected as the most appropriate methodology in valuation of SMGL. To calculate the net present value of future cash flows using the Discounted Cash Flow method (DCF), the Weighted Average Cost of Capital (WACC) should be determined. The Size Premium according to Capital Asset Pricing Model (CAPM) and the Build-up Method is used to calculate the cost of equity and the WACC is calculated based on the target capital structure of the invested company.

The following table summarizes the structure of the invested company.

Factors	Rate	Description
Peer Group Levered Beta	1.166	Data extracted from publicly traded entertainment companies in Korea (Bloomberg)
Equity Risk Premium	10.35%	Bloomberg data as of 31 Dec 2021
Equity Risk Premium Adjusted For Subject	12.07%	
Risk Free Rate	2.26%	Bloomberg data as of 31 Dec 2021
Small Company Risk Premium(*1)	3.21%	Size Premium considering the value of equity
Cost of Equity	17.53%	
Pretax Cost of Capital	6.00%	Interest rate on the company's actual borrowings
Weighted-Average Cost of Capital (Debt : Equity)	36.0% : 70.0%	Calculated from the financial information of the companies categorized as "Manager"
Tax Rate	26.50%	
Discount Rate	13%	

From a sensitivity perspective, if a new financing round was completed at $0.25 higher or lower, the impact on the carrying value of the investment and other comprehensive income will be higher or lower by $32,500.

There were no transfers between Level 1 and Level 2 investments during the year ended December 31, 2022.

The determination of what constitutes observable data, requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, reliable, verifiable and provided from independent transactions.

Risk management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

For the year ended December 31, 2022, a 10% decrease (increase) in the closing prices of the Company's investments in shares of public company would result in an estimated decrease (increase) in pre-tax net income of $0.04 million (2021 - $0.05 million). The Company's private investments do not have an immediate market. An 10% increase in the potential value of the private investment could increase (decrease) in pre-tax net income of $13,627.

(b) Credit risk

Credit risk is attributable to cash. The Company's cash and cash equivalent are held with reputable financial institutions. The carrying value of cash represents the Company's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is available on demand. There are adequate resources to meet any obligations as they fall due and mature within a year.

The Company's Board of Directors reviews and approves any material transactions out of the ordinary course of business including acquisitions or other major investments. Management believes that the risk associated with liquidity is low.

As at December 31, 2022, the Company has the following financial obligations:

	<1 year	1-5 years	>5 years	Total
Accounts payable	$ 83,402	$ -	$ -	$ 83,402
Accrued liabilities	212,932	1,028	-	213,960
Loan payable	926,298	91,974	-	1,018,272
	$ 1,222,632	$ 93,002	$ -	$ 1,315,634

(d) Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company currently has financial instruments denominated in U.S. dollars, Singapore dollars and Hong Kong dollars.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The following assets were denominated in foreign currencies presented in Canadian dollars as of:

	December 31, 2022		
	US dollars	Singapore dollars	Hong Kong dollars
Cash	$ 3,451	$ 1,655	$ -
Investment in shares of public company	-	434,998	-
Loan receivable	-	-	-
Investment in shares of private company	154,943	-	-
	$ 158,394	$ 436,653	$ -

	December 31, 2021		
	US dollars	Singapore dollars	Hong Kong dollars
Cash	$ 58,394	$ 12,119	$ -
Investment in shares of public company	-	539,695	-
Loan receivable	-	-	-
Investment in shares of private company	151,468	-	-
	$ 209,862	$ 551,814	$ -

A fluctuation of 10% provided as an indicative range in currency movement, on financial instruments that are denominated in foreign currencies other than Canadian dollars, with, all other things being equal, have an effect on the after-tax net income and other comprehensive income of approximately $57,637 (2021 - $76,168).

(e) Concentration risk

The Company is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. As at December 31, 2022 and 2021, the percentages of the Company's investment in each industry sector were as follows:

	As a % of Total Investments	
Sector	**December 31, 2022**	December 31, 2021
Media / Entertainment	99.9	99.9
Other	0.1	0.1
Total	100.0	100.0

14. CONTINGENCY

The Company's planned reverse takeover (RTO), see note 15, subsequent event, may result in the appointment of a new Chief Financial Officer (CFO), and the termination of the contract of the current CFO.

The current CFO's contract includes a termination clause, which entitles them to receive one month's severance pay for every year of service with the Company. The current CFO has been with the Company since June 2014.

The Company has not recognized any amount related to the termination clause in the consolidated financial statements as of the reporting date as it is uncertain whether a present obligation exists, and the amount of the obligation cannot be reliably estimated.

The Company will recognize the severance pay as an expense and a liability when the following conditions are met:

1. It is probable that an outflow of economic resources will be required to settle the obligation;
2. The amount of the obligation can be reliably estimated; and
3. The obligation arises from a past event.

The actual amount of severance pay owed may differ from any estimates based on factors such as the timing and manner of termination, and any negotiations or legal proceedings related to the termination.

15. SUBSEQUENT EVENT

The Company ("SQG") and Crystal Planet Limited (“CPL”) entered into a definitive share exchange agreement on February 6, 2023 (the “Agreement”) pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of CPL from Spackman Media Group Limited (the “Vendor”). The transaction will constitute a “Reverse Takeover” (“RTO”) transaction under the policies of the TSX Venture Exchange (the “TSXV”). CPL is a private company incorporated under the laws of Hong Kong with two wholly-owned subsidiaries, SBD Entertainment Inc. and MSTeam Entertainment Co., Ltd. that operate fullservice talent agencies, representing artists in the Korean entertainment industry. CPL develops, produces, finances, and owns entertainment content projects, including theatrical motion pictures and TV dramas.

The RTO involves share-based consideration only. Prior to completion of the RTO, SQG will complete a share consolidation on the basis of five (5) pre-consolidation common shares for every one (1) post-consolidation common share (the “Consolidation”). After completion of the RTO, the Resulting Issuer will carry on the business currently carried on by CPL, as described above. The Agreement contains customary representations and warranties for a transaction of this kind and was approved by the Board of Directors of each of SQG, CPL and the Vendor. It is expected that immediately prior to the closing of the RTO, the Board of Directors of SQG will appoint individuals designated by the Vendor as directors of the Resulting Issuer, and any remaining directors of SQG will resign. The Agreement also provides that prior to or concurrent with the date of closing of the RTO, SQG will have completed a private placement of common shares of SQG for a minimum amount of US$500,000.