

SPACKMAN EQUITIES GROUP INC.

**Management Information Circular
and
Notice of Annual General and Special Meeting of Shareholders**

**To be held on May 15, 2024
via live audio webcast at 10:00 AM (Toronto time)**

Neither the TSX Venture Exchange (the "Exchange") nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this information circular.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF SPACKMAN EQUITIES GROUP INC.

TO BE HELD ON MAY 15, 2024

TO: The shareholders of Spackman Equities Group Inc.

NOTICE IS HEREBY GIVEN that the annual general and special meeting of the shareholders of Spackman Equities Group Inc. (the “**Corporation**” or “**SQG**”) will be held virtually on May 15, 2024 at 10:00 AM (Toronto time) via live audio webcast (the “**Meeting**”), for the following purposes:

- 1) to receive the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2021 and December 31, 2022, together with the reports of the auditors thereon;
- 2) to set the number of directors to four (4) and to elect directors of the Corporation for the ensuing year;
- 3) to re-appoint the auditors of the Corporation for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors for the ensuing year;
- 4) to re-approve the Corporation’s stock option plan in accordance with the requirements of the TSX Venture Exchange;
- 5) to consider and, if deemed appropriate, pass with or without variation, an ordinary resolution approving, ratifying, and confirming all acts, proceedings, contracts, appointments, elections, payments and by-laws, done, instituted, made and enacted by the directors and officers of the Corporation since the date of the last annual meeting of the Corporation, being October 14, 2022, as the same are set out or referred to in the resolutions of the directors or in the financial statements or otherwise properly enacted, passed, made, done or taken, as more fully described in the Circular;
- 6) to consider and, if thought appropriate, pass a special resolution authorizing the Board in its sole discretion to consolidate the Common Shares of the Corporation up to a 5 to 1 ratio, and to amend the Corporation’s articles accordingly as described in further detail in the accompanying Management Information Circular (the “**Consolidation Resolution**”);
- 7) to consider and, if deemed advisable, to approve, with or without variation, an ordinary resolution of Disinterested Shareholders (as such term is defined herein), approving the non-arm’s length acquisition (the “**Acquisition**”) by the Corporation, via a Reverse Takeover of all of the issued and outstanding shares of Crystal Planet Limited (the “**Target**”) from the shareholders of the Target (collectively, the “**Vendors**”), which include Spackman Media Group Limited (“**SMG**”) (which is an associate of **Spackman Entertainment Group Limited**), pursuant to the terms of an amended and restated share exchange agreement dated as of August 4, 2023 and a supplementary share exchange agreement dated as of October 30, 2023, among the Corporation, the Vendors and the Target; and
- 8) to transact such other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Accompanying this notice of meeting is the management information circular (the “**Circular**”), a form of proxy and a financial statement request form.

Notice and Access

SQG has elected to use “notice and access” rules (“**Notice and Access Provisions**”) under NI 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, in conjunction with National Policy 11-201 *Electronic*

Delivery of Documents, for distribution of this notice of meeting, Circular, and the form of proxy to registered shareholders (i.e. shareholders who hold common shares of SQG in their own names). The Notice and Access Provisions are a set of rules that allow an issuer to post electronic versions of its meeting materials on SEDAR and one additional website. Registered shareholders will receive, via regular mail, the notice of availability, form of proxy and return envelope. Registered shareholders are reminded to read the Circular before voting.

The use of “notice and access” is more environmentally friendly as it helps reduce paper use. It will also reduce the Corporation’s printing and mailing costs. For any queries related to notice and access, Shareholders may contact Computershare Investor Services Inc. via toll-free phone at 1-866-964-0492.

SQG will be using Notice and Access Provisions, managed by Broadridge Financial Solutions Inc. for delivery to non-registered shareholders (i.e. shareholders who do not hold shares of SQG in their own names). Non-registered shareholders will also receive via regular mail the notice of availability, voting information form and return envelope. Non-registered shareholders and registered shareholders are directed to the section entitled “*Particulars of Matters to be Acted Upon*” of this Circular for discussion of the matters to be voted on.

Websites where Proxy-Related Materials are Posted

The notice of meeting, Circular and the form of proxy are available at: <https://materials.proxyvote.com/846311> and under SQG’s profile on SEDAR+ at www.sedarplus.ca.

How to Obtain Paper Copies of Proxy-Related Materials

Shareholders may obtain paper copies of this notice of meeting, and Circular free of charge by contacting Computershare Investor Services Inc. in the following manner: (1) registered shareholders with a 15-digit control number, Computershare Investor Services Inc. at 1-866-962-0498 in North America or (514) 982-8716 outside North America; and (2) non-registered shareholders with a 16-digit control number, Broadridge Financial Solutions, Inc. toll free at 1-877-907-7643 in North America or, outside North America, (303) 562-9305 in English or 303-562-9306 in French.

It is recommended that any request from registered shareholders for paper copies which are required in advance of the Meeting should be sent to Computershare Investor Services Inc.

Voting by Proxy

Registered shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out therein and in the Circular accompanying this Notice of Meeting. A proxy will not be valid unless it is received by Computershare Investor Services Inc., in accordance with the instructions specified on the form of proxy. The chairman of the Meeting has the discretion to accept proxies received after that time.

DATED at the City of Toronto, this 28th day of March, 2024.

BY ORDER OF THE BOARD OF DIRECTORS

“Richard Lee”

Richard Lee

Interim Chief Executive Officer and Director

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INFORMATION CONTAINED IN THIS CIRCULAR

This management information circular (the “**Circular**”) is being furnished to holders (the “**Shareholders**”) of common shares (“**Common Shares**”) in the capital of Spackman Equities Group Inc. (the “**Corporation**” or “**SQG**”) in connection with the solicitation of proxies by management of the Corporation for use at the annual general and special meeting of Shareholders to be held virtually at 10:00 AM (Toronto time) on May 15, 2024, and any adjournment(s) or postponement(s) thereof (the “**Meeting**”) for the purposes set forth in the notice of meeting dated March 28, 2024 (the “**Notice of Meeting**”).

No person has been authorized to give any information or make any representation in connection with the Transaction or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Acquisition, the Share Exchange Agreement, the Stock Consideration and the Acquisition Agreement in this Circular are qualified in their entirety by reference to the complete text of the Acquisition Agreement, a copy of which is attached to this Circular as Schedule “A”. Shareholders are urged to carefully read the full text of the Acquisition Agreement.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under the heading “*Glossary of Terms*”. Information contained in this Circular is given as of March 28, 2024 unless otherwise specifically stated.

The information concerning Crystal Planet Limited (the “**Target**”) in this Circular, including the schedules hereto, has been provided by or on behalf of the Target for inclusion in this Circular. Although the Corporation has no knowledge that any statements contained herein taken from or based on such documents, records or information provided by or on behalf of the Target are untrue or incomplete, the Corporation assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by the Target to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Corporation.

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase the securities to be issued under or in connection with the Transaction, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this Circular nor any distribution of the securities to be issued under or in connection with the Transaction will, under any circumstances, create any implication or be treated as a representation that there has been no change in the information set forth herein since the date of this Circular.

THE SECURITIES ISSUABLE PURSUANT TO THE ACQUISITION HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY CANADIAN SECURITIES REGULATORY AUTHORITY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES REGULATORY AUTHORITY, NOR HAS ANY CANADIAN SECURITIES REGULATORY AUTHORITY, PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by officers of the Corporation at nominal cost. The cost of this solicitation will be borne by the Corporation. The Notice of Meeting, this Circular and a form of proxy (the “**Proxy**”), which includes a financial statement request form, will be mailed to beneficial owners of Common Shares commencing on or about April 9, 2024.

RECORD DATE

The board of directors of the Corporation (the “**Board**”) has set the close of business on April 2, 2024 as the record date (the “**Record Date**”) for determining which Shareholders shall be entitled to receive notice of and to attend and vote at the Meeting. Only Shareholders of record as of the Record Date are entitled to receive notice of and to attend

and vote at the Meeting. Persons who acquire Common Shares after the Record Date will not be entitled to vote such Common Shares at the Meeting.

APPOINTMENT OF PROXYHOLDERS

The persons named in the accompanying Proxy as proxyholders are management's representatives. A Shareholder has the right to appoint a person or company who need not be a Shareholder, other than the persons designated in the enclosed Proxy, to attend and act on behalf of the Shareholder at the Meeting. A Shareholder wishing to exercise this right may do so either by striking out the printed names and inserting the desired person or company's name in the blank space provided in the Proxy or by completing another proper Proxy. To be valid, the Proxy must be signed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney. The Proxy, to be acted upon, must be deposited with the Corporation, c/o its agent, Computershare Investor Services Inc., by telephone or over the internet as specified on the form or proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment(s) or postponement(s). The chairman of the Meeting has the discretion to accept proxies received after that time. Failure to properly complete or deposit a Proxy may result in its invalidation.

VOTING OF PROXIES

If the Proxy is completed, signed and delivered to the Corporation, the persons named as proxyholders therein shall vote or withhold from voting the Common Shares in respect of which they are appointed as proxyholders at the Meeting in accordance with the instructions of the Shareholder appointing them, on any show of hands and/or on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the persons appointed as proxyholders shall vote accordingly. The Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to all amendments, variations and other matters, which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. As of the date of this Circular, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the Proxy.

If no choice is specified by a Shareholder with respect to any matter identified in the Proxy or any amendment or variation to such matter, it is intended that the persons designated by management in the Proxy will vote the Common Shares represented thereby IN FAVOUR of such matter.

NON-REGISTERED HOLDERS

Only registered Shareholders or duly appointed proxyholders are permitted to attend and vote at the Meeting. Most Shareholders are "non-registered shareholders" because the shares they own are not registered in their name but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased their Common Shares. More particularly, a person is not a registered Shareholder in respect of Common Shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans); or (b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the Notice of Meeting, this Circular and the Proxy, which contains a financial statement request form (collectively, the "Meeting Materials"), to the depositories and Intermediaries for distribution to Non-Registered Holders.

Management of the Corporation does not intend to pay for Intermediaries to forward the Meeting Materials or any other proxy-related materials for the Meeting to Non-Registered Holders who are objecting beneficial owners under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. Non-Registered Holders who are objecting beneficial owners will not receive the Meeting Materials or any other proxy-related materials unless the objecting beneficial owner's Intermediary assumes the cost of delivery.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- a) receive a Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. Because the Intermediary has already signed the Proxy, this Proxy is not required to be signed by the Non-Registered Holder when submitting the Proxy. In this case, the Non-Registered Holder who wishes to submit a Proxy should otherwise properly complete and deliver the Proxy; or
- b) more typically, receive a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**proxy authorization form**") which the Intermediary must follow.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares, which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to attend and vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxyholders and insert the Non-Registered Holder's name in the blank space provided, or in the case of a proxy authorization form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

REVOCABILITY OF PROXY

Any Shareholder returning the enclosed Proxy may revoke the same at any time insofar as it has not been exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) or postponement(s) thereof, or with the chairperson of the Meeting prior to the commencement of the Meeting. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, no director, executive officer or proposed nominee for election as a director of the Corporation, or any associate or affiliate of such director, officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities of the Corporation or otherwise, in any matter to be acted on at the Meeting, other than the election of directors of the Corporation.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation's authorized capital consists of an unlimited number of Common Shares without par value. The Common Shares are the only issued and outstanding voting securities of the Corporation and the holders thereof

are entitled to one vote for each Common Share held. As at the close of business on March 28, 2024 being the Record Date, there were a total of 14,889,972 Common Shares issued and outstanding.

To the knowledge of the directors and senior officers of the Corporation, and based upon the Corporation's review of the records maintained by the Transfer Agent and insider reports filed with the System for Electronic Disclosure by Insiders, as at the Record Date, there were no persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights of the total issued and outstanding Common Shares.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information Circular contains certain forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") which are based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. In some cases, words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur, are intended to identify forward-looking statements. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. In addition, this Information Circular may contain forward-looking statements attributed to third party industry sources. By its nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements in this Information Circular speak only as of the date of this Information Circular.

Forward-looking statements in this Information Circular include, but are not limited to, statements with respect to:

- the timing of the Meeting;
- the completion of the Acquisition;
- the anticipated Closing Date;
- the final estimated value of intangible assets;
- interest rates;
- the expected costs and perceived benefits of the Acquisition;
- the impact of the Acquisition on the Corporation's operations, opportunities, financial condition, access to capital and overall strategy;
- realization of the anticipated benefits of acquisitions (including the Acquisition) and dispositions;
- estimates of future revenue and profit;
- the Corporation's capital expenditure program and the timing, allocation and results therefrom;
- anticipated markets the Resulting Issuer will operate in;
- the proposed SQG Board upon completion of the Acquisition;
- future liquidity and financial capacity;
- availability of funds following the Acquisition;
- third party, stock exchange, governmental and/or regulatory approvals and the timing thereof;
- uncertainties related to the global pandemic caused by COVID-19; and
- treatment under government regulatory and taxation regimes.

With respect to the forward-looking statements contained in this Information Circular, the Corporation has made assumptions regarding, among other things:

- timely receipt of the necessary third party, stock exchange and governmental and/or regulatory approvals, including the TSXV satisfaction of the other Closing conditions in all material respects in accordance with the Acquisition Agreement;
- future currency and interest rates;
- the Corporation's ability to generate sufficient cash flow from operations and to access existing

- credit facilities and capital markets to meet its future obligations;
- the Corporation's ability to attract and retain qualified personnel; and
- general economic and financial market conditions.

Although the Corporation believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Some of the risks and other factors, some of which are beyond the Corporation's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this Information Circular include, but are not limited to:

- the failure to complete the Acquisition;
- the inability to obtain required consents, permits or regulatory approvals, including that of the TSXV or Shareholder approval of the Acquisition Resolution;
- unforeseen difficulties in integrating the assets and operations of the Target into the Corporation's operations;
- management of SQG may have their time diverted to the Acquisition related matters;
- the effect of the announcement of the Acquisition on SQG's and the Target's respective business relationships, operating results and businesses generally;
- the amount of the costs, fees, expenses and charges related to the Acquisition;
- general economic conditions in Canada, Korea and globally, including reduced availability of financing generally;
- incorrect assessments of the value of acquisitions, including the Acquisition;
- limitations on insurance;
- failure to obtain industry partner and other third party consents and approvals when required;
- imprecision in estimating capital expenditures and operating expenses;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- change or disruptions in the political or fiscal regimes in the Corporation's and/or the Target's areas of operation;
- general economic and business conditions;
- failure to realize the anticipated benefits of acquisitions (including the Acquisition);
- the potential vulnerability of SQG to cyber attacks, including potential weaknesses in the information technology systems used by the Corporation;
- variability of sales between one reporting period and the next;
- changes in technology;
- changes in the business climate in one or more countries that SQG and/or the Target operate in;
- changes in the regulatory environment; and
- the other factors disclosed under the heading "*Risk Factors*".

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. The Corporation is not under any duty to update any of the forward-looking statements after the date of this Information Circular or to conform such statements to actual results or to changes in the Corporation's expectations and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by Applicable Canadian Securities Laws.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular the following terms shall have the meanings set forth below. Further, capitalized terms used herein that are not defined in this Circular have the meanings given to them in the Acquisition Agreement, a copy of which is attached as Schedule "A" to this Circular.

1. **"Acquisition"** means the non-arm's length acquisition by the Corporation, via a Reverse Takeover pursuant to the policies of the TSXV, of the Purchased Shares from the Vendors pursuant to the Acquisition Agreement;
2. **"Acquisition Agreement"** means the amended and restated share exchange agreement dated as of August 4, 2023 (as supplemented by a supplementary share exchange agreement dated October 30, 2023), between the Corporation, the Vendors and the Target pursuant to which the Corporation, the Vendors and the Target have agreed to effect the Acquisition, which amended and restated the share exchange agreement dated as of February 6, 2023 between the Corporation, the Vendors and the Target, as more particularly described under the heading *"The Acquisition - The Acquisition Agreement"*, a copy of which Acquisition Agreement is available under the Corporation's SEDAR+ profile on www.sedarplus.ca;
3. **"Acquisition Resolution"** means the ordinary resolution of Disinterested Shareholders in respect of the Acquisition, substantially in the form attached as Appendix A to this Information Circular;
4. **"Affiliate"** of any Person means, at the time such determination is being made, any other person controlling, controlled by or under common control with such first person, in each case, whether directly or indirectly, and the term **"control"** (and any derivation thereof) means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies and the business or affairs of a person whether through the ownership of voting securities or otherwise;
5. **"Annual Financial Statements"** means the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2021, and December 31, 2022, together with the notes thereto and the auditors' report thereon;
6. **"Applicable Canadian Securities Laws"** means collectively, and as the context may require, the securities legislation of each of the Provinces of Canada where SQG is a reporting issuer and the rules, regulations and policies published and/or promulgated thereunder, including the rules and policies of the TSXV;
7. **"Arms Length Transaction"** has the meaning ascribed to such term in TSXV Policy 1.1;
8. **"Beneficial Holder"** has the meaning ascribed to such term under the heading *"General Proxy Matters - Advice to Beneficial Holders of Common Shares"*;
9. **"BOC Rate"** has the meaning ascribed to such term under the heading *"Introduction - Exchange Rate Information"*;
10. **"Bulletin Date"** means the date on which the Final Exchange Bulletin is issued by the TSXV with respect to the Acquisition;
11. **"CBCA"** means the *Canada Business Corporations Act* as amended, including the regulations promulgated thereunder, each as may be amended from time to time;
12. **"Closing"** means the completion of the Acquisition;
13. **"Closing Date"** means the date upon which Closing shall take place;
14. **"Closing Price"** means the closing price of the Common Shares on the last trading day prior to Closing;
15. **"Closing Time"** means 10:00 AM (Toronto time) on the Closing Date;
16. **"Common Shares"** means common shares in the capital of SQG;

17. **"Concurrent Financing"** has the meaning given to such term under the heading *"Concurrent Financing"*;
18. **"Consolidation"** means the share consolidation of the Corporation on the basis of five (5) pre-consolidation Common Shares for every one (1) post-consolidation Common Share, to be completed prior to the Closing of the Acquisition;
19. **"Corporation" or "SQG"** means Spackman Equities Group Inc., a corporation existing under the CBCA;
20. **"Disinterested Shareholders"** means Shareholders who are not: (i) Non-Arm's Length Parties to SQG who are receiving a "collateral benefit" as defined under MI 61-101; and/or (ii) Non-Arm's Length Parties to the proposed Acquisition;
21. **"Final Exchange Bulletin"** means the TSXV bulletin to be issued following the submission of all required documentation in connection with the Acquisition, which evidences the final acceptance by the TSXV of the Acquisition;
22. **"Governmental Authority"** means any federal, national, state, territorial, provincial, commonwealth, municipal or local or any foreign government, or political subdivision thereof, or any supranational organization (e.g., the European Union) or authority or any governmental, regulatory, administrative authority, agency, bureau, board, commission, or department entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or Taxing power, or any court, judicial or arbitral body, or tribunal (or any department, bureau or division thereof);
23. **"IFRS"** means the accounting standards issued by the International Accounting Standards Board and the interpretations issued by the Standing Interpretation Committee of the International Accounting Standards Board, as amended from time to time;
24. **"Indebtedness"** has the meaning ascribed thereto in the Acquisition Agreement;
25. **"Information Circular"** means, collectively, the Notice of Meeting and this management information circular of the Corporation dated March 28, 2024, prepared for the Meeting, including all appendices thereto;
26. **"Intermediary"** includes brokers, securities dealers, banks, trust companies and administrators of self-administered registered retirement savings plans, registered retirement income funds, registered retirement education savings plans, tax free savings accounts and similar plans;
27. **"Law"** means any and all applicable federal, state, local, municipal, provincial, territorial, national, foreign or other law (including common law), statute, constitution, directive, resolution, ordinance, code, edict, decree, Order (including executive orders), rule, judgment, injunction, treaty, writ, regulation or ruling enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Authority;
28. **"Liabilities"** mean with respect to any Person, any Indebtedness, liability or obligation of such Person of any kind or nature, whether direct or indirect, absolute or contingent, known or unknown, accrued or unaccrued, asserted or unasserted, matured or un-matured, fixed, disputed, liquidated or executory, whether or not foreseeable, and whether due or to become due, whenever arising and regardless of when asserted, and, in each case, including all costs and expenses relating thereto;
29. **"Losses"**, in respect of any matter, means all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter;

30. **“Material Adverse Effect”** in respect of a Person means any change, effect, event, occurrence, condition or development that has or could reasonably be expected to have, individually or in the aggregate, a material and adverse impact on the business, operations, results of operations, assets, capitalization or financial condition of such Person, other than any change, effect, event, occurrence or state of facts relating to the global economy or securities markets in general;
31. **“Meeting”** means the annual and special meeting of Shareholders to be held on May 15, 2024 to consider and vote upon the Acquisition Resolution, and any adjournment(s) or postponement(s) thereof;
32. **“MI 61-101”** means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*;
33. **“NI 45-102”** means National Instrument 45-102 *Resale of Securities*;
34. **“NI 45-106”** means National Instrument 45-106 *Prospectus Exemptions*;
35. **“NI 51-102”** means National Instrument 51-102 *Continuous Disclosure Obligations*;
36. **“NI 54-101”** means National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;
37. **“Non-Arm’s Parties to the Transaction”** has the meaning ascribed to such term under TSXV Policy 1.1;
38. **“Order”** means any decree, order, judgment, writ, award, injunction, required undertaking, corrective action plan, or consent of or by an applicable Governmental Authority;
39. **“Person”** means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental authority or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof;
40. **“Purchased Shares”** means all of the issued and outstanding shares in the capital stock of the Target;
41. **“Record Date”** means April 2, 2024;
42. **“Resulting Issuer”** means SQG upon completion of the Acquisition;
43. **“RTO”** or **“Reverse Takeover”** has the meaning given to such term in TSXV Policy 5.2;
44. **“SQG Board”** means the board of directors of the Corporation as it may be comprised from time to time;
45. **“SEDAR+”** means the Canadian Securities Administrators’ national filing system for market participants found at www.sedarplus.ca;
46. **“Shareholders”** means the holders, from time to time, of Common Shares;
47. **“Shareholder Approval”** means the shareholder approval by a majority of the holders of Common Shares who are Disinterested Shareholders that are present in person or by proxy at the Meeting, pursuant to MI 61-101 and the policies of the TSXV;
48. **“SMG”** means Spackman Media Group Limited;

49. **"Stock Consideration"** means the Common Shares to be issued and delivered by SQG to the Vendors on Closing at an issue price of CAD\$0.04 per Common Share;
50. **"Subsidiary" or "Subsidiaries"** of any Person means any corporation, partnership, limited liability company or other legal entity in which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, fifty percent (50%) or more of the stock or other equity or ownership interests, the holder of which is generally entitled to elect a majority of the board of directors or other governing body of such legal entity;
51. **"Target"** means Crystal Planted Limited, a corporation incorporated under the laws of the Hong Kong Special Administrative Region of the People's Republic of China;
52. **"Tax" or "Taxes"** shall mean all taxes, charges, fees, levies, or other like assessments, including without limitation, any federal, possession, state, city, county, local and foreign income, license, gross receipts, profits, gain, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, recapture, employment (including Social Security, unemployment insurance, employer health, employee income tax withholding, workers' compensation and pension insurance), alternative minimum, estimated, environmental, stamp, excise, customs, duties, unclaimed property, escheat, and property taxes and any other governmental charges in the nature of a tax, together with all interest, penalties and additions thereto;
53. **"Tax Act"** means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, each as may be amended from time to time;
54. **"TSXV Conditional Approval"** means, in respect of the Acquisition, the written conditional approval by the TSXV of the Acquisition, subject only to the satisfaction of conditions acceptable to the parties in their discretion;
55. **"TSXV"** means the TSX Venture Exchange;
56. **"United States" or "U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
57. **"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, as amended; and
58. **"U.S. Securities Act"** means the United States Securities Act of 1933, as amended.

Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders.

PARTICULARS OF MATTERS TO BE ACTED UPON

ELECTION OF DIRECTORS

The Board is recommending four persons (the **"Nominees"**) for election at the Meeting. Each of the four persons whose name appears below is proposed by the Board to be nominated for election as a director of the Corporation to serve until the next annual general meeting of the Shareholders or until the director sooner ceases to hold office.

It is the intention of the persons named in the enclosed form of proxy to vote FOR the Nominees as directors of the Corporation for the ensuing year, at a remuneration to be fixed by the Board, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Common Shares are to be withheld from voting on the election of such directors.

The number of directors may be fixed or changed from time to time by ordinary resolution. The Corporation currently has three directors, all of whom are standing for election at the Meeting along with one new proposed director. It is the intention of the persons named in the enclosed form of proxy to vote FOR the resolution setting the number of directors at four.

The following table (and notes thereto) states the name, province and country of residence of each Nominee, all offices of the Corporation now held by him, the period of time for which he has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof:

| Name, Province and Country of Residence | Present Principal Occupation | Current Position(s) with the Corporation | Director Since | Number of Common Shares⁽¹⁾ |
|--|---|--|---------------------------|--|
| Richard Lee Palos Verdes Peninsula, United States | Interim Chief Executive Officer of SQG | Interim Chief Executive Officer, Chairman and Director | January 24, 2014 | Nil |
| William Hale Saskatoon, Canada | Renewables Project Manager, Hatch Ltd. | Director | June 24, 2013 | Nil |
| Na Kyoungwon Singapore | Chief Executive Officer of Spackman Entertainment Group Limited | Director | November 8, 2017 | Nil |
| Kun Hyok Yim Seoul, Republic of Korea | Senior Professional – Production Operation Group, Samsung Electronics Co., Ltd. | N/A | N/A | Nil |

The following is a short biography of the proposed directors:

Richard Lee (age 49) is the Chairman and Interim Chief Executive Officer of Spackman Equities Group Inc. Over the past three decades, Mr. Lee has worked in private equity, equity research, equity sales, and M&A for institutions including BNP Paribas, HSBC Private Equity, CIMB Securities, and CLSA Securities. Mr. Lee graduated with a degree of Bachelor of Arts from Harvard College.

William Hale (age 65) is a member of the Board of Directors of Spackman Equities Group Inc. Mr. Hale is Renewables Project Manager for Hatch Ltd., an engineering, project delivery and construction management company. Mr. Hale has over 25 years of management and project development experience in the manufacturing and renewable energy sectors. Mr. Hale holds B.Sc. in Mechanical Engineering from the University of Waterloo and an MBA from the University of Oxford.

Na Kyoungwon (age 48) is Chief Executive Officer of Spackman Entertainment Group Limited (“SEGL”). Prior to joining SEGL, Mr. Na worked at KPMG, specializing in audit, tax and advisory services for 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.

Yim Kun Hyok (age 49) is currently a senior professional in the Production Operation Group of Samsung Electronics Co., Ltd. He has been working with Samsung Electronics since January 2001. He graduated with a Bachelor of Industrial Chemistry from Hanyang University located in Republic of Korea.

RE-APPOINTMENT AND REMUNERATION OF AUDITORS

At the Meeting, Shareholders will be asked to re-appoint MNP LLP as auditors of the Corporation and to authorize remuneration to be fixed by the Board. MNP LLP will hold office until the next annual general meeting of the Shareholders or until its successor is appointed. MNP LLP were first appointed as the auditors of the Corporation on November 2, 2016.

To be effective, the resolution must be passed by at least a majority of the votes cast at the Meeting.

APPROVAL OF STOCK OPTION PLAN

The Corporation has adopted a "rolling" stock option plan (the "**Stock Option Plan**") for officers, directors, employees and consultants of the Corporation. The Stock Option Plan provides for the issue of stock options to acquire up to 10% of the issued and outstanding Common Shares as at the date of grant, subject to standard anti-dilution adjustment. This is a "rolling" stock option plan as the number of Common Shares reserved for issue pursuant to the grant of stock options will increase as the number of issued and outstanding Common Shares increases. At no time will more than 10% of the outstanding Common Shares be subject to grant under the Stock Option Plan.

If a stock option expires, is exercised or otherwise terminates for any reason, the number of Common Shares in respect of that expired, exercised or terminated stock option shall again be available for the purpose of the Stock Option Plan.

The Stock Option Plan was last approved and confirmed by the shareholders of the Corporation at the annual and special meeting of shareholders held on October 14, 2022. As the Stock Option Plan is a "rolling" stock option plan, pursuant to the policies of the TSXV the Corporation must obtain the approval of its shareholders for the Stock Option Plan at each annual meeting of its shareholders.

RATIFICATION OF PAST ACTS

Certain of the Corporation's past corporate records during the period from the date of the last annual meeting of the Corporation, being October 14, 2022 (the "**Last Meeting Date**"), up to the present date require ratification as the Corporation wishes to ensure that the past acts by the Corporation's directors and officers during this period are valid notwithstanding that the Corporation did not hold an annual meeting since the Last Meeting Date.

Accordingly, the Board has passed a ratifying resolution ratifying and confirming all past acts of the Board and officers of the Corporation.

The Shareholders are, in turn, being asked to consider, and if thought advisable, to approve a ratifying resolution approving, ratifying and confirming all the prior acts and proceedings of the directors and officers of the Corporation made from and including the Last Meeting Date to the date hereof including, but not limited to, those disclosed or referred to in the minute books or records of the Corporation, in information disseminated to the shareholders of the Corporation by the Corporation, or in the financial statements of the Corporation. The complete text of the ordinary resolution which management intends to place before the Meeting authorizing the ratification of past acts is as follows:

"BE IT RESOLVED that:

- (1) notwithstanding (i) any failure to properly convene, constitute, proceed with, hold or record any meeting of the board of directors or shareholders of the Corporation for any reason whatsoever, including, without limitation, the failure to properly waive or give notice of a meeting, hold a meeting in accordance with a notice of meeting, have a quorum present at a meeting, sign the minutes of a meeting or sign a ballot electing a slate of directors since incorporation; or (ii) any failure to pass any

resolution of the directors or shareholders of the Corporation or any by-law of the Corporation for any reason whatsoever, all by-laws, approvals, appointments, resolutions, contracts, acts and proceedings, enacted, passed, made, done or taken since the Last Meeting Date including those set forth or referred to in the minutes of the meetings, or resolutions of the board of directors of the Corporation, or in the financial statements of the Corporation, and all actions heretofore taken in reliance upon the validity of such minutes, documents and financial statements, are hereby sanctioned, ratified, confirmed and approved; and (2) without limiting the generality of paragraph (1) above, all by-laws, resolutions, contracts, acts and proceedings of the board of directors and officers of the Corporation enacted, passed, made, done or taken since the Last Meeting Date including those set forth or referred to in the minutes or the meetings and resolutions of the board of directors in the minutes and record books of the Corporation or in the financial statements of the Corporation are hereby approved, ratified and confirmed.”

CONSOLIDATION OF SHARES

Due to the large number of securities of the Corporation and the Target that are expected to be outstanding as a result of the Concurrent Financing, management is seeking approval from shareholders to effect a consolidation (the “**Consolidation**”) of the outstanding Common Shares prior to the completion of the Transaction, on the basis of a ratio of one (1) post-Consolidation Common Share for up to, but no more than, every five (5) pre-consolidated Common Shares, with the ratio to be determined and implemented by the Board of Directors in its sole discretion. At the Meeting shareholders are being asked to consider and, if thought fit, pass with or without variation, a special resolution authorizing an amendment of the articles of the Corporation providing for the Consolidation.

The Consolidation requires approval of shareholders by special resolution (the “**Consolidation Resolution**”). To approve the Consolidation, a majority of not less than two-thirds or 66²/₃% of the votes cast by the shareholders of the Corporation, whether in person or by proxy, must be voted in favour of the Consolidation Resolution. The complete text of the Consolidation Resolution which management intends to place before the Meeting authorizing the Consolidation is as follows:

"BE IT RESOLVED THAT:

1. the Corporation is hereby authorized to consolidate all of the issued and outstanding Common Shares on the basis of five (5) old Common Shares to one new Common Share (i.e. one post-consolidation Common Share for every five pre-consolidation Common Shares);
2. the Corporation is hereby authorized and directed to adjust any fractional share resulting from the Share Consolidation such that any fractional share that is less than $\frac{1}{2}$ of one post-consolidation Common Share will be cancelled and each fractional share that is at least $\frac{1}{2}$ of one post-consolidation Common Share will be rounded up to one whole post-consolidation Common Share;
3. the Corporation is hereby authorized, if so required, to prepare and cause to be delivered to the shareholders a letter of transmittal which shall instruct the shareholders on how to exchange their pre-consolidation Common Shares for post-consolidation Common Shares;
4. the Corporation is hereby authorized, if so required, to select a form of share certificate for the post-consolidation Common Shares of Corporation to be approved and adopted by the directors at a later date;
5. the Central Securities Register of the Corporation is updated in respect of each of the share transactions referred to herein; and
6. any one director or officer of the Corporation is hereby authorized to do all such things, to execute such documents and instruments and to make all necessary filings with the securities commissions, other

appropriate regulatory authorities or government bodies in the applicable provinces of Canada that may be necessary or desirable to give effect to the foregoing resolution."

Following the effective date of the Articles of Amendment giving effect to the Consolidation, it is anticipated that Letters of Transmittal will be sent by mail to all holders of Common Shares of the Corporation then issued and outstanding advising them that the Articles of Amendment implementing the Consolidation have been issued and instructing them to surrender the certificates evidencing their pre-consolidated Common Shares for replacement certificates in new form representing the number of post-consolidated Common Shares to which they are entitled as a result of the Consolidation.

The Consolidation Resolution will empower the directors of the Corporation to revoke the special resolution, without further approval of the shareholders of the Corporation, at any time prior to the issue of a Certificate of Amendment giving effect thereto.

The Board has concluded that the authority to implement the Consolidation is in the best interest of the Corporation and its shareholders in order to adjust its capital structure due to the large number of securities that are expected to be issued pursuant to the Concurrent Financing. **Accordingly, the Board of Directors recommends that shareholders vote FOR the Consolidation Resolution.**

APPROVAL OF THE TRANSACTION

Overview

On February 6, 2023, the Corporation entered into the original Acquisition Agreement, which was amended and restated on August 4, 2023 and further supplemented on October 30, 2023. The Acquisition Agreement provides for the non-arm's length acquisition by the Corporation, via a Reverse Takeover of all of the Purchased Shares from the Vendors. Upon completion of the Acquisition, the Target will become a wholly-owned subsidiary of the Corporation. The Acquisition is conditional upon, among other things: (i) the approval of the Acquisition Resolution at the Meeting; (ii) receipt of TSXV Conditional Approval; (iii) no legal requirement or order shall have been issued by any court of competent jurisdiction preventing the consummation of the Acquisitions contemplated by the Acquisition Agreement; and (iv) all material consents of or with any Governmental Authority shall have been obtained or made, and no such consent shall have been revoked.

Subject to working capital adjustments made in accordance with the terms of the Acquisition Agreement, the consideration payable by SQG to the Vendors directly or indirectly, for the Purchased Shares will consist of an aggregate of 203,703,191 Common Shares (on a post-Consolidation basis) at a deemed issue price of CAD\$0.04 per Common Share, based on the closing price of the Common Shares on the TSXV on February 3, 2023 (the last trading day prior to the public announcement of the Acquisition). The number of Common Shares issued by SQG to the Vendors will be based on the share exchange indexing formula contained in the Acquisition Agreement, and the figures above reflect the completion of the Concurrent Financing through the issuance of Subscription Receipts of the Corporation. If the Concurrent Financing is completed in part through the issuance of ordinary shares of the Target, the number of Common Shares issued as consideration to the Vendors will increase. The Corporation will ultimately issue an aggregate of between 250,703,191 Common Shares (on a post-Consolidation basis) and 337,036,524 Common Shares (on a post-Consolidation basis) in connection with the Acquisition and the Concurrent Financing. These figures reflect the range from a minimum Concurrent Financing of US\$7,050,000 to a maximum Concurrent Financing of US\$20,000,000, each comprised of the issuance of Subscription Receipts of the Corporation.

Subject to the satisfaction or waiver of all conditions set forth in the Acquisition Agreement, it is currently anticipated that Closing will occur as soon as possible after the Meeting.

The board of directors of SQG has carefully considered the Acquisition, has determined that the Acquisition is in the best interests of SQG, has approved the Acquisition and the Acquisition Agreement and recommends that Shareholders vote FOR the Acquisition Resolution.

Background and Parties to the Transaction

SQG was incorporated on May 18, 2006, under the CBCA and its shares are publicly traded on the TSXV under the symbol “SQG”. SQG is currently involved in the business of identifying and investing into and/or acquiring small/medium sized growth companies. Pursuant to the Acquisition Agreement, SQG will acquire all of the Purchased Shares from the Vendors such that upon completion of the Acquisition, the Target will become a wholly owned subsidiary of SQG. The Target is a company incorporated in Hong Kong that, together with its two wholly-owned Korean-based subsidiaries, SBD Entertainment Inc. and MTeam Entertainment Co. Ltd., is one of the leading entertainment talent agencies in Korea. The Target represents and guides the professional careers of a roster of award-winning actors/actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment.

SMG is a company incorporated in Hong Kong and is the parent entity to the Target. Together with the Target, SMG operates one of the largest entertainment talent agencies in Korea, including some of the top names in the Korean entertainment industry. Through SMG’s full-service talent agency subsidiaries in Korea, SMG represents and guides the professional careers of leading and award-winning actors and actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment, and leverages an 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 television dramas. SMG also uses this platform to create and derive opportunities to make strategic investments in development stage businesses that can collaborate with artists managed by SMG. Upon completion of the Acquisition and the issuance and distribution of the Stock Consideration to SMG, SMG will be a “control person” (as such term is defined in the policies of the TSXV) of SQG.

Management and the directors of SQG regularly evaluate strategic decisions, including possible opportunities to acquire interests in complementary businesses.

SQG and the Target have a longstanding relationship, as SQG has been a minor shareholder in the Target's main shareholder, SMG. Over the years, both companies have maintained close ties, allowing them to gain a deep understanding of each other's business models, strengths, and future growth potential.

As SQG experienced a decline in its primary business, the need to identify new opportunities to serve as a focal point and growth engine became apparent. Given their familiarity with the Target and its strong presence in the Korean entertainment industry, SQG viewed the Target as a prime candidate for acquisition.

The Target’s expertise in managing top artists, its successful platform for developing and producing high-quality entertainment content, and the potential for strategic investments in development-stage businesses made it an attractive target for SQG. By acquiring the Target, SQG aims to diversify its investment portfolio, capitalize on the growth potential within the Korean entertainment industry, and create synergies with the Target’s existing operations.

Moreover, the existing relationship between SQG and the Target through SMG has facilitated open communication and fostered trust, which management of SQG believes is essential for a successful acquisition. This familiarity has allowed both companies to better assess each other’s capabilities, resources, and shared objectives, ultimately paving the way for a smooth and efficient acquisition process.

In summary, the background to the Acquisition revolves around the longstanding relationship between SQG and the Target, coupled with SQG's desire to diversify and find new growth opportunities. Acquiring the Target, a familiar and well-understood business, is anticipated to reinvigorate SQG's portfolio and serve as a driving force for the company's expansion.

Anticipated Benefits of the Acquisition

It is anticipated that acquiring the Target will enable SQG to diversify its investment portfolio, capitalize on the Target's industry-specific expertise, and benefit from the growth potential within the Korean entertainment industry. It is also expected that the Acquisition will provide SQG with opportunities for strategic investments and synergies with the Target's existing business operations. These anticipated benefits are described in greater detail below.

Industry-specific know-how: The Target has proven expertise in the Korean entertainment industry with its two wholly-owned subsidiaries, SBD Entertainment Inc. and MSTeam Entertainment Co., Ltd. By acquiring the Target, SQG hopes to have the opportunity to capitalize on this industry knowledge and expand its footprint in the entertainment sector, particularly in Asia.

Growth potential: The Korean entertainment industry has seen significant growth in recent years, with the rise of K-pop and K-contents in global popularity. The Target's representation of top artists and its platform to develop, produce, and finance high-quality content projects offer attractive growth potential for SQG. SQG has been actively seeking a new opportunity to serve as the focal point and growth engine for its future endeavors and believes that the Target is the ideal candidate to fulfill this role, revitalizing SQG's portfolio and driving its expansion.

Synergies and strategic investments: The Target's platform not only focuses on content creation but also provides opportunities for entertainment media consulting services and strategic investments in development-stage businesses. This aligns with SQG's objectives, as it seeks to invest in businesses with proprietary technologies or know-how, which can collaborate with the Target's represented artists.

TSXV Conditional Approval

The Common Shares are listed on the TSXV under the trading symbol "SQG". It is a condition to Closing that TSXV approval shall have been obtained for the listing of the common shares of the Resulting Issuer. Conditional approval for listing has been obtained; however, listing will be subject to meeting the requirements of the TSXV.

Effect of the Acquisition on SQG

Upon completion of the Acquisition, the Target will be a wholly-owned subsidiary of the Corporation. See "*Effect of the Acquisition on SQG - Intercompany Relationships*" for a chart which sets forth the relationship between the Corporation and its material subsidiaries upon completion of the Acquisition.

Following the Closing of the Acquisition, it is anticipated that the SQG Board will be comprised of four directors, consisting of Richard Lee, Na Kyoungwon, Kun Hyok Yim and William Hale.

Further, upon completion of the Acquisition, it is anticipated that the Audit Committee will be comprised of Kun Hyok Yim, Na Kyoungwon, and William Hale (Chair).

See "*Effect of the Acquisition on SQG – Directors and Officers*" for a table which sets forth more details about the anticipated directors that will comprise the SQG Board upon completion of the Acquisition, and "*Effect of the Acquisition on SQG – Director Biographies*" for a brief biography of each such director.

Selected Pro Forma Financial Information for the Resulting Issuer

The following tables set out certain pro forma financial information for SQG after giving effect to the Acquisition and certain other adjustments for the year ended December 31, 2022 and the interim period ended September 30, 2023. The following information should be read in conjunction with the unaudited pro forma consolidated financial statements of the Resulting Issuer as at and for the periods ended December 31, 2022 and September 30, 2023, including the notes thereto. Reference should also be made to the pro forma financial information attached as Appendix C to this Information Circular.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and are not necessarily indicative of: (i) the financial results that would have occurred had the Acquisition actually occurred at the time contemplated by the notes to the unaudited proforma consolidated financial statements; or (ii) the results expected in future periods.

Condensed consolidated statements of financial position ¹
(USD\$000)
As at December 31, 2022

| | Target | SQG | Pro Forma Adjustments | Pro Forma SQG |
|-------------------------------------|---------------|--------------|--------------------------|---------------|
| Assets | | | | |
| Current assets | 6,543 | 6 | 6,835 | 13,384 |
| Non-current assets | 4,636 | 465 | 671 | 5,773 |
| | <u>11,180</u> | <u>471</u> | <u>7,506</u> | <u>19,157</u> |
| Liabilities | | | | |
| Current liabilities | 7,480 | 1,038 | - | 8,517 |
| Long term liabilities | 192 | - | - | 192 |
| | <u>7,671</u> | <u>1,038</u> | <u>-</u> | <u>8,709</u> |
| Shareholders' Equity | <u>3,508</u> | <u>(567)</u> | <u>7,506</u> | <u>10,448</u> |
| Total equity and liabilities | <u>11,180</u> | <u>471</u> | <u>7,506</u> | <u>19,157</u> |

**Condensed consolidated statements of income (loss) and comprehensive
(loss)
(USD \$000)
For the year ended December 31, 2022**

| | Target | SQG | Pro Forma Adjustments | Pro Forma SQG |
|-----------------------------------|----------|-------|--------------------------|---------------|
| Revenue | 16,160 | - | - | 16,160 |
| Cost of sales | (12,437) | - | - | (12,437) |
| Gross profit | 3,723 | - | | 3,723 |
| Expenses | (1,985) | (227) | - | (2,212) |
| Profit (loss) from operations | 1,738 | (227) | | 1,511 |
| Other income and gains (losses) | 558 | (68) | - | 490 |
| Profit (loss) before tax | 2,296 | (295) | | 2,001 |
| Taxation | (350) | - | - | (350) |
| Profit (loss) after tax | 1,946 | (295) | | 1,651 |
| Other comprehensive income (loss) | (253) | - | - | (253) |
| Total comprehensive income | 1,693 | (295) | | 1,398 |

Notes:

1. For details relating to pro forma adjustments, please refer to the unaudited consolidated pro forma financial information set out in Appendix C to this Information Circular.
2. Condensed consolidated statements of financial position as at December 31, 2022.
3. Condensed consolidated statement of income is for the year ended December 31, 2022.

The above pro forma amounts are based partly on estimates which have been made by management of SQG for the Acquisition, based on information available. Amendments will be made to these amounts and ultimately reflected in SQG's financial statements as values subject to estimates are finalized and when the Acquisition closes.

Condensed consolidated statements of financial position ¹
(USD\$000)
As at September 30, 2023

| | Target | SQG | Pro Forma Adjustments | Pro Forma SQG |
|-------------------------------------|---------------|--------------|--------------------------|---------------|
| Assets | | | | |
| Current assets | 10,299 | 12 | 6,309 | 16,620 |
| Non-current assets | 2,355 | 430 | 881 | 3,666 |
| | <u>12,654</u> | <u>442</u> | <u>7,190</u> | <u>20,286</u> |
| Liabilities | | | | |
| Current liabilities | 7,482 | 1,191 | - | 8,673 |
| Long term liabilities | 941 | - | - | 941 |
| | <u>8,423</u> | <u>1,191</u> | <u>-</u> | <u>9,614</u> |
| Shareholders' Equity | <u>4,231</u> | <u>749</u> | <u>7,190</u> | <u>10,672</u> |
| Total equity and liabilities | <u>12,654</u> | <u>442</u> | <u>7,190</u> | <u>20,286</u> |

**Condensed consolidated statements of income (loss) and comprehensive
(loss)
(USD \$000)
For the nine months ended September 30, 2023**

| | Target | SQG | Pro Forma Adjustments | Pro Forma SQG |
|-----------------------------------|---------|-------|--------------------------|---------------|
| Revenue | 9,551 | - | - | 9,551 |
| Cost of sales | (7,341) | - | - | (7,341) |
| Gross profit | 2,210 | - | | 2,210 |
| Expenses | (1,578) | (218) | - | (1,796) |
| Profit (loss) from operations | 632 | (218) | | 414 |
| Other income | 67 | | - | 67 |
| Profit (loss) before tax | 699 | (218) | | 481 |
| Taxation | (129) | - | - | (129) |
| Profit (loss) after tax | 570 | (218) | | 352 |
| Other comprehensive income (loss) | (347) | - | - | (347) |
| Total comprehensive income | 223 | (218) | | 5 |

Notes:

4. For details relating to pro forma adjustments, please refer to the unaudited consolidated pro forma financial information set out in Appendix C to this Information Circular.
5. Condensed consolidated statements of financial position as at September 30, 2023.
6. Condensed consolidated statement of income is for the nine-month period ended September 30, 2023.

The above pro forma amounts are based partly on estimates which have been made by management of SQG for the Acquisition, based on information available. Amendments will be made to these amounts and ultimately reflected in SQG's financial statements as values subject to estimates are finalized and when the Acquisition closes.

Interest of Certain Persons or Companies in Matters to be Acted Upon

The directors and executive officers of SQG beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 2,000 Common Shares, representing approximately 0.07% of the Common Shares as of the date hereof.

As of the date hereof, none of the directors, executive officers or other insiders of SQG beneficially own, directly or indirectly, or exercise control or direction over, any securities of SMG or the Target or any of its Affiliates.

Risk Factors

Shareholders are encouraged to obtain independent legal, tax and investment advice in their jurisdiction of residence with respect to this Information Circular, the consequences of the Acquisition and the holding of Common Shares.

Risks Related to the Corporation

The following risk factors relating to the business and operations of the Corporation should be considered by Shareholders in assessing the Acquisition and the Acquisition Resolution.

Future Sales of Common Shares by the Corporation

The Corporation may issue additional Common Shares in the future, which may dilute a Shareholder's holdings in the Corporation. The Corporation's articles permit the issuance of an unlimited number of Common Shares. The directors of the Corporation have the discretion to determine the terms of further issuances of Common Shares. Also, additional Common Shares will be issued by the Corporation on the exercise of options under the Option Plan.

Forward-Looking Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this Information Circular under the heading "*Introduction - Cautionary Note Regarding Forward-Looking Statements*".

Risks Related to the Acquisition

In addition to the other risk factors set forth in this Information Circular, the following risk factors relating to the Acquisition should be considered by Shareholders in assessing the Acquisition and the Acquisition Resolution.

Possible Failure to Realize Anticipated Benefits of the Acquisition

The Corporation is proposing to complete the Acquisition to capitalize on the Target's industry-specific expertise, and benefit from the growth potential within the Korean entertainment industry and to create the opportunity to realize certain benefits, as described under the heading "*Background to and Reason for the Acquisition - Anticipated Benefits of the Acquisition*". Achieving the benefits of the Acquisition depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired properties and operations with those of the Corporation. The integration of the operations of the Target requires the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business activities and relationships that may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition. Further, the Corporation may encounter unexpected costs in respect of the assets acquired by the Corporation, which may partially offset the anticipated benefits of the Acquisition.

No Certainty That the Acquisition Will Be Completed

The completion of the Acquisition is subject to a number of conditions precedent set out in the Acquisition Agreement, some of which are outside the control of the Corporation and the Target, including receipt of the applicable shareholder approval and TSXV approval. There can be no certainty, nor can the Corporation nor the Target provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Corporation, the Target or the Resulting Issuer. If the Acquisition is not completed, the market price of the Common Shares may decline. Additionally, if the Acquisition is not completed and the Corporation decides to seek another merger or amalgamation or other similar transaction, there can be no assurance that it will be able to find a party willing to enter into an agreement on terms as favourable as those of the Acquisition.

Unexpected Costs or Liabilities Related to the Acquisition

Although the Corporation conducted what it believed to be a prudent and thorough level of investigation in connection with the Acquisition, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, the Target and its properties and assets following the Acquisition, and the Corporation may discover that it has acquired substantial undisclosed liabilities. The existence of undisclosed liabilities could have a material adverse impact on the Corporation's business, financial condition, results of operations and cash flows. In addition, the Acquisition Agreement limits the amount for which the Corporation will be indemnified in respect of breaches of the Acquisition Agreement, misrepresentations as they relate to the Target may not have sufficient resources available to satisfy any claims under the indemnification provisions of the Acquisition Agreement. For further details regarding the indemnification provisions contained in the Acquisition Agreement, see "*The Acquisition - The Acquisition Agreement - Indemnification*" and a copy of the Acquisition Agreement, a copy of which is available under the Corporation's SEDAR+ profile on www.sedarplus.ca.

Acquisitions Generally

While each of the Corporation and the Target conducted due diligence in connection with the Acquisition, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of a party for which the other party is not sufficiently indemnified pursuant to the provisions of the Acquisition Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Resulting Issuer's financial performance and results of operations. The Resulting Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Acquisition. All of these factors could cause a delay of the anticipated accretive effect of the Acquisition and cause a decrease in the market price of the Resulting Issuer Common Shares.

New Significant Shareholder

If the Acquisition is completed and the Stock Consideration is issued and delivered to the Vendors, SMG will hold between approximately 59.38% and 88.6% of the issued and outstanding Common Shares (on a pro forma basis). SMG's shareholding level will give it significant influence on decisions to be made by Shareholders, including the ability to influence the election of directors of the Corporation as well as the approval of future Acquisitions requiring Shareholder approval.

Foreign Country and Political Risks

The Acquisition of the Target will result in SQG having significant interests in a foreign jurisdiction. Any operations of SQG in Hong Kong could be exposed to various political and other risks and uncertainties.

These risks and uncertainties could include, but are not limited to, corruption; crime; extreme fluctuations in foreign currency exchange rates; high rates of inflation; labour unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; absence of reliable rule of law, regulatory and

judiciary processes; environmental policies; extreme weather conditions; changes in taxation or royalty policies; restrictions on foreign exchange and movements of capital; changing political conditions; inappropriate laws and regulations; and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction; the risks of war or civil unrest; terrorism; hostage taking or detainment of personnel; and military repression. Any political or economic instability in Hong Kong could have a material adverse impact on SQG's business, financial condition and results of operations in the future.

In addition, authorities and court systems in Hong Kong may be unpredictable. Challenges to foreign asset ownership, operations and regulatory compliance may be brought by government authorities for reasons that cannot be predicted and that may not be motivated by substantive law. It is also not unusual, in the context of a dispute resolution, for a party from some foreign jurisdictions to use the uncertainty of the legal environment as leverage in its business negotiations.

Dilution

The Corporation will ultimately issue an aggregate of between 250,703,191 Common Shares (on a post-Consolidation basis) and 337,036,524 Common Shares (on a post-Consolidation basis) in connection with the Acquisition and the Concurrent Financing. These figures above reflect the range from a minimum Concurrent Financing of US\$7,050,000 to a maximum Concurrent Financing of US\$20,000,000, each comprised of the issuance of Subscription Receipts of the Corporation. The issuance of these Common Shares will represent over 98% of the issued and outstanding Common Shares and will be dilutive to the Shareholders of the Corporation. To the extent that the Concurrent Financing is comprised in part of the issuance of ordinary shares of the Target, these figures could vary slightly. The future sale of a substantial number of Common Shares by SQG following the distribution or the perception that such sale could occur could adversely affect prevailing market prices for the Common Shares.

Market Price of the Common Shares

If, for any reason, the Acquisition is not completed or its completion is materially delayed and/or the Acquisition Agreement is terminated, the market price of the Common Shares may be materially adversely affected. SQG's business, financial condition or results of operations could also be subject to various material adverse consequences, including that SQG may remain liable for significant costs relating to the Acquisition, including, among others, financial advisory, legal, accounting and printing expenses.

Termination in Certain Circumstances

Each of SQG, on the one hand, and the Target, on the other hand, have the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Acquisition Agreement. Accordingly, there can be no certainty, nor can SQG provide any assurance, that the Acquisition Agreement will not be terminated by either party prior to the completion of the Acquisition.

Pro Forma Financial Information

In preparing the pro forma condensed consolidated financial information in this Information Circular, the Corporation has given effect to the closing of the Acquisition. While management believes that the estimates and assumptions underlying the pro forma condensed consolidated financial information are reasonable, such assumptions and estimates may be materially different from the Corporation's actual experience going forward. See also "*Selected Pro Forma Financial Information*".

Information Provided with Respect to the Target

This Information Circular includes financial statements of the Target that have been audited by Fan, Chan & Co. Limited, a member firm of Nexia International. This Information Circular also contains other disclosure regarding the Target that is based on information provided to SQG. Although the Corporation has conducted what it believes to be a prudent and thorough level of investigation of the Target in connection with the Acquisition, an unavoidable level of risk remains

regarding the accuracy and completeness of the information provided to the Corporation by the Target. While the Corporation has no reason to believe the information provided by the Target is misleading, untrue or incomplete, there may be events which may have occurred with respect to the Target or which may affect the completeness or accuracy of the information provided by the Target which are unknown to the Corporation.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The CBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the CBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the CBCA. To the proposed management of the Resulting Issuer's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed herein.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Dividends

To date, neither of SQG nor the Target has paid any dividends on their outstanding shares. It is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

Dependence on Management and Key Personnel

The success of the Resulting Issuer for the foreseeable future will depend largely upon the ability of its management team and other key personnel. The loss of any one of these individuals could have a material adverse effect on the Resulting Issuer's business, and the Resulting Issuer would need to devote substantial resources to finding replacements. The Resulting Issuer currently does not carry "key-man" life insurance policies covering any of these officers.

Competition for qualified and experienced personnel in the field in which the Resulting Issuer will operate is generally intense, and the Resulting Issuer will rely heavily on its ability to attract and retain qualified personnel in order to successfully implement its business objectives. The failure to attract or retain key executives and personnel could impact the Resulting Issuer's operations.

The Acquisition Agreement

The following is a summary only of certain terms of the Acquisition Agreement and is qualified in its entirety by the full text of the Acquisition Agreement, a copy of which is available under SQG's profile on SEDAR+ at www.sedarplus.ca. Any term not otherwise defined below shall carry the meaning ascribed to such term in the Acquisition Agreement.

Purchase Price

Purchase Price at Closing

At the Closing Time, the Vendors agree to exchange, transfer and assign all of the issued and outstanding shares in the Target that it owns or will own at the Closing Time to SQG in consideration for SQG's issuance to the Vendors of the Stock Consideration.

- i) The exchange, transfer and assignment of all of the issued and outstanding shares of the Target for the Stock Consideration shall proceed based on the Share Exchange Indexing Formula as set out in the Acquisition Agreement;
- ii) Fractional Common Shares shall not be issued or otherwise provided for. Where the application of the above exchange ratio to the aggregate of all of the outstanding shares the Target held by the Vendors would result in any Vendor being entitled to receive a fractional Common Share, the number of Common Shares to be issued to the Vendors will be rounded down to the nearest whole Common Share. SQG will not pay any amount in cash in lieu of issuing fractional Common Shares.

Share Exchange Indexing Formula

The number of Common Shares issued to the Vendors as the Stock Consideration is based on the indexing formula as illustrated below.

$$\begin{array}{lcl} \# \text{ of common shares of SQG} & & (\text{US\$}29,886,943 + \text{US\$ amount of CPL Concurrent Financing}) \\ \text{issued} = & \times & \text{CAD/USD exchange rate as at the date of the Acquisition} \\ & & \text{Agreement} \\ & & \hline & & \text{Price per common share of SQG immediately before the} \\ & & \text{date of the Acquisition Agreement, on a post-Consolidation} \\ & & \text{basis} \end{array}$$

Representations and Warranties

Each of SQG, SMG and the Target have made certain customary representations and warranties in the Acquisition Agreement, including representations and warranties related to their, and certain of their subsidiaries', due organization and authorization and certain representations and warranties particular to such party. In addition to the customary representations and warranties, SQG made representations and warranties regarding the Stock Consideration and certain of its operational practices. The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

Covenants Regarding the Acquisition

Mutual Covenants

Each of the parties to the Acquisition Agreement have given usual and customary mutual covenants for an agreement of the nature of the Acquisition Agreement, including: (i) a mutual covenant to make or cause to be made an appropriate filing of a notification and report form pursuant to TSXV or other government policies or applicable legislation; (ii) a mutual covenant regarding the making of public disclosures with respect to the Acquisition Agreement; (iii) a mutual covenant regarding release of certain liabilities following the Closing; and (iv) a mutual covenant to use their respective reasonable efforts to take or cause to be taken all actions, execute and deliver additional instruments, documents, conveyances or assurances and to do or cause to be done all other things necessary, proper or advisable, or otherwise reasonably requested by another party to the Acquisition Agreement, in order to fulfill and perform its obligations in respect of the Acquisition Agreement or otherwise to consummate and make effective the Acquisitions contemplated by the Acquisition Agreement.

Covenants regarding the business of the Target and SMG

The Acquisition agreement contains covenants made by the Target and SMG. Specifically, the Target and SMG have covenanted to SQG that during the period from the date of the Acquisition Agreement until the earlier of the Closing Date and the date the Acquisition Agreement is terminated in accordance with its terms:

- a) the business of the Target shall be conducted only in the ordinary course of business and consistent with past practice, and the Target will use commercially reasonable efforts to maintain and preserve their respective businesses, assets and existing business relationships;
- b) the Target will notify SQG of any Material Adverse Effect on its business; and
- c) the Target will not:
 - (i) take any action which may interfere with or be inconsistent with the successful completion of the transactions contemplated by the Acquisition Agreement or take any action or fail to take any action which may result in a condition precedent to the transactions described in the Acquisition Agreement not being satisfied;
 - (ii) issue, sell, pledge, hypothecate, lease, dispose of or encumber any of their assets or other securities or any right, option or warrant with respect thereto;
 - (iii) amend or propose to amend any of their constating documents;
 - (iv) split, combine or reclassify any of its securities or declare distribute any of its properties or assets to any person or entity;
 - (v) other than in the ordinary course of business, enter into or amend any employment contracts with, any directors, any officer or senior management employee, create or amend any employee benefit plan, make any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for any directors, or its officers, employees or consultants;
 - (vi) make any capital expenditures, additions or improvements or commitments for the same, except for licensing in the ordinary course of business;
 - (vii) enter into any contract, commitment or agreement under which it would incur indebtedness for borrowed money or for the deferred purchase price of property (other than such property acquired in the ordinary course of business consistent with past practice), or would have the right or obligation to incur any such indebtedness or obligation, or make any loan or advance to any person, joint venture or other business organization;
 - (viii) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
 - (ix) enter into any contracts, other than in the ordinary course of business consistent with past practice;
 - (x) except as already disclosed in the Acquisition Agreement, create any option or bonus plan, pay any bonuses, deferred or otherwise, or defer any compensation to any directors, any of its officers or employees;
 - (xi) make any material change in accounting procedures or practices;

- (xii) mortgage, pledge or hypothecate any of their assets, or subject them to any lien, except any liens permitted by the Acquisition Agreement;
- (xiii) except in the ordinary course of business consistent with past practice, enter into any agreement or arrangement granting any rights to purchase or lease any assets or requiring the consent of any person to the transfer, assignment or lease of any assets;
- (xiv) dispose of or permit to lapse any rights to the use of any Business Asset Intangible Property (as such term is defined in the Acquisition Agreement), or dispose of or disclose (without appropriate confidentiality protection) to any Person any trade secret, formula, process, method or know how not previously a matter of public knowledge;
- (xv) engage in any business or other activity that is outside of the ordinary course of business that is being currently conducted by the Target, whether as a partner, joint venture participant or otherwise;
- (xvi) except in the ordinary course of business consistent with past practice, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any assets or cancel, waive or compromise any debts or claims, including accounts payable to and receivable from any affiliates;
- (xvii) enter into any other material transaction or any amendment of any contract, lease, agreement, license or sublicense which is material to its business;
- (xviii) settle any outstanding claim, dispute, litigation matter, or tax dispute;
- (xix) transfer any assets to SMG or any of its subsidiaries or affiliates or assume any indebtedness from SMG or any of its Subsidiaries or affiliates or enter into any other related party transactions; or
- (xx) enter into any agreement or understanding to do any of the foregoing.

Covenants regarding the business of SQG

The Acquisition Agreement contains covenants made by SQG. Specifically SQG covenants and agrees that during the period from the date of the Acquisition Agreement until the earlier of the Closing Date and the date of the Acquisition Agreement is terminated in accordance with its terms, unless the Target consents in writing, except as required by law or as otherwise expressly permitted or specifically contemplated by the Acquisition Agreement that:

- a) the business of SQG shall be conducted in the ordinary course and SQG shall use its commercially reasonable efforts to maintain and preserve its business, assets and business relationships, except as may be otherwise required by law or pursuant to the terms of the Acquisition Agreement;
- b) SQG shall at all times comply with the policies of the TSXV;
- c) SQG shall not directly or indirectly:
 - (i) take any action which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein or take any action or fail to take any action which may result in a condition precedent to the transactions described herein not being satisfied;
 - (ii) issue, sell, pledge, hypothecate, lease, dispose of or encumber any number of the Stock Consideration or other securities of SQG or any right, option or warrant with respect thereto,

except for the issuance of Common Shares issued pursuant to the exercise of previously issued SQG options or warrants;

- (iii) amend or propose to amend its constating documents;
- (iv) split, combine or reclassify any of its securities or declare or make any distribution or dividend payment, or distribute any of its property or assets to any person;
- (v) enter into or amend any employment contracts with any director, officer or senior management employee, create or amend any employee benefit plan, make any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its directors, officers, employees or consultants;
- (vi) make any capital expenditures, additions or improvements or commitments for the same;
- (vii) enter into any contract, commitment or agreement under which it would incur indebtedness for borrowed money or for the deferred purchase price of property or would have the right or obligation to incur any such indebtedness or obligation, or make any loan or advance to any person, joint venture or other business organization;
- (viii) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
- (ix) enter into any material contracts regarding its business operations, including joint ventures, partnerships or other arrangements;
- (x) create any stock option or bonus plan, done in connection with the Acquisition, pay any bonuses, deferred or otherwise, or defer any compensation to any of its directors or officers;
- (xi) make any material change in accounting procedures or practices;
- (xii) mortgage, pledge or hypothecate any of its assets or subject them to any lien, except permitted liens;
- (xiii) enter into any agreement or arrangement granting any rights to purchase or lease any of its assets or requiring the consent of any person, joint venture or other business organization to the transfer, assignment or lease of any of its assets;
- (xiv) engage in any business that is outside of the business that is being currently conducted by SQG, whether as a partner, joint venture participant or otherwise;
- (xv) sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of its assets, or cancel, waive or compromise any debts or claims, including accounts payable to and receivable from affiliates;
- (xvi) enter into any other material transaction, or any amendment of any contract, lease, agreement, license or sublicense which is material to its business;
- (xvii) settle any outstanding claim, dispute, litigation matter, or tax dispute; or
- (xviii) enter into any agreement or understanding to do any of the foregoing.

Conditions of Closing

Conditions to the Obligations of SQG

The obligation of SQG to consummate the Acquisition is subject to the satisfaction of certain conditions precedent, including, but not limited to, the following:

- a) Except for any permitted liens, any outstanding liens in respect of the issued and outstanding shares of the Target will have been discharged including, without limitation.
- b) SQG shall have received from the Target: (i) a copy, certified by a duly authorized officer or director of the Target and its subsidiaries, to be true and complete as of the Closing Date, of the articles of incorporation; and (ii) a copy, certified by a duly authorized officer of the Target and its subsidiaries, to be true and complete as of the Closing Date, of the by-laws thereof.
- c) The TSXV shall have granted a waiver from the sponsorship requirement set out in the TSXV Policy 2.2 *Sponsorship and Sponsorship Requirements* or if it is not possible to obtain such a waiver, SQG will have engaged a sponsor and the TSXV shall have accepted the sponsor's report in respect of the Acquisition.
- d) The Target will have obtained, on or prior to the Closing Date, the approval of its board of directors and any other necessary approvals for the Agreement and the Acquisition. SMG shall have obtained the necessary corporate or other approval to enter into the Acquisition Agreement.
- e) SQG will have received from each of the Target and SMG copies, certified by a duly authorized officer thereof to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of the Acquisition Agreement.
- f) SQG shall have received from each of the Target and SMG an incumbency certificate, dated the Closing Date, signed by a duly authorized officer or director thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of respectively, the Target and SMG who is not an individual, the Acquisition Agreement and any other ancillary documents.
- g) SQG shall have received from counsel to the Target a favourable opinion covering such matters with respect to the transactions contemplated by the Acquisition Agreement as SQG and its counsel may request including but not limited to the validity of the shares being transferred, valid existence, absence of litigation and other ordinary opinions for a transaction of this type.
- h) SQG shall have received from the Target audited financial statements for the years ended December 31, 2021, and December 31, 2022 certified by auditors registered with the Canadian Public Accountability Board.
- i) The representations and warranties of the Target contained in the Acquisition Agreement are true and correct in all material respects, on and as of the Closing Date with the same force and effect as if the representations and warranties were made at such time, and SQG shall have received on the Closing Date certificates to this effect, signed by one authorized officer or director of the Target, and if applicable, the Target shall include with such certificates a description of each material contract described in the Acquisition Agreement, entered into by the Target between the date of this Agreement and the Closing Date.
- j) All of the terms, covenants and conditions of the Acquisition Agreement to be complied with or performed by each of the Target and SMG at or before the Closing Date will have been complied with or performed and SQG will have received on the Closing Date certificates to this effect signed by an authorized officer or director of the Target.

- k) There shall have been obtained from all appropriate federal, provincial, state, municipal or other governmental or administrative bodies such licences, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by SMG to permit the transfer of the outstanding shares of the Target and the exchange of shares of Target for Stock Consideration. Additionally, all required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by the Acquisition Agreement will have been obtained from the TSXV, including the acceptance, by the TSXV of the Acquisition.
- l) No bona fide legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by SMG for Stock Consideration or the right of the Target or SQG from and after the Closing Time to conduct, expand and develop the business of the Target.
- m) SQG, and its agents or representatives, shall have conducted and completed to its satisfaction, acting reasonably, a legal and financial due diligence investigation of the Target.
- n) No change shall have occurred in the business, affairs, financial condition or operations of the Target between December 31, 2022, and the Closing Date which would have a Material Adverse Effect other than as disclosed in the Acquisition Agreement.
- o) Prior or concurrent to the Closing Date, SQG will have completed the Concurrent Financing.
- p) The TSXV shall have approved the Acquisition and agreed to list the Stock Consideration issued in connection with the Acquisition.
- q) SQG shall have completed the Consolidation.
- r) The Target shall have delivered to SQG the pro forma financial statements.
- s) SQG shall have disposed of all of the shares of SEGL that it owns on or prior to the Closing Date. For further clarity, SQG shall not own any shares of SEGL as of the Closing Date.
- t) All instruments and corporate proceedings in connection with the Acquisition will be satisfactory in form and substance to SQG and its counsel, and SQG will have received copies of all documents, including, without limitation, all documentation required to be delivered to SQG at or before the Closing Time in accordance with the Acquisition Agreement, records of corporate or other proceedings, opinions of counsel and consents requested by SQG.

The obligation of SMG to consummate the Acquisition is subject to the satisfaction of certain conditions precedent, including, but not limited to, the following:

- a) The Target shall have received from SQG: (i) a copy, certified by a duly authorized officer or director of SQG, to be true and complete as of the Closing Date, of the articles of incorporation of SQG; (ii) a copy, certified by a duly authorized officer of SQG, to be true and complete as of the Closing Date, of the by-laws thereof; and (iii) a certificate of compliance dated not more than three days prior to the Closing Date issued by Industry Canada.
- b) SQG will have obtained, on or prior to the Closing Date, its Board of Directors' approval for the Acquisition.
- c) The Target will have received from SQG copies, certified by a duly authorized officer or director thereof to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of the Acquisition Agreement.

- d) The Target will have received from SQG an incumbency certificate, dated the Closing Date, signed by a duly authorized officer or director.
- e) The representations and warranties of SQG contained in the Acquisition Agreement are true and correct in all material respects on and as of the Closing Date with the same force and effect, as if such representations and warranties were made at such time, and the Target will have received on the Closing Date certificates to this effect signed by one authorized officer or director of SQG.
- f) All of the terms, covenants and conditions of the Acquisition Agreement to be complied with or performed by SQG at or before the Closing Date will have been complied with or performed and the Target will have received on the Closing Date certificates to this effect signed by an authorized officer or director of SQG.
- g) All required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by the Acquisition Agreement will have been obtained from the TSXV, the securities regulatory authorities in Ontario and all other requisite governmental and regulatory authorities, including the acceptance, by the TSXV, of the Acquisition.
- h) No bona fide legal or regulatory action or proceeding will be pending or threatened by any person to enjoin, restrict or prohibit the exchange by SMG for the Stock Consideration.
- i) Prior or concurrent to the Closing Date, SQG shall have completed the Concurrent Financing.
- j) The TSXV shall have approved the Acquisition and agreed to list the Stock Consideration to be issued in connection with the Acquisition.
- k) SQG shall have completed the Consolidation.
- l) All instruments and corporate proceedings in connection with the transactions contemplated by Acquisition agreement will be satisfactory in form and substance to the Target and its counsel, acting reasonably, and the Target will have received copies of all documents as provided for herein, including, without limitation, records of corporate or other proceedings and consents which the Target may have reasonably requested.

Indemnification

Subject to the limitations set forth in the Acquisition Agreement, the Target has agreed, to indemnify and hold SQG its shareholders, directors, officers, agents and representatives (collectively, the “**SQG Indemnified Persons**”) harmless from all Losses suffered or incurred by the SQG Indemnified Persons as a result of or arising directly or indirectly out of or in connection with:

- i) any breach by the Target of any inaccuracy of any representation or warranty of the Target contained in the Acquisition Agreement or in any agreement, certificate or other document delivered pursuant to the Acquisition Agreement (provided that the Target will not be required to indemnify or save harmless the SQG Indemnified Persons in respect of any breach or inaccuracy of any representation or warranty unless SQG shall have provided notice to the Target in accordance with the terms of the Acquisition Agreement within six months of the expiration of the applicable time period related to such representation and warranty in Section 11.1 of the Acquisition Agreement);
- ii) any breach or non-performance by the Target of any covenant to be performed by them which is contained in the Acquisition Agreement or in any agreement, certificate or other document delivered pursuant hereto.

The Target agrees to severally indemnify and save harmless the SQG Indemnified Persons from all Losses suffered or incurred by the SQG Indemnified Persons as a result of or arising directly or indirectly out of or in connection with:

- i) any breach by the Target of or any inaccuracy of any representation or warranty of the Target contained in Article III of the Acquisition Agreement or in any agreement, certificate or other document delivered pursuant thereto (provided that the Target will not be required to indemnify or save harmless the SQG Indemnified Persons in respect of any breach or inaccuracy of any representation or warranty unless SQG has provided notice to the Target in accordance with Section 11.5 of the Acquisition Agreement within six months of the expiration of the applicable time period relating to such representation and warranty set out in Section 11.1 of the Acquisition Agreement);
- ii) any failure of the Target to transfer good and valid title of its common shares to SQG, free and clear of all liens for which there shall be no timeframe for such indemnification.

Subject to the limitations set forth in the Acquisition Agreement, SQG agrees to indemnify and save harmless SMG from all Losses suffered or incurred by SMG as a result of or arising directly or indirectly out of or in connection with:

- a) any breach by SQG of or any inaccuracy of any representation or warranty contained in Article V of the Acquisition Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto (provided that SQG shall not be required to indemnify or save harmless SMG in respect of any breach or inaccuracy of any representation or warranty unless SMG shall have provided notice to SQG in accordance with Section 11.5 of the Acquisition Agreement within six months of the expiration of the applicable time period relating to such representation and warranty set out in Section 11.1 of the Acquisition Agreement); and
- b) any breach or non-performance by SQG of any covenant to be performed by it which is contained in the Acquisition Agreement or in any agreement, certificate or other document delivered pursuant hereto.

Termination of the Acquisition Agreement

The Acquisition Agreement is legally binding and cannot be terminated by any of the parties without:

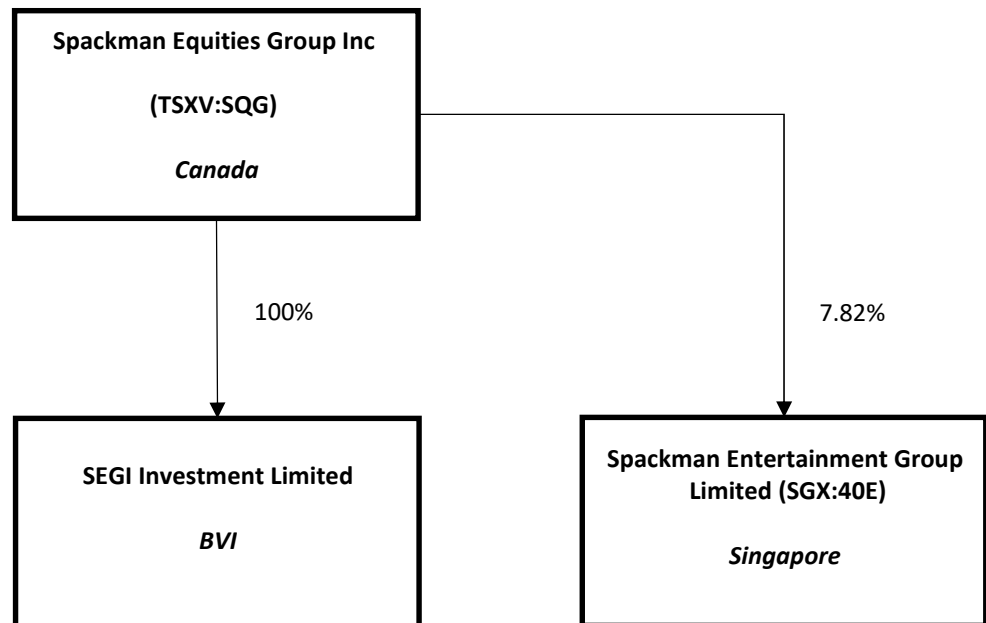
- a) the mutual written consent of each of the Target and SQG;
- b) by the Target, if there has been a misrepresentation, breach or non-performance by a party (other than the party seeking to terminate the Acquisition Agreement pursuant to Section 8.1(b)) of the Acquisition Agreement of any representation, warranty, covenant or obligation contained in this Agreement, which could reasonably be expected to have a Material Adverse Effect on another party, provided the breaching party has been given notice of and thirty (30) days to cure any such misrepresentation, breach or non-performance;
- c) by either the Target or SQG, if a condition for the terminating party's benefit has not been satisfied or waived; or
- d) by either the Target or SQG, if the Closing has not occurred on or before October 31, 2023 or such later date as may be agreed to by the Target and SQG (provided, that the right to terminate this Agreement under Section 8.1(d) of the Acquisition Agreement will not be available to any party whose failure to fulfill any of its obligations under the Acquisition Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date).

INFORMATION CONCERNING SQG

Corporate Structure

Spackman Equities Group Inc was incorporated on May 18, 2006, under the CBCA and its shares are publicly traded on the TSXV under the symbol SQG. Its head office is located at Suite 2502, Scotia Plaza Toronto, Ontario, M5H 3Y2. On August 13, 2021, SQG filed articles of amendment to complete a share consolidation on the basis of ten (10) pre-consolidation Common Shares for one (1) post-consolidation Common Share.

SQG is organized in the structure set out in the organizational chart below.



- SEGI Investment Limited is a dormant company
- Spackman Entertainment Group Limited ("**SEGL**") is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures and TV dramas. SQG is the largest shareholder of SEGL with 7.82% of ownership and Bigfoot Content Limited is the second largest shareholder of SEGL with 7.79%. None of the other shareholders of SEGL hold 5% or above equity interest in SEGL.

General Development of the Business

History of SQG

SQG was initially incorporated on May 18, 2006, under the name "China Resolve Inc.", following which it changed its name to "Centiva Capital Inc." and commenced trading on the TSXV under the symbol "CVC" on October 11, 2007.

On September 30, 2011, the Corporation completed a plan of arrangement pursuant to Section 192 of the CBCA, whereby the Corporation and its wholly-owned subsidiary, Aylen Capital Inc. ("**Aylen**") entered into an agreement to distribute the existing assets of the Corporation to shareholders by way of the arrangement. Under the terms of the arrangement, all of the existing assets and liabilities of the Corporation were transferred to Aylen in exchange for shares of Aylen and a \$842,832 promissory note. The arrangement was completed on October 31, 2011, and on the same date, the Corporation changed its name to Spackman Equities Group Inc.

The Corporation is an investment holding company. Its investment strategy is focused on investing into and developing small and medium sized growth companies that possess industry-specific know-how or proprietary technologies, primarily in Asia, and investing in selected publicly-traded companies that management believes are attractive investment propositions. The objectives of the Corporation are to:

- invest into or acquire businesses of compelling growth potential at attractive valuations;
- build a diversified and balanced portfolio of investments; and
- deliver the collective value derived from the performance of its portfolio of investments to its shareholders.

The Corporation's current holdings include the following:

- 7.55% ownership of Singapore incorporated Spackman Entertainment Group Limited, which is listed on the Catalist of the Singapore Exchange (ticker: 40E) and is a leading entertainment production company;
- 0.41% of SMG, a Hong Kong incorporated company which is 43.88% owned by Spackman Entertainment Group Limited and which, together with its subsidiaries (including the Target), is collectively one of the largest entertainment talent agencies in Korea; and
- investments in non-publicly traded companies.

On August 18, 2021, the Corporation completed a share consolidation 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).

On February 6, 2023, SQG entered into the initial Acquisition Agreement with the Target and the Vendors, which contemplates the completion of the Acquisition, which was subsequently replaced by an amended and restated share Acquisition Agreement dated as of August 4, 2023 (as supplemented by a supplementary share exchange agreement dated October 30, 2023).

Concurrent Financing

As a condition to completing the RTO, the Acquisition Agreement contemplates: (i) a brokered private placement financing of subscription receipts of SQG (the "**Subscription Receipts**") at a price of CAD\$0.20 per Subscription Receipt; and (ii) a non-brokered private placement of ordinary shares of the Target at a price of US\$2.72 per ordinary share (the "**CPL Concurrent Financing**" and, together with the sale of the Subscription Receipts, the "**Concurrent Financing**"), for aggregate gross proceeds from the Concurrent Financing of a minimum of US\$7,050,000 and a maximum of US\$20,000,000.

SQG engaged Hampton Securities Limited (the "**Agent**") in connection with the sale of the Subscription Receipts, which will be sold pursuant to an agency agreement among SQG, the Target and the Agent (the "**Agency Agreement**"). Each Subscription Receipt will be automatically exchanged, without payment of additional consideration or further action on the part of the holder thereof, for one unit of the Company (each, a "**Unit**") each comprised of one Common Share (on a post-Consolidation basis) (a "**Unit Share**") and one-half of one post-Consolidation Common Share purchase warrant (each whole common share purchase warrant, a "**Warrant**") upon satisfaction or waiver (where permitted) of the escrow release conditions (the "**Escrow Release Conditions**") set out below. The Escrow Release Conditions are collectively, (i) all conditions precedent to the completion of the RTO shall have been satisfied or waived, (ii) the receipt of all shareholder, regulatory and third party approvals, (iii) there shall not have been any breach of the agency agreement, (iv) the distribution of the securities issuable upon conversion of the Subscription Receipts being exempt from applicable prospectus and registration requirements of applicable Canadian securities laws, (v) there have been no material adverse amendments of the terms and conditions of the Acquisition Agreement, and (vi) the completion, satisfaction or waiver of all conditions precedent to the RTO set forth in the Acquisition Agreement having occurred, other than the release of the Escrowed Funds.

Each Warrant will entitle the holder to acquire one post-Consolidation Common Share (a "**Warrant Share**") at an exercise price of CAD\$0.30 per Warrant Share for a period of 36 months from the date the Escrow Release Conditions are satisfied. The expiry date of the Warrants may be accelerated by the Corporation, within five (5) business days of the volume weighted average price of the post-Consolidation Common Shares on the TSXV being greater than \$0.50 for any 30

consecutive trading days (an “**Acceleration Event**”), at any time following the four (4) month anniversary from the date the Escrow Release Conditions are satisfied and prior to the expiry date of the Warrants upon the occurrence of an Acceleration Event.

The proceeds of the Concurrent Financing that are derived from the sale of Subscription Receipts less 50% of the Agent’s commission equal to 6.0% of the aggregate gross proceeds raised (other than in respect of proceeds from sales to persons on a “president’s list” on which a 2.0% fee shall be payable) and all of the Agent’s expenses incurred up to such date will be held in escrow, pending the satisfaction or waiver (where permitted) of the Escrow Release Conditions (the “**Escrowed Funds**”). The Escrowed Funds (less the remaining 50% of the Agent’s commission and Agent’s expenses) will be released to the Corporation upon the satisfaction or waiver (where permitted) of the Escrow Release Conditions, at which time the Subscription Receipts shall automatically be exchanged for Units. In the event that the Escrow Release Conditions are not fulfilled or waived by 5:00 p.m. on the date which is 120 days after the closing date of the Subscription Receipt financing, each Subscription Receipt will be cancelled, and the subscription funds will be returned to the subscribers. The Corporation will be responsible for any shortfall.

The Resulting Issuer will use the proceeds of the Subscription Receipts (once released from escrow) and the CPL Concurrent Financing for general working capital, entertainment content development and production, investments and acquisitions and debt repayments.

In addition, the Corporation anticipates granting the Agent compensation warrants (the “**Compensation Warrants**”) equal to 6% of the Subscription Receipts (other than in respect of Subscription Receipts sold to persons on a “president’s list” in respect of which Compensation Warrants equal to 2.0% shall be issuable), at an exercise price of CAD\$0.30 for a period of 36 months from the date the Escrow Release Conditions are satisfied.

Subscribers in the CPL Concurrent Financing will be required to sign an assumption agreement to the Acquisition Agreement which will have the effect of such subscribers becoming parties to the Acquisition Agreement. The Target will maintain in its primary bank account a minimum of 50% of the proceeds from the CPL Concurrent Financing pending the satisfaction or waiver (where permitted) of certain conditions. In connection with the CPL Concurrent Financing, the Target plans to pay agency fees to certain arms-length third parties who have introduced Target to investors, on a case by case basis, in an amount up to 6% of the gross proceeds raised.

It is not anticipated that securities purchased pursuant to the Concurrent Financing will be subject to TSXV Policy 5.4 *Escrow, Vendor Consideration and Resale Restrictions*, unless such securities are purchased by “Principals” (as defined in the policies of the TSXV).

Selected Consolidated Financial Information and Management’s Discussion and Analysis

Financial Information

The following table sets forth certain financial information for SQG for the years ended December 31, 2021 and December 31, 2022, and for the interim period ended September 30, 2023. Such information is derived from SQG’s financial statements and should be read in conjunction with such financial statements, which are available on SQG’s SEDAR+ profile at www.sedarplus.ca.

| | For the Year Ended December 31, 2021 CAD | For the Year ended December 31, 2022 CAD | For the Period ended September 30, 2023 CAD |
|--------------------|---|---|--|
| Total Expenses | 252,120 | 307,146 | 136,897 |
| Cash | 72,996 | 7,470 | 15,810 |
| Total Assets | 764,159 | 597,411 | 596,823 |
| Total Liabilities | 1,083,165 | 1,315,634 | 1,607,976 |
| Shareholder Equity | (319,006) | (718,223) | (1,011,153) |

As of September 30, 2023 and December 31, 2022, SQG had net working capital of approximately CAD\$(255,708) and CAD\$(289,892), respectively.

Management's Discussion and Analysis

Management's Discussion and Analysis ("MD&A") of SQG for the year ended December 31, 2022 and the interim period ended September 30, 2023 can be found on SQG's SEDAR+ profile at www.sedarplus.ca. The MD&A should be read in conjunction with SQG's audited annual financial statements for the year ended December 31, 2022 and interim financial statements for the nine months ended September 30, 2023, together with the notes thereto, which can be found on SQG's SEDAR+ profile at www.sedarplus.ca.

Description of the Securities

Share Capital

SQG's authorized share capital consists of an unlimited number of Common Shares, of which 14,889,972 Common Shares were issued and outstanding as of the date of this Circular.

Each Common Share entitles the holder to one vote for each Common Share held at all meetings of Shareholders, to participate rateably in any dividend declared by the board of directors of SQG on the Common Shares, and to receive SQG's remaining property in the event of the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of SQG's assets.

Prior Sales

The Corporation has not issued any Common Shares or securities convertible into Common Shares during the 12-month period preceding the date of this Information Circular.

Trading Price and Volume

The Common Shares are currently listed on the TSXV under the trading symbol "SQG". The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the TSXV for the 12-month period prior to the date of this Information Circular.

| <u>Month</u> | <u>High (\$)</u> | <u>Low (\$)</u> | <u>Volume</u> |
|---------------------|-------------------------|------------------------|----------------------|
| January 2023 ----- | \$0.040 | \$0.025 | 27,100 |
| December 2022----- | \$0.025 | \$0.010 | 209,900 |
| November 2022----- | \$0.030 | \$0.015 | 35,800 |
| October 2022----- | \$0.030 | \$0.030 | 10,700 |
| September 2022----- | \$0.035 | \$0.030 | 3,000 |
| August 2022 ----- | \$0.035 | \$0.035 | 40,000 |
| July 2022----- | \$0.040 | \$0.035 | 20,400 |
| June 2022----- | \$0.075 | \$0.040 | 39,400 |
| May 2022----- | \$0.075 | \$0.040 | 18,400 |
| April 2022----- | \$0.070 | \$0.055 | 15,000 |
| March 2022----- | \$0.060 | \$0.055 | 26,600 |
| February 2022----- | \$0.070 | \$0.055 | 133,800 |

The Acquisition was first announced on February 6, 2023. The closing price of the Common Shares on the TSXV on February 3, 2023, the last trading day prior to the announcement of the Acquisition, was CAD\$0.04. Since that time, trading of the Common Shares has remained halted.

Consolidated Capitalization

Other than as described below and as contemplated pursuant to the Acquisition, there have not been any material changes in the share and loan capitalization of the Corporation since December 31, 2022.

The following table sets forth the consolidated capitalization of the Corporation effective March 28, 2024: (i) prior to the Acquisition; (ii) after giving effect to the Acquisition and the issuance of the Stock Consideration. This table is presented and should be read in conjunction with the Corporation's Annual Financial Statements.

| Designation | As at March 28, 2024 | | |
|---------------|----------------------------|---|------------------------------------|
| | Authorized | Amount outstanding as at December 31, 2022 | As Adjusted for the Acquisition |
| Share Capital | Unlimited Common Shares | \$11,601,165 | \$ 5,530,902 |
| Loan Capital | - | \$0 | \$0 |

Ownership of Securities

There are no Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by any of the directors or officers of SQG, or any of their respective associates or affiliates, as of the date hereof.

Commitments to Acquire Securities of SQG

There are currently no commitments, understandings or agreements made by SQG to any of the directors or officers of SQG or any of their associates or affiliates to acquire securities of SQG.

Financial Statements

The audited annual financial statements for the years ended December 31, 2021, and December 31, 2022 and unaudited financial statements for the nine months ended September 30, 2023, and MD&A for the year ended December 31, 2022 and the nine months ended September 30, 2023, are available on SQG's SEDAR+ profile at www.sedarplus.ca.

Dividend Policy

SQG has paid no dividends on the Common Shares since incorporation. There are no restrictions on SQG's ability to pay dividends in its articles, and it has no plans to declare a dividend in the future or to alter its dividend policy.

Expenses of the Transaction

The expenses of SQG in connection with the Acquisition are estimated to be approximately \$268,420. These expenses include financial advisor fees, legal advisory fees, as well as the costs associated with applications to regulatory authorities and the preparation, printing and mailing of the proxy materials for the Meeting. Such fees will be paid out of SQG's general funds.

STATEMENT OF EXECUTIVE COMPENSATION - SQG

Under Applicable Canadian Securities Laws, the Corporation is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Corporation as at December 31, 2022, whose total compensation was more than \$150,000 for the financial year of the Corporation ended December 31, 2022 (collectively the "Named Executive Officers") and for the directors of the Corporation.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years of the Corporation to the Named Executive Officers and the directors of the Corporation.

| TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES ⁽¹⁾ | | | | | | | |
|--|----------------------------------|---|------------|--------------------------------|---------------------------|---|-------------------------|
| Name and position | Year/Period Ended ⁽⁶⁾ | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) ⁽⁷⁾ | Total compensation (\$) |
| Richard Lee Interim Chief Executive Officer, Chairman and | 2023 | - | - | - | - | - | - |
| | 2022 | - | - | - | - | - | - |
| Alex Falconer ⁽²⁾ Chief Financial Officer | 2023 | \$54,240 | - | - | - | - | \$54,240 |
| | 2022 | \$54,240 | - | - | - | - | \$54,240 |
| William Hale ⁽³⁾ Director | 2023 | - | - | \$5,558 | - | - | \$5,558 |
| | 2022 | - | - | \$5,769 | - | - | \$5,769 |
| Kyoungwon Na ⁽⁴⁾ Director | 2023 | - | - | - | - | - | - |
| | 2022 | - | - | - | - | - | - |
| Douglas Babcook ⁽⁵⁾ Director | 2023 | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2022 | - | - | - | - | - | - |

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) Stated in US dollars.
- (3) Mr. William Hale was appointed a director on June 24, 2013.
- (4) Mr. Kyoungwon Na was appointed a director on November 8, 2017.
- (5) Mr. Douglas Babcook was appointed a director on November 28, 2014, and passed away in July 2022.

Stock Options and Other Compensation Securities

The Corporation did not grant or issue any compensation securities during the most recently completed financial year of the Corporation for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

None of the Named Executive Officers or directors of the Corporation exercised any compensation securities during the most recently completed financial year of the Corporation.

Stock Option Plan and other Incentive Plans

The Corporation has in place the Stock Option Plan which was last approved by the shareholders of the Corporation on October 20, 2022.

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan. The purpose of the Stock Option Plan is to, among other things, encourage Common Share ownership in the Corporation by directors, officers, employees and consultants of the Corporation and its affiliates and other designated persons. Stock options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Corporation and its subsidiaries and other designated persons as designated from time to time by the Board.

The number of Common Shares which may be reserved for issue under the Stock Option Plan is limited to 10% of the issued and outstanding number of Common Shares as at the date of the grant of stock options. As at the date hereof, 1,488,997 stock options may be reserved for issue pursuant to the Stock Option Plan. As no stock options have been issued, 1,488,997 stock options are currently available for issue.

Any Common Shares subject to a stock option which is exercised, or for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares at the time of grant. Stock options granted under the Stock Option Plan may be exercised during a period not exceeding 10 years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Corporation or any of its subsidiaries or ceasing to have a designated relationship with the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The stock options are non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Corporation's capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of stock options granted under the Stock Option Plan.

The Corporation has no equity compensation plans other than the Stock Option Plan.

Employment, Consulting and Management Agreements

There are no employment agreements between the Corporation or any subsidiary or affiliate thereof and any of the Named Executive Officers.

There are no employment agreements in place with any of the directors of the Corporation.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Board, at the recommendation of the management of the Corporation, determines the compensation payable to the directors of the Corporation and reviews such compensation periodically throughout the year. For their role as directors of the Corporation, each director of the Corporation who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the stock option plan of the Corporation. There are no other arrangements under which the directors of the Corporation who are not Named Executive Officers were compensated by the Corporation or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Corporation.

Compensation of Named Executive Officers

Principles of Executive Compensation

When determining the compensation of the Named Executive Officers, the Board considers the limited resources of the Corporation and the objectives of: (i) recruiting and retaining the executives critical to the success of the Corporation and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and shareholders of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. In order to achieve these objectives, the compensation paid to the Named Executive Officers consists of the following components: (i) base fees; and (ii) long-term incentives in the form of stock options, each of which are described in greater detail below.

The Board is responsible for the Corporation's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Corporation and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning grants to eligible persons under the stock option plan of the Corporation. The Board reviews and approves the hiring of executive officers.

Base Fees

The Board approves the base fee ranges for the Named Executive Officers. The review of the base fee component of each Named Executive Officer compensation is based on assessment of factors such as executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation and a review of the performance of the Corporation as a whole and the role such executive played in such corporate performance. As of the date of this Information Circular, the Board had not, collectively, considered the implications of any risks associated with policies and practices regarding compensation of its directors or executive officers.

Long Term Compensation

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

Pension Disclosure

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Corporation.

Termination and Change of Control Benefits

The Corporation has not provided compensation, monetary or otherwise, during the two preceding fiscal years, to any person who now acts or has previously acted as a Named Executive Officer or director of the Corporation in connection with or related to the retirement, termination or resignation of such person. The Corporation has not provided any compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. Except as set forth under the heading "*Statement of Executive Compensation – Employment, Consulting and Management Agreements*" in this Information Circular, the Corporation is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Corporation resulting from the resignation, retirement or the termination of employment of such person.

Material Contracts

SQG has not entered into any material contracts other than contracts in the ordinary course of business, other than the Acquisition Agreement. When entered into, the Agency Agreement will be a material contract of SQG.

A copy of the Acquisition Agreement is available on SQG's profile on SEDAR+ at www.sedarplus.ca, and will also be available for inspection, without charge, at the head office of the Corporation at Suite 2502, Scotia Plaza, Toronto, Ontario, M5H 3Y2, at any time during ordinary business hours until the Closing Date and for a period of 30 days thereafter.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is or was a director, executive officer or employee of the Corporation or any of its subsidiaries, any proposed nominee for election as a director of the Corporation or any associate of such director or officer, is or was, at the end of the most recently completed financial year, indebted to the Corporation or any of its subsidiaries since the beginning of the most recently completed financial year of the Corporation, or is or has been indebted to another entity that is or has been the subject of a guarantee, support agreement, letter of

credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries during that period.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person of the Corporation, proposed director of the Corporation or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of this Circular, an "informed person" means (i) a director or officer of the Corporation; (ii) a director or officer of a person or company that is itself an informed person; or (iii) any person or company who beneficially owns, directly or indirectly, and/or exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attaching to all outstanding voting securities of the Corporation.

AUDIT COMMITTEE

The audit committee will be appointed by the board to assist the board in fulfilling its oversight responsibilities of the corporation. In doing so, the committee provides an avenue for communication among the external auditors, management and the board. The committee's purpose is to ensure the integrity of financial reporting and the audit process, and that sound risk management and internal control systems are developed and maintained. In pursuing these objectives, the audit committee oversees relations with external auditors, and reviews the effectiveness of the internal audit function.

The audit committee will consist of:

| Name | Independent | Financially Literate | Relevant Education and Experience |
|----------------------|-------------|----------------------|--|
| Kun Hyok Yim | Yes | Yes | Please see <i>"Information Concerning the Resulting Issuer – Management"</i> |
| Na Kyoungwon | No | Yes | |
| William Hale (Chair) | Yes | Yes | |

Audit Committee Charter

The Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. The text of the Audit Committee's charter is set forth at Schedule "E" attached hereto.

Relevant Education and Experience

The education and experience of each Audit Committee member which is relevant to the performance of his responsibilities as an Audit Committee member is set out under the heading *"Election of Directors"* above.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on the exemptions in Sections 2.4, 6.1.1(4), 6.1.1(5), or 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 (*De Minimis*

Non-audit Services) provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Sections 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), 6.1.1(5) (*Events Outside Control of Member*) and 6.1.1(6) (*Death, Incapacity or Resignation*) provide exemptions from the requirement that a majority of the members of the Corporation's Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation. Part 8 (*Exemptions*) permits a company to apply to a securities regulatory authority or regulator for an exemption from the requirements of NI 52-110 in whole or in part.

Pre-approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services by the external auditor as no such engagement is presently contemplated or ever likely to occur for the foreseeable future.

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Corporation's external auditors for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The aggregate fees billed by the Corporation's external auditors in each of the last three fiscal years for audit fees are as follows:

| Financial Year Ending December 31 | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees |
|--|-------------------|-------------------------------|-----------------|-----------------------|
| 2023 | \$45,000 | Nil | Nil | Nil |
| 2022 | \$17,850 | Nil | Nil | Nil |
| 2021 | \$39,000 | Nil | Nil | Nil |

Exemption

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110.

CORPORATE GOVERNANCE

Corporate governance relates to activities of the Board, the members of which are elected by and are accountable to the Shareholders and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of its Shareholders and contribute to effective and efficient decision making.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires that each reporting issuer disclose its corporate governance practices on an annual basis.

The Board believes that sound corporate governance improves corporate performance and benefits all shareholders. This section sets out the Corporation's approach to corporate governance and provides the disclosure required by Form NI 58-101F2 *Corporate Governance Disclosure (Venture Issuers)*.

Board of Directors

Independence

As at the Record Date the Corporation's Board is comprised of three directors: Richard Lee, Na Kyoungwon, and William Hale. One additional director, Mr. Kun Hyok Yim, has been nominated as a new director at the Meeting.

Pursuant to NI 52-110, a director is independent if such director has no direct or indirect material relationship with the Corporation. A material relationship is a relationship, which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship to the Corporation.

The Board has considered the relationship of each of the directors to the Corporation and has determined that the following two directors are independent within the meaning of NI 52-110: Na Kyoungwon and William Hale. Mr. Kun Hyok Yim will also be independent at the time of his appointment.

Following the Acquisition, if completed, the Corporation will may look to add independent directors to the Board, to assist in providing independent judgment in carrying out the responsibilities of the Board.

The directors are responsible for managing and supervising the management of the business and affairs of the Corporation. Each year, the Board must review the relationship that each director has with the Corporation in order to satisfy themselves that the relevant independence criteria have been met.

Orientation and Continuing Education

To date the Corporation has relied upon the experience and exposure provided to Board members through their participation as board members of other public companies and through continuing education programs attended by individual directors. New directors participate in a meeting with management when first elected to review the Corporation's financial situation and state of the Corporation's resources.

Ethical Business Conduct

The Corporation has adopted a code of written standards reasonably designed to promote integrity and to deter wrongdoing, which covers general business conduct and ethics, in order to address potential conflicts of interest, protection and proper use of corporate assets and opportunities, ensure the confidentiality of corporate information, ensure fair dealing with securityholders, customers, suppliers, competitors and employees, compliance with statutory requirements and a formal mechanism for reporting illegal or unethical behavior.

Nominating and Corporate Governance Committee

The Board has established a nominating and corporate governance committee, which is currently comprised of Richard Lee, Na Kyoungwon, and William Hale.

In considering candidates for the position of a director of the Board, members of the committee will consider such factors as independence, integrity, skills, expertise, breadth of experience, knowledge about the Corporation's business and a willingness to devote adequate time and effort to the Board's responsibilities. The committee also reviews all nominations for re-election of Board members.

Compensation

The Board does not currently have a compensation committee or a formal procedure with respect to determining compensation for the directors. All employment, consulting or other compensation arrangements between the Corporation, or its subsidiary, and the directors or executive officers are considered and approved by disinterested members of the Board.

Assessments

The Board is responsible for keeping management informed of its evaluation of the performance of the Corporation and its senior officers in achieving and carrying out the Board-established goals and policies and is also responsible for advising management of any remedial action or changes which it may consider necessary. Additionally, directors are expected to devote the time and attention to the Corporation's business and affairs as necessary to discharge their duties as directors effectively. The Board does not have a formal process to monitor the effectiveness of the Board, its committees and individual members, but rather relies on an informal review process. In order to gauge performance, the Board considers the following:

- (a) input from directors, when appropriate;
- (b) attendance of directors at meetings of the Board and any committee; and
- (c) the competencies and skills each individual director is expected to bring to the Board and each committee.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Corporation's external auditors are MNP LLP, located at 1 Adelaide Street East, Suite 1900, Toronto, Ontario, M5C 2V0.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

MANAGEMENT CONTRACTS

Except as otherwise disclosed herein, management functions of the Corporation are not, to any substantial degree, performed by a person other than the directors and executive officers of the Corporation.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

SQG is not aware of any individuals who are, or who at any time during the most recently completed financial year were, a director or executive officer of SQG, a proposed nominee for election as a director of SQG, or an associate of any of those directors, executive officers or proposed nominees, who are, or have been at any time since the beginning of the most recently completed financial year of SQG, indebted to SQG or any of its subsidiaries or whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of SQG has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by SQG or any of its subsidiaries.

INFORMATION CONCERNING THE TARGET

The following information has been provided by the Target and reflects the current business, financial and share capital position of the Target. See "Information Concerning the Resulting Issuer" for pro forma business, financial and share capital information following the completion of the Acquisition.

Corporate Structure

The Target was incorporated in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on August 18, 2014. The Target has its registered office at Rooms 1009-1012, 10/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong.

Following the completion of the Acquisition, the Target will become a wholly-owned subsidiary of the Resulting Issuer.

Description of the Business

The Target is a company incorporated in Hong Kong and, together with its subsidiaries, is one of the leading entertainment talent agencies in Korea. The Target, through its two full-service talent agencies in Korea, 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.

The Target leverages its portfolio of artists as a platform to develop, produce, finance and own the high quality entertainment content projects, including theatrical motion pictures and TV dramas. The Target also engages in the business of providing financial and strategic advice and consulting to clients in the entertainment and media sector.

Through its talent management agencies, the Target manages a diverse portfolio of artists. The collective roster of artists ranges from the top stars, rising stars as well as young artists who are preparing for their debut. The Target's network of leading talent agencies work closely with their roster of clients to provide counsel and resources to originate and cultivate a wide range of opportunities for the artists, in the areas of film, TV, commercial endorsements, and branded entertainment. The experienced management of each of the agencies professionally and personally engage each of the Target's artists, who are in different stages in their careers, to find a customized long-term oriented strategy that is tailored individually to each of the artists. In addition, with the growing number of platforms available to help establish a client as a "brand", the Target's agencies actively work to create in-roads across digital and social media, licensing and merchandising, publishing, and live-event opportunities.

The Target has two wholly-owned Korean subsidiaries, each of which operates a talent management agency:

- SBD Entertainment Inc. ("**SBD**"). SBD manages a group of artists which includes rising stars Han Ji-hyun and Park Keun-rok.
- Msteam Entertainment Co., Ltd. ("**Msteam**"). Msteam's clients include iconic Korean actress, Son Ye-jin, top international star from Squid Game, Wi Ha-jun, top Korean actress Lee Min-jung, Ko Sung-hee and Lee Cho-hee.

The Target is majority-owned by SMG, a company incorporated in Hong Kong and one of Korea's leading entertainment companies.

The Target's revenue is derived mainly from talent management services, including the artists' participation in advertisements, television programs and other entertainment content projects, including artists' appearances at fan-meeting events, and is based on contractual arrangements between the Target and the artists it manages.

Business Segments

Talent Representation

The Target's talent agencies typically enter into a contract with an artist for a period ranging from two to five years. Top artists will typically sign for two to three years, and free agent recruits may require an incentive signing bonus, while newcomers will generally sign for up to five years. The artists engage in three main areas of business: (i)

commercial films/endorsements; (ii) theatrical films; and (iii) television dramas and variety shows. The revenue sharing ratio between the artist and the talent agency depends on a variety of factors including: popularity of the artist; area of business; geography; and shareholding. Top stars may garner an 80:20 or 90:10 split of acting revenues, whereas industry veterans will typically earn a 70:30 split. Newcomers' contracts will typically stipulate a 50:50 share of revenues. For commercial films and endorsements, the revenue sharing agreement varies widely for veteran actors, ranging from 60:40 to 90:10. For new actors, a 50:50 split arrangement is standard.

The Target's talent agencies operate independently of one other. However, the Target will assist and facilitate communication and cooperation between the agencies. The Target holds periodic formal and informal CEO meetings in order to share information and to alleviate or resolve any potential conflicts between the artists and agencies.

Content Development and Production

The Target leverages its collective roster of artists to act as a platform that affords it access to, and in many cases "a first look" at production, investment and participation in a diverse array of quality content projects in film, drama, variety shows, and other entertainment content in Korea and internationally. Management of the Target understands that in the Korean entertainment industry there are significant barriers to entry in accessing investment opportunities of the top-tier entertainment content projects that have high expectations of commercial success.

Through its platform of artists, the Target has the ability to "package" its artiste clientele with quality entertainment content projects from an early stage of development. The Target is advantageously and competitively positioned to gain such early access to developing, producing, financing and owning the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas. In coming years, the Target believes that income derived from content production and investments involving its artists will significantly add to its growth.

Collaborative Investments

The Target's leading portfolio of artists also serve as a platform through which it creates and derives new peripheral business and investment opportunities. Development stage businesses in a variety of industry segments, whether it be in fashion, cosmetics, dining, food and beverage or healthcare and beauty, among others, seek direct collaboration opportunities with its artists in order to increase their credibility and visibility in the market for further growth. The Target will selectively participate in and invest in such businesses that can enhance its growth potential by collaborating with the "brands" of its artists, and in many cases, its entertainment content projects.

In addition, many of the Target's artists originate their own businesses in a diverse range of sectors. The Target will also selectively participate in and invest into such opportunities in which it can work in direct partnership with its artists to develop businesses that have potential for consistent growth in value.

The Target seeks to build a diverse investment portfolio in which it can leverage the branding of its artists, its entertainment content projects, and its network of relationships to create added value.

Advisory and Consulting Services for Entertainment and Media Business

The Target also provides innovative consulting services to companies in the entertainment and media sector. Collectively, its strategic advisory team has over 40 years of experience in advisory services for the entertainment and media sector, including corporate finance, mergers and acquisitions, and strategic partnerships.

Employees

As of the date of this Information Circular, the Target, directly or indirectly through its subsidiaries, had the following number of employees and contractors:

| Location | Full Time Employees | Contractors |
|-------------------|---------------------|-------------|
| Republic of Korea | 15 | 1 |

Foreign Operations and Korean Entertainment Industry

The operational activities of the Target are conducted primarily in Korea. Set out below is a summary of the Korean entertainment industry, which represents the primary market of the Target's operations.

a. Management Industry

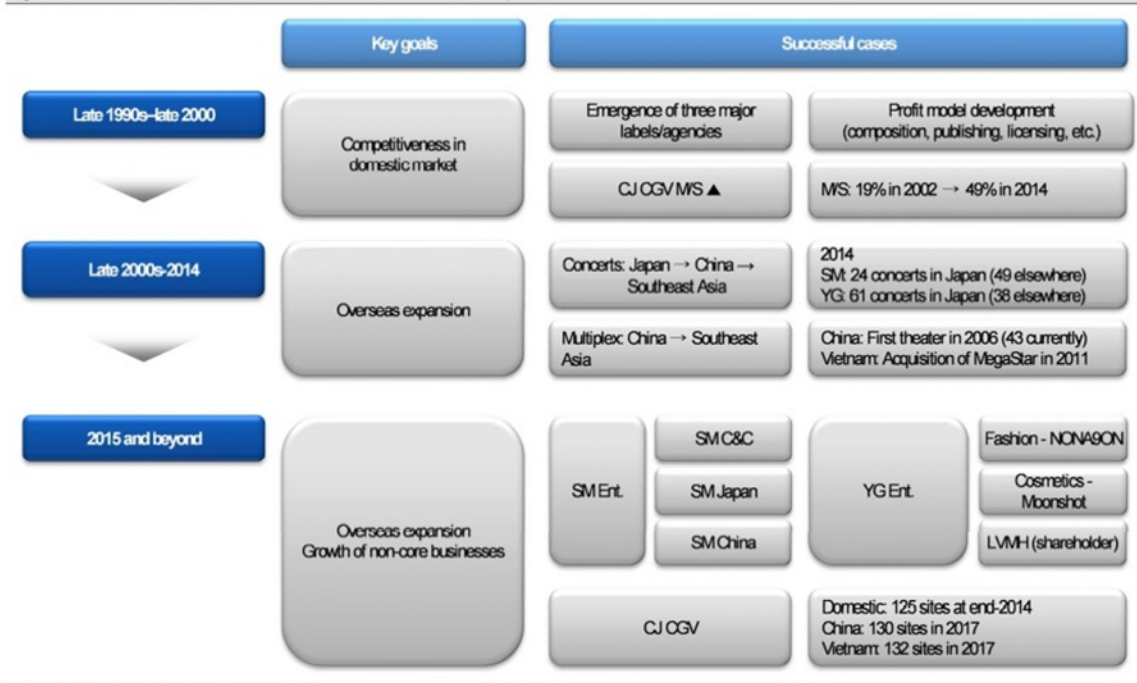
Talent management agencies are emerging as a major player in live content production. Talent management business is a value-adding creator as it discovers and nurtures artists like actors, singers, etc. while producing movies and music. In the past, talent managers and agencies were mainly responsible for just managing an artist's schedule and personal business. But as the work became more specialized and segmented and talent agencies were responsible for not only celebrity management and image making, but contracts negotiation and securing rights as well, talent agencies have had to expand their range from small artisanal management company to become a comprehensive contents company able to plan and manage.

Development Stages of the Talent Management Industry

| Stage | Period | Features | Remarks |
|-----------|------------------|--|--|
| 1st Stage | 1950~1960 | Germination of movies at the center of popular culture | Lacks organizational management systems |
| 2nd Stage | 1970~1980 | Introduction of Talent Management Industry | Introduction of Personal Manager |
| 3rd Stage | 1990's | Development of Talent Management Industry | Formation of Talent Management Industry Tools |
| 4th Stage | Since the 2000's | Emergence of Corporate Entertainment | Emergence of KOSDAQ-listed Entertainment Companies |

(Source: Korea Creative Content Agency)

Figure 1. Core trends of domestic entertainment industry



Source: KDB Daewoo Securities Research

The growth of the talent management industry is correlated with the overall growth of the entertainment business. Therefore, to explain the applicable factors of growth, the industry should be seen through 1) national income levels and, 2) demand for media including theatrical films, TV dramas, and advertising.

The link between income levels and demand in the content industry can be attributed to its resemblance to the luxury goods market and its high-income elasticity. Furthermore, demand for the entertainment industry and advertising are closely intertwined. In recent years, marketing has become increasingly important as it now encompasses a wide range of areas, including licensing likeness rights for outdoor advertising, music rights for background music and radio advertising, and product MD. As a result, more competitive products are being released, and depending on the intensity of the competition, the image of celebrities and brands needs to be leveraged to increase consumer access and demand for celebrities.

Advertising by Trend

The total size of the domestic broadcasting advertising market is expected to reach KRW 4.5 trillion in 2023, a 29.8% increase from 2020 (KRW 3.4841 trillion) accounting for 26.7% of the total domestic advertising market expected to be KRW 16.9 trillion. The rate of increase of the broadcasting advertising market is similar to the rate of increase of the total domestic advertising market (16.7%), and is the second largest increase, following the online advertising market (23.3%) that shows huge growth each year. On the other hand, the domestic broadcasting advertising market showed a steady decline each year since 2016, but rebounded sharply in 2021 and is expected to show growth in 2022 as well. When looking at the details, the terrestrial TV and PP advertising market showed an increase of 23.2% and 17.0%, respectively, in 2021, but the terrestrial DMB, cable SO and satellite broadcasting advertising markets showed a decrease of 12.7%, 3.8% and 15.0%, respectively.

The advertising market is expected to continue to grow in the future, centered on the mobile advertising market. Broadcast advertising, which had been declining since 2016, showed a pattern of recovery in 2021 as TV viewing

time increased during the pandemic. In 2022, the broadcast viewing time was reduced due to the lifting of distancing, but it is expected to continue to grow as large events such as the World Cup attract great interest.

Table 1. Advertising Market Status by Sector

(Unit : KRW million)

| Category | 2016 (Year-on-year increase or decrease) | 2017 (Year-on-year increase or decrease) | 2018 (Year-on-year increase or decrease) | 2019 (Year-on-year increase or decrease) | 2020 (Year-on-year increase or decrease) | 2021 (Year-on-year increase or decrease) | 2022 (Year-on-year increase or decrease) | 2023 (Year-on-year increase or decrease) |
|--------------------|---|---|---|---|---|---|---|---|
| Broadcast | 4,135,069 (-7.4%) | 3,950,057 (-4.5%) | 3,931,829 (-0.5%) | 3,771,046 (-4.1%) | 3,484,137 (-7.6%) | 4,053,056 (16.3%) | 4,242,410 (4.7%) | 4,521,309 (6.6%) |
| Printing | 2,319,341 (-0.4%) | 2,310,264 (-0.4%) | 2,347,956 (1.6%) | 2,372,993 (1.1%) | 1,920,054 (-19.1%) | 2,020,766 (5.2%) | 1,975,284 (-2.3%) | 1,975,391 (0.0%) |
| Online (PC) | 2,173,087 (21.2%) | 1,909,192 (14.9%) | 2,055,449 (19.7%) | 1,871,643 (14.1%) | 1,839,362 (15.4%) | 1,779,736 (6.3%) | 1,546,585 (0.2%) | 1,496,276 (10.2%) |
| Online (Mobile) | 1,981,637 (44.2%) | 2,865,945 (44.6%) | 3,661,755 (27.8%) | 4,650,286 (27.0%) | 5,689,016 (22.3%) | 6,223,908 (9.4%) | 6,476,161 (4.1%) | 7,341,392 (13.4%) |
| Outdoor | 1,088,532 (2.6%) | 1,305,948 (20.0%) | 1,329,898 (1.8%) | 1,256,765 (-5.5%) | 835,759 (-33.5%) | 930,197 (11.3%) | 981,931 (5.6%) | 1,019,903 (3.9%) |
| Misc | 464,991 (-8.4%) | 412,056 (-11.4%) | 428,999 (4.1%) | 504,196 (17.5%) | 351,960 (-30.2%) | 509,712 (44.8%) | 545,448 (7.0%) | 543,812 (-0.3%) |
| Total | 12,162,657 (3.2%) | 12,753,463 (4.9%) | 13,755,886 (7.9%) | 14,426,928 (4.9%) | 14,120,289 (-2.1%) | 15,517,375 (9.9%) | 15,767,817 (1.6%) | 16,898,084 (7.2%) |

Resources | Ministry of Science and ICT · Korea Broadcasting and Advertising Corporation (2022)

Table 2. Advertising Market Status (Unit : KRW million)

| Category | 2016 (Year-on-year increase or decrease) | 2017 (Year-on-year increase or decrease) | 2018 (Year-on-year increase or decrease) | 2019 (Year-on-year increase or decrease) | 2020 (Year-on-year increase or decrease) | 2021 (Year-on-year increase or decrease) | 2022 (Year-on-year increase or decrease) | 2023 (Year-on-year increase or decrease) |
|------------------------|---|---|---|---|---|---|---|---|
| Terrestrial TV | 1,745,314 (-9.7%) | 1,551,679 (-11.1%) | 1,421,935 (-8.4%) | 1,244,653 (-12.5%) | 1,106,607 (-11.1%) | 1,359,684 (22.9%) | 1,382,173 (1.7%) | 1,427,471 (3.3%) |
| Terrestrial DMB | 7,247 (-29.5%) | 5,287 (-27.0%) | 4,404 (-16.7%) | 2,340 (-46.9%) | 2,580 (10.3%) | 2,195 (-14.9%) | 2,262 (3.1%) | 2,545 (12.5%) |
| Radio | 239,915 (-6.6%) | 253,015 (5.5%) | 207,309 (-18.1%) | 208,481 (0.6%) | 232,980 (11.8%) | 259,767 (11.5%) | 254,176 (-2.2%) | 262,030 (3.1%) |
| Program Provider | 1,895,123 (-5.5%) | 1,853,673 (-2.2%) | 1,990,163 (7.4%) | 2,002,092 (0.6%) | 1,891,678 (-5.5%) | 2,182,364 (15.4%) | 2,354,356 (7.9%) | 2,580,708 (9.6%) |
| System Operator | 134,585 (-7.3%) | 139,124 (3.4%) | 140,775 (1.2%) | 139,140 (-1.2%) | 114,539 (-17.7%) | 109,012 (-4.8%) | 110,262 (1.1%) | 111,853 (1.4%) |
| Satellite Broadcasting | 28,300 (17.8%) | 47,972 (69.5%) | 51,130 (6.6%) | 50,039 (-2.1%) | 33,210 (-33.6%) | 32,978 (-0.7%) | 32,319 (-2.0%) | 31,349 (-3.0%) |
| IPTV | 84,586 (-6.3%) | 99,307 (17.4%) | 116,113 (16.9%) | 124,301 (7.1%) | 102,544 (-17.5%) | 107,056 (4.4%) | 106,861 (-0.2%) | 105,353 (-1.4%) |
| Total | 4,135,069 (-7.4%) | 3,950,057 (-4.5%) | 3,931,829 (-0.5%) | 3,771,046 (-4.1%) | 3,484,137 (-7.6%) | 4,053,056 (16.3%) | 4,242,410 (4.7%) | 4,521,309 (6.6%) |

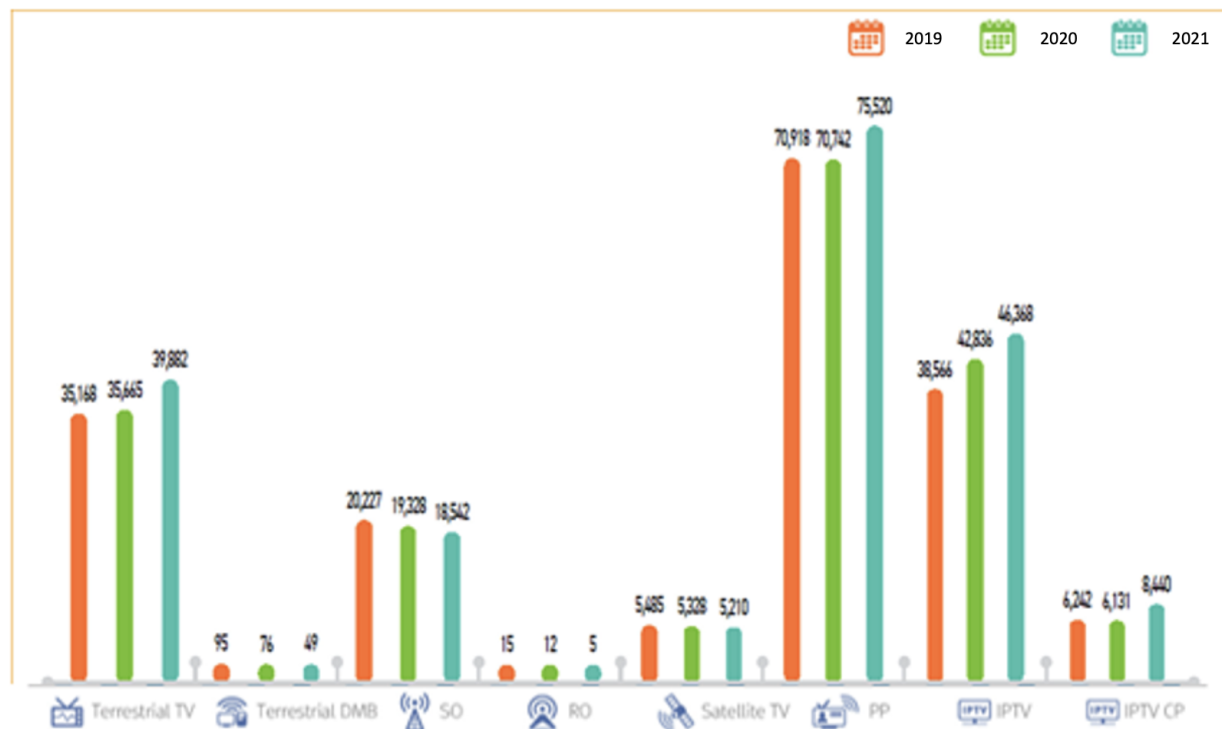
Resources | Ministry of Science and ICT· Korea Broadcasting and Advertising Corporation (2022)

b. TV Drama and Film Production Industry

Domestic Broadcasting Market

Between 2019 and 2021, most broadcast media except cable TV SO and satellite showed a trend of growth in revenue. Total sales of Domestic broadcasting industry operators increase 7.7% YoY in 2021 to 19.4 trillion won. This appears to be due to the increase in overall media usage during the pandemic as travel has decreased due to distancing. In particular, IPTV market has continuously enlarged its scale and duration and is expected to drive the flow of future broadcasting market while cable TV SO and satellite broadcasting subscribers and revenue are continuously decreasing in the context of the spread of OTT. COVID-19 has accelerated the rapid digital transformation as the OTT market benefited from the restriction of outdoor activities due to distancing. The video market is expected to continue reorganization around OTT.

Figure 2. Trend of broadcasting business sales by broadcast media (2019~2021)
(Unit: KRW billion, %)



Source: Korea Communications Commission (2022)

Film Production

One of the main target markets of the Target's talent management business and the domestic film market is the production business.

In 2022, the total sales of major sectors of the Korean film industry (theaters, non-theaters, and overseas exports) amounted to KRW1.7064 trillion, a year-on-year increase of 66.7%. This is due to the impact of COVID-19, which caused the total sales volume to decrease by 58.0% compared to 2019, to KRW1.537 trillion in 2020, which was the smallest total sales volume in the past 10 years. This is a 68% recovery from the peak level of KRW 2.5093 trillion in 2019, and while the Korean film industry has not fully recovered from the impact of the pandemic, the potential for its return bodes well for future growth.

Theatrical sales amounted to KRW1.1602 trillion, an increase of 98.5% year-on-year, and sales in non-theater markets (physical storage media such as TV VOD, Internet VOD, DVD/Blu-ray, and TV broadcasting rights) amounted to KRW 453.9 billion, an increase of 18.3% year-on-year. Overseas exports amounted to KRW 92.3 billion (USD 71.47 million), an increase of 66.0% year-on-year.

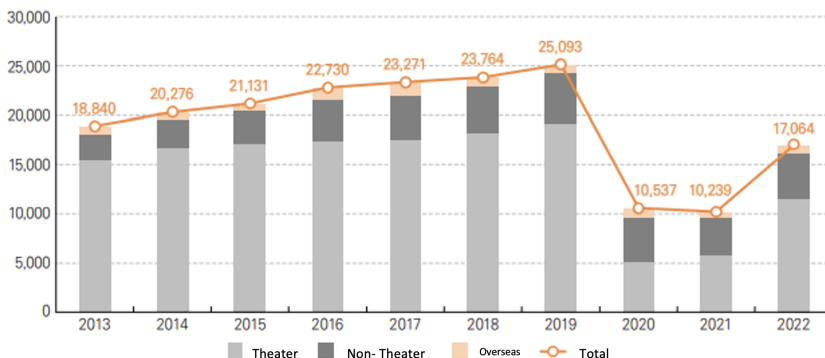
In 2022, the total sales of theaters reached KRW1.1602 trillion, an increase of 98.5% year-on-year, and the total number of audiences reached 112.81 million, an increase of 86.4% year-on-year. Compared to 2019 before the pandemic, the overall sales in 2022 were three-fifths (60.6%) of 2019, and the total number of audiences in 2022 was only one-half (49.8%) of 2019. However, since April 2022, all social distancing measures have been lifted. Films such as Crime City 2, Top Gun: Maverick, Hansan: Rise of the Dragon, Mutual Aid 2: International, Avatar: The Way of Water boosted annual sales above KRW1 trillion for the first time since the COVID-19 pandemic.

Table 3. 2013~2022 Major Sectors of the Korean Film Industry (Theater, Non-Theater, Overseas) Sales
(Unit: KRW billion, %)

| category | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------|------------------------|--------|--------|--------|---------------|--------|--------|--------|--------|--------|--------|
| Theater Sales 1) | | 15,513 | 16,641 | 17,154 | 17,432 | 17,566 | 18,140 | 19,140 | 5,104 | 5,845 | 11,602 |
| % of Total | | 82.3% | 82.1% | 81.2% | 76.7% | 75.5% | 76.3% | 76.3% | 48.4% | 57.1% | 68.0% |
| YoY % | | 6.6% | 7.3% | 3.1% | 1.6% | 0.8% | 3.3% | 5.5% | -73.3% | 14.5% | 98.5% |
| Non-theater market sales | | 2,676 | 2,971 | 3,349 | 4,125 | 4,362 | 4,739 | 5,093 | 4,514 | 3,838 | 4,539 |
| % of total | | 14.2% | 14.7% | 15.8% | 18.1% | 18.7% | 19.9% | 20.3% | 42.9% | 37.5% | 26.6% |
| YoY% | | 24.0% | 11.0% | 12.7% | 23.2% | 5.7% | 8.6% | 7.5% | -11.4% | 16.5% | 18.3% |
| Overseas Export2) | billion won | 651 | 664 | 628 | Finished work | 509 | 460 | 458 | 442 | 595 | 492 |
| | | | | | Service | 664 | 883 | 427 | 418 | 324 | 64 |
| | | | | | Subtotal | 1,173 | 1,343 | 885 | 860 | 919 | 556 |
| | Ten thousand dollars3) | 5,946 | 6,308 | 5,550 | Finished work | 4,389 | 4,073 | 4,160 | 3,788 | 5,416 | 4,303 |
| | | | | | Service | 5,720 | 7,806 | 3,876 | 3,590 | 2,945 | 560 |
| | | | | | Subtotal | 10,109 | 11,879 | 8,036 | 7,378 | 8,361 | 4,863 |
| % of total | | 3.5% | 3.3% | 3.0% | 5.2% | 5.8% | 3.7% | 3.4% | 8.7% | 5.5% | 5.4% |
| YoY% | | 57.2% | 2.0% | -5.4% | 86.8% | 14.5% | -34.1% | -2.8% | 6.9% | -39.5% | 66.0% |
| Total | | 18,840 | 20,276 | 21,131 | 22,730 | 23,271 | 23,764 | 25,093 | 10,537 | 10,239 | 17,064 |
| % of Total | | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| YoY% | | 10.0% | 7.6% | 4.2% | 7.6% | 2.4% | 2.1% | 5.6% | -58.0% | -2.8% | 66.7% |

Source : Korea Film Council

Figure 3. Total Sales (Theater, Non-Theater, and Overseas) from 2013~2022
(Unit: KRW billion, %)



Source: Korea Film Council

Table 4. Key Statistical Indicators of Korean Film Industry in 2013~2022
(Unit: ten thousand, %)

| category | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|
| Number of Admissions | Total number of Admissions | 21,335 | 21,506 | 21,729 | 21,702 | 21,987 | 21,639 | 22,668 | 5,952 | 6,053 | 11,281 |
| | YoY % | 9.5% | 0.8% | 1.0% | -0.1% | 1.3% | -1.6% | 4.8% | 73.7% | 1.7% | 86.4% |
| | Korean Movies | 12,729 | 10,770 | 11,293 | 11,655 | 11,390 | 11,015 | 11,562 | 4,046 | 1,822 | 6,279 |
| | YoY% | 11.1% | 15.4% | 4.9% | 3.2% | -2.3% | -3.3% | 5.0% | 65.0% | 55.0% | 244.7% |
| | Share | 59.7% | 50.1% | 52.0% | 53.7% | 51.8% | 50.9% | 51.0% | 68.0% | 30.1% | 55.7% |
| | Foreign Films | 8,606 | 10,736 | 10,436 | 10,047 | 10,597 | 10,624 | 11,106 | 1,906 | 4,231 | 5,001 |
| | YoY% | 7.2% | 24.8% | -2.8% | -3.7% | 5.5% | 0.3% | 4.5% | 82.8% | 122.0% | 18.2% |
| | Share | 40.3% | 49.9% | 48.0% | 46.3% | 48.2% | 49.1% | 49.0% | 32.0% | 69.9% | 44.3% |
| | Korean Movies | 183 | 217 | 232 | 302 | 376 | 454 | 502 | 615 | 653 | 703 |
| | Foreign Films | 722 | 878 | 944 | 1,218 | 1,245 | 1,192 | 1,238 | 1,078 | 984 | 940 |
| Release Number | | | | | (167) | (164) | (194) | (199) | (165) | (224) | (226) |
| | | | | | (411) | (456) | (534) | (448) | (413) | (480) | (397) |
| Number of Screens | | 2,184 | 2,281 | 2,424 | 2,575 | 2,766 | 2,937 | 3,079 | 3,015 | 3,254 | 3,322 |
| Number of theaters | | 333 | 356 | 388 | 417 | 452 | 483 | 513 | 474 | 542 | 561 |
| Visits per person | | 4.17 | 4.19 | 4.22 | 4.20 | 4.25 | 4.18 | 4.37 | 1.15 | 1.17 | 2.19 |
| Korean Film Yield 5) | | 16.8% | 7.6% | 4.0% | 29.8% | 18.0% | -4.8% | 10.9% | -30.4 | - | -0.3% |
| | | | | | | | | | 22.9% | | |

Source : Korea Film Council

Competitive Conditions

There is intense competition in the Korean entertainment industry, and the Target faces competition from numerous other companies, some of whom have greater financial and other resources, and more advanced technological development. Further, the industry is not limited to Korea but rather is a world-wide industry and, for instance, films made in Hollywood, India and many other countries compete with Korean films on the worldwide stage for viewership. There are talent agencies that operate regionally and internationally, and these can be significant competitors for the Target. There can be no assurance that the Target will be able to successfully compete against its competitors or that such competition will not have a material adverse effect on its business, financial condition, results of operations and cash flows.

The actor-centered talent agency industry in Korea is highly fragmented: most agencies are private and represent less than 10 artists. While some of the largest Korean entertainment companies by market capitalization may have actor-centered talent agency divisions, this is not their primary focus. Instead, the largest companies focus mainly on music, broadcasting, and/or content production (e.g JYP Entertainment Corporation and SM Entertainment Co., Ltd.). Of the publicly listed Korean entertainment companies, Keyeast Co. Ltd. is the Target's largest direct comparable in terms of business model, representing 30 actors. Despite being unprofitable, Keyeast Co., Ltd. still maintains a market capitalization of KRW 146.6 billion (approximately equivalent to US\$111.4 million) as of January 10, 2024. In comparison, the Target's talent agencies represent a total of 15 actors and distinguishes itself from its competitors by not only having a leading portfolio of artists, but also leveraging its portfolio as a platform to develop, produce, finance and own the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas. The Target also engages in the business of providing financial and strategic advice and consulting to clients in the entertainment and media sector.

Selected Consolidated Financial Information

The following table sets out certain selected consolidated financial information of the Target for the periods indicated.

Annual and Interim Financial Information

All figures in the table below are presented in thousands of US dollars.

| CRYSTAL PLANET LIMITED | Year Ended December 31, 2021 (audited) | Year Ended December 31, 2022 (audited) | Period Ended September 30, 2023 (reviewed) | Period Ended June 30, 2023 (reviewed) |
|---|---|---|---|--|
| Revenue | \$10,201,023 | \$16,159,528 | \$9,550,925 | \$7,324,956 |
| Total expenses | \$(9,916,193) | \$(13,864,366) | \$(8,852,391) | \$(6,707,740) |
| Profit before income taxes | \$284,830 | \$2,295,162 | \$698,534 | \$617,216 |
| Profit after income taxes | \$134,604 | \$1,945,531 | \$569,707 | \$511,632 |
| Comprehensive income (loss)*1 | \$(205,774) | \$1,692,801 | 222,984 | \$(308,400) |
| Earnings per share – basic and diluted | 0.012 | 0.177 | 0.052 | 0.047 |
| Weighted average number of shares outstanding | 11,000,000 | 11,000,000 | 11,012,798 | 11,000,000 |
| Total assets | \$11,942,873 | \$11,179,510 | \$12,654,838 | \$12,699,138 |
| Total liabilities | \$10,127,267 | \$7,671,103 | \$8,423,235 | \$8,882,331 |
| Working capital*2 | \$(1,442,482) | \$(936,538) | \$2,817,365 | \$(755,631) |
| Shareholder's equity | \$1,815,606 | \$3,508,407 | \$4,231,583 | \$3,816,807 |

Notes:

*1 Comprehensive loss is due to exchange differences on translating foreign operations.

*2 Current assets – current liabilities.

Quarterly Financial Information

| CRYSTAL PLANET LIMITED | Quarter Ended September 30, 2023 (Q3) | Quarter Ended June 30, 2023 (Q2) | Quarter Ended March 31, 2023 (Q1) |
|---|---|--|---|
| Revenue | \$2,225,969 | \$4,370,483 | \$2,954,473 |
| Total expenses | \$(2,144,651) | \$(3,879,820) | \$(2,827,920) |
| Profit before income taxes | \$81,318 | \$490,663 | \$126,553 |
| Profit after income taxes | \$58,075 | \$401,788 | \$109,844 |
| Comprehensive income (loss)*1 | \$(85,416) | \$359,475 | \$(51,075) |
| Earnings per share – basic and diluted | 0.005 | 0.037 | 0.010 |
| Weighted average number of shares outstanding | 11,012,798 | 11,000,000 | 11,000,000 |
| Total assets | \$12,654,838 | \$12,699,138 | \$10,892,892 |
| Total liabilities | \$8,423,255 | \$8,882,331 | \$7,435,560 |
| Working capital*2 | \$2,817,365 | \$(755,631) | \$(1,196,803) |
| Shareholder's equity | \$4,231,583 | \$3,816,807 | \$3,457,333 |

Notes:

*1 Comprehensive loss is due to exchange differences on translating foreign operations.

*2 Current assets – current liabilities.

| CRYSTAL PLANET LIMITED | Quarter Ended December 31, 2022 (Q4) | Quarter Ended September 30, 2022 (Q3) | Quarter Ended June 30, 2022 (Q2) |
|---|--|---|--|
| Revenue | \$7,235,768 | \$4,220,667 | \$2,726,777 |
| Total expenses | \$(6,121,299) | \$(3,849,095) | \$(2,074,278) |
| Profit before income taxes | \$1,114,469 | \$371,572 | \$652,499 |
| Profit after income taxes | \$966,107 | \$235,698 | \$634,477 |
| Comprehensive income (loss)*1 | \$1,534,035 | \$(203,443) | \$331,015 |
| Earnings per share – basic and diluted | 0.088 | 0.021 | 0.058 |
| Weighted average number of shares outstanding | 11,000,000 | 11,000,000 | 11,000,000 |
| Total assets | \$11,179,510 | \$15,562,067 | \$14,662,224 |
| Total liabilities | \$7,671,103 | \$13,587,695 | \$12,484,410 |
| Working capital*2 | \$(936,538) | \$(1,889,206) | \$(2,284,625) |
| Shareholder's equity | \$3,508,407 | \$1,974,372 | \$2,177,815 |

Notes:

*1 Comprehensive loss is due to exchange differences on translating foreign operations.

*2 Current assets – current liabilities.

| CRYSTAL PLANET LIMITED | Quarter Ended March 31, 2022 (Q1) | Quarter Ended December 31, 2021 (Q4) | Quarter Ended September 30, 2021 (Q3) |
|---|--|---|--|
| Revenue | \$1,976,316 | \$3,680,107 | \$2,292,739 |
| Total expenses | \$(1,819,694) | \$(3,658,128) | \$(2,198,972) |
| Profit before income taxes | \$156,622 | \$21,979 | \$93,767 |
| Profit after income taxes | \$109,249 | \$(128,247) | \$93,767 |
| Comprehensive income (loss)*1 | \$27,194 | \$(131,543) | \$(94,235) |
| Earnings per share – basic and diluted | 0.010 | (0.012) | 0.008 |
| Weighted average number of shares outstanding | 11,000,000 | 11,000,000 | 11,000,000 |
| Total assets | \$16,013,720 | \$11,942,873 | \$14,845,828 |
| Total liabilities | \$14,170,920 | \$10,127,267 | \$12,898,678 |
| Working capital*2 | \$(1,279,708) | \$(1,442,482) | \$(1,615,773) |
| Shareholder's equity | \$1,842,800 | \$1,815,606 | \$1,947,150 |

Notes:

*1 Comprehensive loss is due to exchange differences on translating foreign operations.

*2 Current assets – current liabilities.

| CRYSTAL PLANET LIMITED | Quarter Ended June 30, 2021 (Q2) | Quarter Ended March 31, 2021 (Q1) |
|---|---|--|
| Revenue | \$1,677,255 | \$2,550,922 |
| Total expenses | \$(1,648,047) | \$(2,411,046) |
| Profit before income taxes | \$29,208 | \$139,876 |
| Profit after income taxes | \$29,208 | \$139,876 |
| Comprehensive income (loss)*1 | \$51,580 | \$(31,576) |
| Earnings per share – basic and diluted | 0.003 | 0.013 |
| Weighted average number of shares outstanding | 11,000,000 | 11,000,000 |
| Total assets | \$14,445,211 | \$10,031,954 |
| Total liabilities | \$12,403,826 | \$8,042,149 |
| Working capital*2 | \$(819,076) | \$(859,758) |
| Shareholder's equity | \$2,041,385 | \$1,989,805 |

Notes:

*1 Comprehensive loss is due to exchange differences on translating foreign operations.

*2 Current assets – current liabilities.

Management's Discussion and Analysis

The MD&A of the Target for the year ended December 31, 2022 and the interim period ended September 30, 2023 is attached to this Information Circular at Appendix B. The MD&A should be read in conjunction with the audited consolidated annual financial statements and notes thereto the Target for the year ended December 31, 2022 and the interim financial statements for the period ended September 30, 2023, which are attached hereto as Appendix B.

Trends

The Target is not aware of any trend, commitment, event or uncertainty that could be reasonably expected to have a material effect on the Target's business, financial condition or results of operations, other than uncertainties relating to future acquisition or related to the COVID-19 pandemic and the health and economic impacts thereof.

Description of Securities

As of the date of this Information Circular, there are 11,183,894 ordinary shares of the Target issued and outstanding.

The holders of the ordinary shares are entitled to vote at all meetings of shareholders of the Target. Additionally, the holders of ordinary shares are entitled to receive dividends if, as and when declared by the directors and to participate ratably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Target. The ordinary shares carry no pre-emptive rights, conversion or exchange rights, redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holders of the ordinary shares to contribute additional capital and no restrictions on the issuance of additional securities by the Target.

Dividends

The Target has not declared or paid any dividends on any of its outstanding shares since incorporation and will not declare or pay any dividends prior to the completion of the Acquisition.

Consolidated Capitalization

As at the date hereof, the Target has 11,183,894 ordinary shares issued and outstanding.

Prior Sales

The only securities issued by the Target in the 12 months prior to the date of this Information Circular have been 183,894 ordinary shares issued on September 11, 2023, at a price of US\$2.72 per ordinary share.

Trading Price and Volume

None of the securities of the Target are listed or quoted on any stock exchange.

Principal Shareholders

To the knowledge of the directors and executive officers of the Target, the following persons currently beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Target, as of the date hereof:

| Name of Shareholder of the Target | Number of common shares | Percentage of issued and outstanding shares |
|-----------------------------------|-------------------------|---|
| SMG | 11,000,000 | 98.36% |

Executive Compensation

Director and Named Executive Officer Compensation

The Target was incorporated on August 18, 2014, and since incorporation no director or named executive officer has been directly compensated by the Target. However, Lee Han Lim, a director of the Target, receives compensation

for his role as the Chief Executive Officer of SBD Entertainment, a wholly-owned subsidiary of the Target that conducts certain of the Target's operations. In 2021, Mr. Lim received a salary equivalent to US\$57,638 and in 2022, Mr. Lim received a salary equivalent to US\$72,786 and a bonus equivalent to US\$19,317. The proposed compensation of directors and named executive officers is discussed in under the heading "*Information Concerning the Resulting Issuer - Employment, Consulting and Management Agreements.*"

External Management Companies

The Target has not entered into any agreements with any external management companies.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any NEO or director by the Target or its subsidiaries during the most recently completed financial year ended December 31, 2022, for services provided or to be provided, directly or indirectly to the Target or any of its subsidiaries. No compensation securities are currently outstanding.

No compensation securities were exercised by any directors or NEOs during the most recent calendar year. No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the most recent calendar year.

Stock option plans and other incentive plans

The Target has not adopted any stock option plan or other incentive plan.

Pension Plan Benefits

The Target does not have in place any defined benefits or defined compensation pension plans for NEOs that provide for payments or benefits at, following or in connection with retirement.

Employment, Consulting and Management Agreements

As of December 31, 2022, the Target had not entered into any agreements and arrangements under which compensation is provided to NEOs or directors.

Termination and Change of Control Benefits

There is no compensatory plan, contract or arrangement where a named executive officer is entitled to receive any payment from the Target in the event of: (a) the resignation, retirement or any other termination of the officer's employment with the Target; (b) a change of control of the Target; or (c) a change in the officer's responsibilities following a change in control.

Director Compensation

Directors of the Target have not received any compensation, share-based awards, option-based awards, incentive plan rewards or other benefits or perquisites since inception of the Target for their roles as directors.

Management Contracts

Management functions are substantially performed by directors or senior officers of the Target and, other than as disclosed herein, have not been performed, to any substantial degree, by any other person with whom the Target has contracted.

Oversight and Description of Director and Named Executive Officer Compensation

The Target's executive compensation program is informal at this time and is administered by its board of directors. The board of directors informally discusses and approves the executive compensation that is competitive in order to attract, motivate and retain highly skilled and experienced executive officers, to provide fair and competitive compensation, to align the interest of management with those of shareholders and to reward corporate and individual performance.

Non-Arm's Length Party Acquisitions

Other than as disclosed in this Information Circular or the financial statements of the Target, the Target has not completed any acquisitions of assets or services or provisions of assets or services from (i) any director or officer of the Target, (ii) an Insider (as defined under Applicable Canadian Securities Laws) of the Target, either before or after giving effect to the Acquisition; or (iii) an Associate or Affiliate of any Person described in (i) or (ii).

Legal Proceedings

There have been no legal proceedings material to the Target or any of its subsidiaries to which the Target or any of its subsidiaries are a party or of which any of its property is the subject matter and no such proceedings are known to the Target or any of its subsidiaries to be contemplated.

Auditor, Transfer Agent and Registrar

The auditor of the Target is Fan, Chan & Co. Limited, a member firm of Nexia International. As of the date of this Information Circular the Target has not engaged a transfer agent.

Material Contracts

The Target has not entered into any material contracts other than the Acquisition Agreement. When entered into, the Agency Agreement will be a material contract of the Target.

INFORMATION CONCERNING THE RESULTING ISSUER

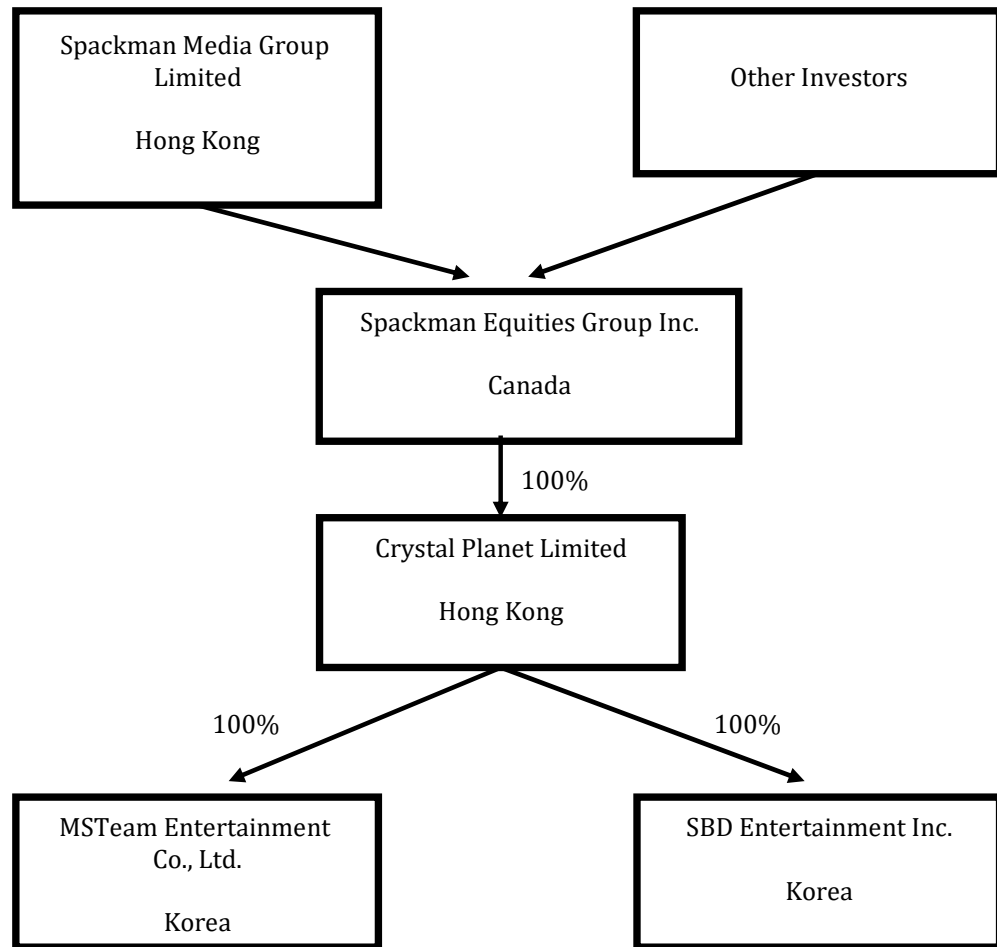
The following information is presented on a post-Acquisition basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Acquisition. This section only includes information respecting the Resulting Issuer after the Acquisition that is materially different from information provided earlier in this Information Circular under "Information Concerning SQG" and "Information Concerning the Target".

Corporate Structure

The Acquisition will result in the Target becoming a wholly-owned subsidiary of SQG and SMG becoming a new "control person" of SQG pursuant to the policies of the TSXV.

The Resulting Issuer's head office, registered office and records office will be located at Suite 2502, Scotia Plaza Toronto, Ontario, M5H 3Y2.

The following diagram sets forth the corporate structure of the Resulting Issuer following the Acquisition:



Description of the Business of the Resulting Issuer

Forward-Looking Information

Statements in the following sections concerning the future plans, objectives and milestones of the Resulting Issuer are “forward-looking information” and are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which is expressed or implied by such forward-looking statements. Please refer to “*Forward-Looking Statements*” in this Information Circular.

Principal Business and Stated Business Objectives

After the completion of the Acquisition, the Resulting Issuer will engage in the business plan of the Target, as described under the heading “*Information Concerning the Target – Description of the Business*”. Following such date, the Resulting Issuer intends to pursue the milestones and stated business objectives set out therein. Moreover, the Resulting Issuer will continue SQG’s business of investing into and developing small/medium-sized growth companies that possess industry-specific know-how or proprietary technologies, primarily in Asia.

Other than as described in this Information Circular, there are no other particular significant events or milestones that must occur for the Resulting Issuer’s initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above.

within the specific time periods, within the estimated costs or at all. The Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

Description of the Securities

Upon the completion of the Acquisition, the authorized share capital of the Resulting Issuer will be the same as the authorized share capital of SQG, and the Resulting Issuer shares will have the same attributes as the Common Shares. See “*Information Concerning SQG – Description of Securities*”.

Pro Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Acquisition and Concurrent Financing. After giving effect to the Acquisition, the share capital will be \$8,916,000, the retained earnings will be \$2,419,000 and the contributed surplus will be (\$613,000) (see also note 3 of the pro forma financial statements as at September 30, 2023 attached hereto).

| Designation of Security⁽¹⁾ | Amount Authorized | Amount Outstanding after Giving Effect to the Acquisition (Minimum Offering)⁽¹⁾ | Amount Outstanding after Giving Effect to the Acquisition (Maximum Offering)⁽²⁾ |
|--|--------------------------|---|---|
| Common Shares | Unlimited | 250,586,794 | 336,660,453 |
| Warrants | N/A | 23,629,837 | 66,666,666 |
| Broker Warrants | N/A | 2,835,581 | 8,000,000 |

Notes:

- (1) Assumes Concurrent Financing of US\$7,050,050, raised through the issuance of Subscription Receipts of SQG. This figure may vary if the Concurrent Financing is fulfilled partially through the issuance of ordinary shares of the Target.
- (2) Assumes Concurrent Financing of US\$20,000,000, raised through the issuance of Subscription Receipts of SQG. This figure may vary if the Concurrent Financing is fulfilled partially through the issuance of ordinary shares of the Target.

Available Funds and Principal Purposes

Available Funds

Upon the completion of the Acquisition and based on SQG having an estimated working capital of USD\$(840,000) as at February 29, 2024 and the Target having an estimated working capital of USD\$2,217,000 as at February 29, 2024 and after USD\$151,000 in estimated costs relating to the Acquisition, the Resulting Issuer anticipates it will have estimated working capital of USD\$1,226,000.

A pro forma consolidated balance sheet of the Resulting Issuer as at September 30, 2023, giving effect to the Acquisition, is attached to this Information Circular as Appendix C.

Principal Uses of Available Funds

It is the Resulting Issuer’s intention to allocate the funds raised from the Concurrent Financing for a period of twelve months after the completion of the Acquisition as follows.

| Use of Available Funds (USD) | | |
|--|--|---|
| Total funds available (A) | 7,050,000 (minimum Concurrent Financing) | 20,000,000 (maximum Concurrent Financing) |
| Existing working capital including short term debt ¹ | 1,377,391 | 1,377,391 |
| Investments and Acquisitions | (4,000,000) | (10,000,000) |
| Entertainment content development and production | (1,500,000) | (6,000,000) |
| Costs of RTO and financing (including agent's fees, etc.) ² | (626,824) | (1,433,824) |
| General working capital ³ | (1,740,000) | (1,740,000) |
| Estimated total funds used (B) | 6,489,434 | 17,796,434 |
| Estimated unallocated funds (A-B) | 560,566 | 2,203,566 |

¹ From management accounts as at February 29, 2024.

² Includes commissions and other fees payable in connection with the Concurrent Financing and legal fees.

³ Includes compensation, corporate general and administrative expenses, advisory and consultancy costs, interest and bank charges, and represents the general operating costs and corporate general and administrative expenses in respect of the Resulting Issuer.

The following provides a description of the primary anticipated operational uses of the funds of the Resulting Issuer.

Content Development and Production

In the competitive Korean entertainment industry, it is challenging to access investment opportunities in the most promising content. The Target uses its network of artists to secure early involvement in various high-quality entertainment projects, such as films and TV shows, in Korea and internationally. It is intended that the Resulting Issuer will continue to utilize this approach and to competitively position itself to gain such early access to developing, producing, financing and owning the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas.

Collaborative Investments

The Target's portfolio of prominent artists is expected to act as a foundation for the Resulting Issuer to foster and tap into new business and investment opportunities. Companies in various sectors like fashion, cosmetics, dining, and healthcare are eager to collaborate with these artists to gain market credibility and visibility. The Resulting Issuer plans to strategically invest in and partner with such businesses that can grow through association with its artists' "brands" and entertainment projects.

Moreover, many artists within the Target's portfolio, which will be carried over to the Resulting Issuer, are initiating their own ventures across different industries. The Resulting Issuer aims to invest in and co-develop these artist-led businesses that show promise for steady value growth to construct a diversified investment portfolio that leverages the influence of its artists, its content projects, and its network to generate additional value.

Acquisitions

It is anticipated that, based on available resources, the Resulting Issuer will continuously explore opportunities to acquire assets, businesses, or other entities that management believes will synergize with the Resulting Issuer's core competencies and allow it to further expand and solidify its market position.

The Resulting Issuer intends to spend the funds available to it upon completion of the Acquisition to further the Resulting Issuer's stated business objectives as set out above. The uses of funds described above is intended to be a continuation of the historical business model and operational approach of the Target, and is in line with its long-term vision and growth trajectory. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

There will be no restrictions in the Resulting Issuer's articles or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the Acquisition. All of the Resulting Issuer's shares are entitled to an equal share in any dividends declared and paid. However, it is not contemplated that any dividends will be paid on the Resulting Issuer's shares in the immediate or foreseeable future. It is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer's business. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

Principal Security Holders

To the knowledge of the directors and senior officers of SQG, upon completion of the Acquisition, the following persons are anticipated to beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities (being Resulting Issuer shares) of the Resulting Issuer:

| Name and Municipality of Residence | Amount Outstanding after Giving Effect to the Acquisition with US\$7,050,000 raised on the Concurrent Financing | | Amount Outstanding after Giving Effect to the Acquisition with US\$20,000,000 raised on the Concurrent Financing | |
|-------------------------------------|---|---------------------|--|---------------------|
| | Number of Securities | Percentage of Total | Number of Securities | Percentage of Total |
| Spackman Media Group Limited | 200,347,125 | 79.95% | 200,347,125 | 59.38% |

Upon completion of the Acquisition, a total of 200,347,125 common shares of the Resulting Issuer, being between approximately 59.51% and 79.95% of all of the issued and outstanding common shares of the Resulting Issuer immediately following the completion of the Acquisition, will be held by a "control person" of the Resulting Issuer as such term is defined under applicable securities laws and the policies of the TSXV. These percentages assume, in the case of the minimum Concurrent Financing, the issuance of US\$7,050,000 worth of Subscription Receipts, and in the case of the maximum Concurrent Financing, the issuance of US\$20,000,000 worth of Subscription Receipts. All figures are represented on a post-Consolidation basis.

Directors and Officers

SQG's current directors and officers are Richard Lee, Alex Falconer, William Hale, and Na Kyoungwon. Following completion of the Acquisition, the directors and officers of the Resulting Issuer will remain the same, with the addition of Kun Hyok Yim as an independent director.

The term of office of each of the present directors expires at SQG's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Resulting Issuer or with the provisions of the CBCA.

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the province and municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Common Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, following completion of the Acquisition.

| Name, Municipality of Residence and Proposed Offices | Principal Occupation During Last Five Years | Prior Director or Officer of SQG or Target and Term of Such Position | Number of Shares upon completion of the Acquisition | Percentage of Class Held or Controlled on completion of the Acquisition |
|---|---|---|--|--|
| Richard Lee Palos Verdes Peninsula, United States | Interim Chief Executive Officer of SQG | Current Director and Interim Chief Executive Officer of SQG; Prior Director of the Target | 0 | 0% |
| Na Kyoungwon Singapore | Chief Executive Officer of Spackman Entertainment Group Limited | Current Director and Chief Operating Officer of SQG; Prior Director of the Target | 0 | 0% |
| William Hale Saskatoon, Canada | Renewables Project Manager, Hatch Ltd. | Current Director of SQG | 0 | 0% |
| Alex Falconer Burlington, Canada | President, Falconer & Associates Inc. | Current CFO of SQG | 2,000 | Less than 0.01% |
| Kun Hyok Yim Seoul, Republic of Korea | Senior Professional – Production Operation Group, Samsung Electronics Co., Ltd. | Proposed Director of SQG | 0 | 0% |

At the completion of the Acquisition, the directors and officers of the Resulting Issuer as a group will directly own 2,000 Resulting Issuer shares representing less than 0.01% of the issued and outstanding Resulting Issuer shares.

The Resulting Issuer's audit committee is expected to be comprised of Kun Hyok Yim, Na Kyoungwon, and William Hale (Chair).

There will be no other committees of the Board at the time immediately following the completion of the Acquisition.

The directors and officers will devote a significant amount of their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Resulting Issuer. The Chief Executive Officer and the Chief Financial Officer will be retained by

the Resulting Issuer as independent contractors. See also “*Management*” below.

Management

The following is a brief description of the key members of management and the board of the Resulting Issuer.

RICHARD LEE

Chairman and Interim Chief Executive Officer

Mr. Lee (age 49) is the Chairman and Interim Chief Executive Officer of Spackman Equities Group Inc. Over the past three decades, Mr. Lee has worked in private equity, equity research, equity sales, and M&A for institutions including BNP Paribas, HSBC Private Equity, CIMB Securities, and CLSA Securities. Mr. Lee graduated with a degree of Bachelor of Arts from Harvard College.

NA KYOUNGWON

Director

Na Kyoungwon (age 48) is Chief Executive Officer of Spackman Entertainment Group Limited (“SEGL”). Prior to joining SEGL, Mr. Na worked at KPMG, specializing in audit, tax and advisory services for 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.

WILLIAM HALE

Director

Mr. Hale (age 65) is a member of the Board of Directors of Spackman Equities Group Inc. Mr. Hale is Renewables Project Manager for Hatch Ltd., an engineering, project delivery and construction management company. Mr. Hale has over 25 years of management and project development experience in the manufacturing and renewable energy sectors. Mr. Hale holds B.Sc. in Mechanical Engineering from the University of Waterloo and an MBA from the University of Oxford.

ALEX FALCONER

Chief Financial Officer

Alex Falconer (age 63), CPA, C.A., obtained his Bachelor of Commerce (Hons.) from Laurentian University in 1982. After graduation he obtained his Chartered Accountant designation in 1990 working for Ernst & Young, prior to starting his own business providing consulting services for public and private corporations.

YIM KUN HYOK

Director

Mr. Yim Kun Hyok (age 49) is currently a senior professional in the Production Operation Group of Samsung Electronics Co., Ltd. He has been working with Samsung Electronics since January 2001. He graduated with a Bachelor of Industrial Chemistry from Hanyang University located in Republic of Korea.

Promoters

No person will be or has been within the two years preceding the date of this Information Circular a promoter of the Resulting Issuer, other than its directors and officers. In the two years preceding the date of this Information Circular, no promoter of SQG, the Target or the Resulting Issuer, or their affiliates or associates has received anything of value from SQG, the Target, the Resulting Issuer or their affiliates or associates or have sold to SQG, the Target, the Resulting Issuer or their affiliates or associates any assets.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

As at the date of this Information Circular and within the ten years before the date of this Information Circular, no director, officer or proposed director or officer, promoter or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has been a director, officer or promoter of any company (including the Resulting Issuer) that, while that person was acting in that capacity (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No current or proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has: (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Acquisition.

Personal Bankruptcies

No current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the CBCA. Any Acquisitions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the Acquisitions and the absence of any non-arm's length board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see *"Other Reporting Issuer Experience"* directly below.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or

have been within the last five years, directors, officers or promoters of other reporting issuers, including the Corporation:

| Name of Director, Officer or Promoter | Name of Reporting Issuer | Name of Trading Market | Position | Period |
|---------------------------------------|--------------------------------------|--------------------------------|--|-------------------------------|
| Richard Lee | Spackman Entertainment Group Limited | Singapore Stock Exchange (SGX) | Interim CEO / Head of Business Development | July 24, 2014 – July 20, 2022 |
| | Spackman Equities Group Inc. | TSX Venture Exchange (TSXV) | Interim CEO, Chairman and Director | January 24, 2014 – Present |
| Na Kyoungwon | Spackman Entertainment Group Limited | Singapore Stock Exchange (SGX) | CEO/ COO / CFO | July 24, 2014 – Present |
| | Spackman Equities Group Inc. | TSX Venture Exchange (TSXV) | Director | November 8, 2017 – Present |
| William Hale | Aylen Capital Inc. | Canadian Securities Exchange | Director | 2014 – 2020 |
| | Spackman Equities Group Inc. | TSX Venture Exchange (TSXV) | Director | June 24, 2013 – Present |
| Alex Falconer | Steadright Critical Materials Inc. | Canadian Securities Exchange | CFO | October 2022 – Present |
| | Aylen Capital Inc. | Canadian Securities Exchange | CFO | 2014 – 2020 |
| | Spackman Equities Group Inc. | TSX Venture Exchange (TSXV) | CFO | June 2014 – Present |

Executive Compensation

Upon completion of the Acquisition, it is anticipated that the Resulting Issuer will adopt the executive compensation program as described below.

Director and Named Executive Officer Compensation

Set out below is a summary of the anticipated compensation for each of the Resulting Issuer's four most highly compensated executive officers for the 12-month period after giving effect to the Acquisition, to the extent known:

Summary Compensation Table
For the 12 months following the completion of the Acquisition

| Table of compensation excluding compensation securities | | | | | | | |
|---|-----------|--|-------|---------------------------|----------------------|---------------------------------|--------------------|
| Name and position | Period | Salary, consulting fee, retainer or commission | Bonus | Committee or meeting fees | Value of Perquisites | Value of all other compensation | Total compensation |
| Richard Lee CEO and director | 12 months | US\$114,000 | - | - | - | - | US\$114,000 |
| Alex Falconer CFO | 12 months | US\$54,240 | - | - | - | - | US\$54,240 |
| Na Kyoungwon Director | 12 months | US\$42,000 | - | - | - | - | US\$42,000 |
| William Hale Director | 12 months | CAD\$7,500 | - | - | - | - | CAD\$7,500 |
| Yim Kun Hyok Director | 12 months | CAD\$7,500 | - | - | - | - | CAD\$7,500 |

It is also anticipated that Lee Han Lim, currently a director of the Target, will receive a salary of KRW170,400,000 for his role as the Chief Executive Officer of SBD Entertainment, which will become an operating subsidiary of the Resulting Issuer.

Stock Option Plans and Other Incentive Plans

The Resulting Issuer will continue to utilize SQG's Stock Option Plan, the material terms of which are described above at *"Information Concerning SQG – Stock Option Plan"*. It is not anticipated that there will be any options exercisable to purchase common shares of the Resulting Issuer upon completion of the Acquisition.

Employment, Consulting and Management Agreements

Except as described below, the Resulting Issuer does not initially expect to enter into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO, with the exception of the agreements and arrangements already entered into by the Target as described above at *"Information Concerning the Target – Executive Compensation"*.

Oversight and Description of Director and Named Executive Officer Compensation

Upon completion of the Acquisition, it is anticipated that the Resulting Issuer will adopt the Target's approach to executive compensation as described above at *"Information Concerning the Target – Executive Compensation"*.

Pension Disclosure

It is not anticipated that the Resulting Issuer will have any pension or retirement plan which is applicable to the NEOs or directors.

Audit Committee and Corporate Governance

The audit committee will be appointed by the board to assist the board in fulfilling its oversight responsibilities of the corporation. In doing so, the committee provides an avenue for communication among the external auditors, management and the board. The committee's purpose is to ensure the integrity of financial reporting and the audit process, and that sound risk management and internal control systems are developed and maintained. In pursuing these objectives, the audit committee oversees relations with external auditors, and reviews the effectiveness of the internal audit function.

The audit committee will consist of:

| Name | Independent | Financially Literate | Relevant Education and Experience |
|----------------------|-------------|----------------------|--|
| Kun Hyok Yim | Yes | Yes | Please see <i>“Information Concerning the Resulting Issuer – Management”</i> |
| Na Kyoungwon | No | Yes | |
| William Hale (Chair) | Yes | Yes | |

Audit Committee Charter

The Audit Committee will operate under a written charter that sets out its responsibilities and composition requirements. It is expected that the Resulting Issuer will continue to use the charter of the Audit Committee used by SQG, as set forth at Schedule “E” attached hereto.

Relevant Education and Experience

The education and experience of each Audit Committee member which is relevant to the performance of his responsibilities as an Audit Committee member is set out under the heading *“Election of Directors”* above.

Escrowed Securities

In accordance with TSXV Policy 5.4 *Escrow, Vendor Consideration and Resale Restrictions* (the **“Escrow Policy”**), securities of the Resulting Issuer held by Principals (as such term is defined in TSXV policies) will be required to be deposited into escrow under the terms of a surplus securities escrow agreement on TSXV Form 5D (the **“Escrow Agreement”**). The following table sets out, as of the date hereof and to the knowledge of SQG and the Target, the name and municipality of residence of the only Principal of the Resulting Issuer whose securities will be placed in escrow upon the completion of the Acquisition.

| Name and Municipality of Residence | Description of Class and Number of Securities Held in Escrow | Percentage of Class |
|------------------------------------|--|------------------------|
| Spackman Media Group Limited | 200,347,125 common shares of the Resulting Issuer | 59.38% - 79.95% |
| Total | 200,347,125 | 59.38% - 79.95% |

Release Terms of the Escrow for the Escrowed Shares

The Escrowed Shares listed above are expected to be subject to the Escrow Agreement. The Escrow Agreement will provide for a 36-month escrow release mechanism with 5% of the Escrowed Shares being releasable at the time of the Bulletin Date, 5% of the Escrowed Shares being releasable six months after the Bulletin Date, 10% of the Escrowed Shares being releasable 12 months after the Bulletin Date, and 10% of the Escrowed Shares being releasable 18 months after the Bulletin Date, 15% of the Escrowed Shares being releasable 24 months after the Bulletin Date, 15% of the Escrowed Shares being releasable 30 months after the Bulletin Date, and 40% of the Escrowed Shares being releasable 36 months after the Bulletin Date.

Where the Escrowed Shares are held by a non-individual (a **“holding company”**), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible,

it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any control person of the holding company not to transfer the shares of that company.

The Escrowed Shares may not be transferred within escrow without the approval of the Exchange for release or transfer other than in specified circumstances set out in the applicable escrow agreement.

Indebtedness of Directors and Officers

No director, officer, promoter, or proposed member of management or appointment as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to SQG since the commencement of SQG's last completed financial year, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Acquisition.

Investor Relations Arrangements

No written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

Auditor, Transfer Agent and Registrar

It is anticipated that the auditor of the Resulting Issuer will be MNP LLP. The registrar and transfer agent of the Resulting Issuer shares will be Computershare Investor Services Inc.

EMERGING MARKETS DISCLOSURE

General

The Resulting Issuer will carry on the business of the Target. The Target is a Hong Kong holding company with all of its operations conducted in Korea through its two wholly-owned Korean subsidiaries. Accordingly, it is anticipated that the Resulting Issuer will conduct business in an emerging market (Korea) following the completion of the Acquisition.

Challenges and Risks of Operating in Emerging Markets

Emerging markets have greater political and economic volatility and are far more susceptible to labour disruptions than established markets. This presents challenges related to political, social and economic events that may affect the emerging countries' economic results, which could have been caused by many different factors, including fiscal deficits; adverse external economic factors; inconsistent fiscal and monetary policies; dependence on external financing; changes in governmental economic or tax policies; wage increases and price controls; high levels of inflation; abrupt changes in currency values; volatility of exchange rates and exchange controls; high interest rates; political and social tensions; fluctuations in expectations; trade shocks; and pandemics. For more information see "*Resulting Issuer – Risk Factors*".

Board and Management Experience in Emerging Markets

Members of the proposed board of directors and management team of the Resulting Issuer have experience in doing business and operating in certain emerging markets, including Korea. In particular, Richard Lee and Na Kyoungwon both have specific experience and familiarity with the laws and requirements of the Korean entertainment industry. Their knowledge and expertise allow them to ascertain and manage the political, legal and cultural realities of Korea generally.

The proposed Chief Financial Officer of the Resulting Issuer has a strong understanding of Canadian securities laws related to financial reporting, resulting in part from his experience as the chief financial officer of other public companies in Canada, and is knowledgeable of and has experience with applicable financial reporting and accounting

standards, including disclosure standards. He also has a strong understanding of the business environment in Korea and the Asian entertainment industry as a result of his experience as the Chief Financial Officer of SQG.

Further, the Target's employees and consultants are based in Korea and have experience in carrying on business in Korea.

Language Differences

Richard Lee and Na Kyoungwon speak both English and Korean. The primary language of SQG is English, and the primary language of the Target and the industry it operates in is Korean. All material agreements of the Resulting Issuer will be prepared in English or will be translated into English if the original agreements are not in English.

Governance

The proposed board members of the Resulting Issuer have experience with publicly listed companies both as public company officers and as members of boards of directors. Certain members also have significant experience in emerging markets such as Korea and Hong Kong. See *"Information Concerning the Target – Other Reporting Issuer Experience"*.

Hong Kong Banking Restrictions

The Target holds a Hong Kong banking account which is expected to be maintained after the completion of the Acquisition. Hong Kong has no capital controls in place and it permits the transfer of money freely to and from the country. However, in the event of a transfer in an amount over HK\$8000, one would have to fill in a declaration form declaring the identify of the transferee and the transferor, the purpose of the transfer and the origin of the money. Also, each bank has daily limits for transfers depending upon the bank account.

Resulting Issuer Financial Controls

Established Centralized Financial Authority

Following completion of the Acquisition, the corporate group of the Resulting Issuer, will have established a comprehensive financial control system. The system will delineate clear policies and procedures, articulating defined approval levels and authorities across a wide array of financial and operational areas, ensuring a framework for transparent, efficient, and secure financial management.

The primary objective is to establish a well-defined hierarchy of approvals and authorities for financial and operational activities, including but not limited to budgeting, procurement, financial transactions, bank account oversight, expense management, employee recruitment, and the approval of policies and procedures. This framework aims to streamline decision-making processes, enhance financial integrity, and ensure compliance with regulatory standards.

By implementing these steps outlined below, the Resulting Issuer will establish a robust system control around cash flows, ensuring that all transactions are conducted under the authority of the designated financial leaders, enhancing financial integrity, compliance, and operational efficiency across the group.

The framework will be applied to essential financial and procedural systems such as:

- **Budget Management:** Oversight of corporate budgets, including the approval of unbudgeted expenditures.
- **Procurement Strategies:** Procedures for the identification, approval, and procurement of goods and services.

- **Financial Transactions:** Guidelines for the execution and approval of payments and other monetary transactions.
- **Bank Account Management:** Policies governing the opening, closing, and management of bank accounts.
- **Expense Reimbursements:** Standards for the submission and approval of reimbursable expenses.
- **Employee Recruitment:** Procedures for the hiring process and associated approvals.
- **Internal Documentation:** Protocols for the creation, approval, and management of internal policies and procedures.

Definitions within the policy clarify the levels of authority, distinguishing between full authority, operative ("Op"), and administrative ("Ad") powers, thereby ensuring clarity and accountability within the Resulting Issuer's operational framework.

Approval Levels and Authorities

The policy outlines the approval hierarchies and authorities for various financial and operational activities:

- **Budgets and Expenditures:** The Board of Directors (BOD) plays a pivotal role in approving annual budgets and setting thresholds for unbudgeted expenditures. The CEO and CFO have comprehensive authority to manage and approve expenditures within these parameters, ensuring financial discipline and strategic alignment.
- **Procurement:** A tiered approval process for procurement is established based on the monetary value of the expenditure, requiring competitive quotes and board approval for significant amounts. This process is designed to foster competitive pricing, transparency, and accountability.
- **Payments:** A dual-approval mechanism is instituted for substantial third-party payments, with streamlined procedures for smaller amounts and payroll. This ensures checks and balances are maintained, safeguarding against unauthorized transactions.
- **Bank Account Management:** Strategic decisions regarding bank accounts, including their opening or closure and the approval of signatories, necessitate BOD approval, emphasizing the importance of high-level oversight for critical financial decisions.
- **Expense Management:** Expense reports are subject to approval by direct supervisors or the CFO, aligning approval authority with organizational hierarchy and ensuring accountability.
- **Internal Documentation:** The approval of internal policies and procedures requires collaboration between operational and administrative authorities, ensuring a holistic approach to oversight and compliance.

Cash Flow Monitoring and Reporting

A cornerstone of the financial control system is the monitoring and reporting of cash flows:

- **Daily Cash Flow Monitoring:** Financial controllers assigned to each entity monitor daily cash flows, ensuring all transactions are accurately recorded and adhere to budgetary constraints.
- **Monthly Reporting:** A monthly cash flow reporting system aggregates financial data from all entities for review by the CFO, CEO, and other key stakeholders. This facilitates a comprehensive understanding of the financial health of the conglomerate.
- **Variance Analysis:** Regular variance analysis is conducted to identify and address discrepancies between budgeted and actual cash flows. This proactive approach ensures financial anomalies are promptly investigated and rectified.

This financial control policy mandates timely responses to approval requests, strictly prohibits the splitting of payments to circumvent approval thresholds, and enforces compliance through regular audits and disciplinary actions for non-compliance. By fostering a culture of accountability, efficiency, and continuous improvement,

this policy aims to secure a transparent, secure, and efficient financial environment across the Resulting Issuer and its associated entities, ultimately enhancing operational performance and shareholder value.

Audit and Compliance

The following processes will be in place for the Resulting Issuer:

- **Regular Audits:** Schedule regular internal and external audits to review cash flow management, adherence to internal controls, and compliance with regulatory requirements.
- **Compliance Checks:** Ensure all financial transactions comply with local and international financial regulations, including anti-money laundering (AML) laws and tax regulations.

Training and Awareness

The Resulting Issuer will provide ongoing training and foster a culture of transparency as follows:

- **Financial Governance Training:** Provide ongoing training for all staff involved in financial transactions and cash flow management to ensure they understand their roles, the importance of compliance, and the use of financial management software.
- **Culture of Transparency:** Foster a culture of transparency and accountability within all levels of the organization to support effective financial governance.

Technology Integration and Security

The Resulting Issuer will also ensure that certain security measures are in place, as described below.

- **Secure Financial Transactions:** Implement robust cybersecurity measures to protect financial data and transactions from unauthorized access or fraud.
- **Integration with Banking Systems:** Ensure the financial management software is integrated with the banking systems of all entities for seamless transaction processing and reconciliation.

Review and Continuous Improvement

On an ongoing basis, the Resulting Issuer will take steps to review and consider improvements to its financial controls and internal policies, as follows:

- **Periodic Review of Financial Controls:** Regularly review and update financial controls, policies, and procedures to adapt to changing business needs and regulatory requirements.
- **Feedback Mechanism:** Establish a feedback mechanism for employees to report inefficiencies or suggest improvements in the cash flow management process.

Chops

In Hong Kong, companies are permitted to use “chops”, which are stamps with the company name as it appears on the company’s business license. A chop is used by the company to stamp the documents it gives to third parties. However, there is no legal obligation in Hong Kong to create, register or use chops, and the use of chops depends on the specific requirements of a contract being executed by the company; as such, an authorized signature prevails over the chop. The Target has elected not to use chops and it is not anticipated that any will be used after the completion of the Acquisition.

Oversight of the External Auditor

The external auditor of the Resulting Issuer is expected to be MNP LLP ("**MNP**"), an external audit firm with experience in auditing Canadian public companies generally, as well as experience with public companies with operations in Korea. To the extent needed, MNP will engage Mazars Korea, which is MNP's affiliate firm in Korea to conduct fieldwork under the direct supervision and review by MNP's engagement partner. Mazars Korea has over 90 professionals and is part of the Mazars international group. Further, staff members of MNP will be available to travel to South Korea to oversee the field work as deemed necessary.

All the audit working papers, including the working papers related to foreign subsidiaries, will be contained in MNP's working paper files in Canada and would be fully available for auditor oversight by CPAB.

Adequacy of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The proposed members of management and the board of directors of the Resulting Issuer have been working with MNP to establish disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**") (as such terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (or applicable successor instrument) ("**NI 52-109**")), which will be in place in order for implementation at the time of listing.

MNP and management have reviewed the framework and documentation designing the Resulting Issuer's DC&P and ICFR. Based on the evaluation that has been conducted, the Chief Executive Officer and Chief Financial Officer of SQG (who are expected to become the Chief Executive Officer and Chief Financial Officer of the Resulting Issuer) are of the view that the proposed ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Financial statements and reports will be prepared on a regular basis to ensure appropriate monitoring of the Resulting Issuer's financial administration (i.e., quarterly, annually). At the end of each quarter, the CFO will prepare a quarterly financial report which is to be provided to the CEO not more than forty-five (45) calendar days after the end of the quarter for which the report has been prepared for review and approval. Financial records may need to be released for various reasons. All disclosures of financial records to third parties must be approved by the CEO. The CEO shall respond to requests for information in a timely manner.

Set out below is a description of the specific procedures that the Resulting Issuer will adopt with respect to the review and disclosure of financial statements.

Financial Statement Review

The CFO will generate a report from the financial system with the relevant information for the period of review (e.g., quarterly reports for balance sheet, income statement accounts payable and accounts receivable). This report is provided to the CEO for review. If any issues are identified, the CEO will work with the CFO to investigate and resolve the issue.

Once the reporting details are verified, the CFO will provide the information to the Audit Committee on a quarterly and annual basis.

The Audit Committee will be responsible for:

- reviewing annually the planned expenditures and recommended budget for approval by the Board;
- considering management's recommendations for additional resources, as required, for recommendation to the Board;

- reviewing and monitoring throughout the year the actual expenditures in relation to the approved budget; and
- reviewing and providing advice on budget matters and other issues related to revenues and expenditures as may be requested from time to time by management or the Board.

A copy of the mandate of the Audit Committee can be found at Schedule “E” attached hereto.

The CFO will ensure that the most recent quarter end balance sheet, statement of operations, ageing report and any other relevant financial reporting and/or analysis are provided for inclusion in the next appropriate set of board books.

Financial Information Disclosure

Any requests for financial disclosure will be required to indicate whether or not the requestor is entitled to have the financial record or part thereof disclosed to them.

If it is determined that the requestor is entitled to have the financial record or part thereof disclosed to them, and it can be reasonably reproduced, a copy of the financial record will be provided within a timely manner.

Any request for a record containing financial information relating to a third party will require that the third party be advised in writing of the request and given reasonable opportunity to respond to the CEO. The CEO will thereafter decide whether or not to disclose the record or part thereof and give written notice of the decision to the person to whom the information relates and the requestor.

The CEO will have broad discretion to refuse to release financial information that, among other things, would disclose:

- deliberations of the Resulting Issuer or any of its board committees, including any advice, recommendations, or policy considerations submitted or prepared for submission to the board of directors or its any committee(s) unless those deliberations concerned the requestor;
- legal opinions which are subject to solicitor client privilege;
- privileged documents which could reasonably expect to reveal information received in confidence from a government or a corporation;
- financial economic interests of the Resulting Issuer in a manner that would cause harm to the organization; or
- information concerning a third party’s private, personal, or commercial interests.

INFORMATION CONCERNING SPACKMAN MEDIA GROUP LIMITED

Upon completion of the Acquisition and the issuance and distribution of the Stock Consideration, SMG (which is an associate of SQG) will be a “control person” (as such term is defined in the policies of the TSXV) of SQG. Specifically, following the completion of the Acquisition, it is anticipated that SMG will hold, both of record and beneficially, between approximately 59.51% and 79.95% of the issued and outstanding common shares of SQG. SMG is a corporation incorporated under the laws of Hong Kong.

OVERVIEW OF REGULATORY MATTERS

Canadian Securities Laws Matters

MI 61-101 Protection of Minority Security Holders in Special Acquisitions

MI 61-101 is intended to regulate certain Acquisitions to ensure equality of treatment among securityholders generally, usually through requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties and, in certain instances, independent valuations and approval and oversight of the Acquisition by a special committee of independent directors. The protections of MI 61-101 apply to, among other transactions, “related-party transactions” and “business combinations” (as defined in MI 61-101), pursuant to which an issuer combines with a “related party” or an “interested party” (as defined in MI 61-101) through an amalgamation, or through which the interests of a securityholder may be terminated without their consent. The Acquisition is considered to be a related party transaction because Kyoungwon Na is a director of both SQG and SMG, which is a control person of the Target.

The Acquisition is exempt from the formal valuation requirements of MI 61-101 under Section 4.4(1)(a) of MI 61-101 as no securities of SQG are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the U.S. other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

In determining minority approval for a “related party transaction”, SQG is required to exclude the votes attached to Common Shares that, to the knowledge of SQG and its directors and senior officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by all “interested parties” and their “related parties” and “joint actors”, as defined in MI 61-101 (collectively, the “**SQG Interested Parties**”).

The Common Shares held by any SQG Interested Parties will be excluded in determining whether minority approval of the Acquisition for the purposes of MI 61-101 is obtained. To date, to the knowledge of SQG and its directors and senior officers after reasonable inquiry and for the purposes of MI 61-101, there are no SQG Interested Parties.

MI 61-101 also requires SQG to disclose any “prior valuations” (as defined in MI 61-101) of SQG or its material assets or securities made within the 24-month period preceding the date of this Information Circular. After reasonable inquiry, neither SQG nor any director or senior officer of SQG has knowledge of any such “prior valuation”. Disclosure is also required for any bona fide prior offer for the Stock Consideration or that is otherwise relevant to the Acquisition during the 24 months before the Acquisition Agreement was agreed to. There has not been any such offer during the 24 months before the Acquisition Agreement was agreed to.

No “related party” is expected to directly or indirectly receive a “collateral benefit” (as defined in MI 61-101) in connection with the Acquisition and no special committee was established in the Board of SQG’s evaluation of the Acquisition.

Reporting Issuer Status and TSXV Listing

SQG is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. SQG’s common shares have been listed for trading on the TSXV since October 11, 2007, and under the trading symbol “SQG” since October 31, 2011. It is a condition of closing of the Acquisition that the Stock Consideration issuable to CML pursuant to the Acquisition Agreement be conditionally approved for listing on the TSXV (subject to customary conditions). The TSXV has not conditionally approved the listing of the Stock Consideration issuable pursuant to the Acquisition Agreement. Listing is subject to fulfilling all of the requirements of the TSXV.

Distribution

The issuance of the Stock Consideration pursuant to the Acquisition Agreement will constitute a distribution of securities which is exempt from the prospectus requirements under Applicable Canadian Securities Laws, in the case of SMG pursuant to section 2.3 of OSC Rule 72-503 *Distributions outside Canada*. The Stock Consideration issued to SMG, except for “control person” restrictions, is not otherwise subject to resale restrictions under Applicable Canadian Securities Laws. SQG shall make all required filings triggered thereby under Applicable Canadian Securities Laws and to the extent applicable, comply with any requirements applicable to a “control distribution” (as such term is defined in NI 45-102).

Under Applicable Canadian Securities Laws, once completed, the Acquisition will be considered a “significant acquisition”. Financial statements with respect to the Target and pro forma condensed consolidated financial information of SQG are included in this Information Circular.

TSXV Approval to List the Stock Consideration

The Common Shares currently trade on the TSXV under the symbol “SQG”. SQG has applied to the TSXV to list the Stock Consideration issuable to the Vendors under the Acquisition. It is a condition of Closing that SQG will have obtained approval of the TSXV or the listing of the Stock Consideration to be issued pursuant to the Acquisition, subject only to the customary listing conditions of the TSXV. The completion of the Acquisition is subject to the approval of the TSXV. The TSXV has granted conditional approval to list the Stock Consideration; however, listing is subject to fulfilling all of the requirements of the TSXV.

Control Person Approval

TSXV Corporate Finance Manual Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets* requires shareholder approval for any acquisition which results in the creation of a new “control person”, for which the approval of a majority of the votes cast at the Meeting by or on behalf of the holders of Common Shares (other than such new Control Person) is required. A control person includes any shareholder holding 20% or more of the shares, except where there is evidence showing that such shareholder does not materially affect control of the Corporation. Upon completion of the Acquisition, at the applicable time, SMG will own between approximately 59.38% and 88.6% of the Common Shares of SQG (subject to small variance based on the exchange rate and the closing price of the Common Shares on the last trading day prior to Closing) and will, therefore, become a new “control person” of SQG. Accordingly, Shareholder Approval of the Acquisition Resolution is required to complete the Acquisition. See “*Matters to be Considered at the Meeting – Approval of the Acquisition Resolution*”.

GENERAL MATTERS

Expenses

Each of the parties to the Acquisition Agreement are responsible for all of their own legal, accounting, financial advisory and other Acquisition fees and expenses incurred in connection with, or incidental to, the Acquisition Agreement, whether arising before or after the execution of the Acquisition Agreement.

The estimated fees, costs and expenses of SQG in connection with the Acquisition contemplated herein, including, without limitation, financial advisor cash fees, filing fees, legal and accounting fees and printing and mailing costs are anticipated to be approximately \$268,419.19.

Interest of Certain Persons or Companies in Matters to be Acted Upon

To the knowledge of the management of SQG, none of SQG’s directors or executive officers or anyone who has held office as such since the beginning of SQG’s last completed financial year or any associates or affiliates of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting except as described below and elsewhere in this Information Circular.

The directors and executive officers of SQG have no interests in the Acquisition that are different from the interests of other Shareholders, other than as described elsewhere in this Information Circular.

The directors and executive officers of SQG beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 2,000 Common Shares, representing approximately 0.07% of the Common Shares as of the date hereof.

As of the date hereof, none of the directors, executive officers or other insiders of SQG beneficially own directly or indirectly, or exercise control or direction over, any securities of the Target or any of its Affiliates.

For additional discussions regarding the “related party transaction” see section entitled “*MI 61-101 Protection of Minority Security Holders in Special Acquisitions*”.

Interest of informed Persons in Material Acquisitions

No “informed person” of SQG (as such term is defined in NI 51-102), or any associate or affiliate of any informed person, has had any material interest in the Acquisition which has materially affected or would materially affect SQG or any of its subsidiaries since the commencement of the most recently completed financial year of SQG, except as disclosed below and elsewhere in this Information Circular.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

Sponsorship and Agent

SQG has engaged the Agent in connection with the sale of the Subscription Receipts, which will be sold pursuant to an agency agreement among SQG, the Target and the Agent. In connection with the sale of the Subscription Receipts, the Corporation anticipates granting the Agent compensation warrants (the “**Compensation Warrants**”) equal to 6% of the Subscription Receipts (other than in respect of Subscription Receipts sold to persons on a “president’s list” in respect of which Compensation Warrants equal to 2.0% shall be issuable), at an exercise price of CAD\$0.30 for a period of 36 months from the date the Escrow Release Conditions are satisfied.

At this time, the Corporation anticipates relying on an exemption from the sponsorship requirements set out in the policies of the TSXV.

Opinions

Each of MNP LLP, the current external auditors of SQG, HDCPA Professional Corporation, the former external auditors of SQG, and Fan, Chan & Co. Limited, the external auditors of the Target, have provided audit reports that are included or incorporated by reference in this Circular.

Interests of Experts

MNP LLP, the current external auditors of SQG, have advised SQG that they are independent of SQG within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario (referenced name of the Institute of Chartered Accountants of Ontario). None of the directors, officers or employees of MNP LLP are currently expected to be elected, appointed or employed as a director, officer or employee of SQG or any of its associates or Affiliates.

HDCPA Professional Corporation, the former external auditors of SQG, reported on the Annual Financial Statements. HDCPA Professional Corporation has advised SQG that they are independent of SQG within the meaning of the Rules of Professional Conduct of Chartered Professional Accountants of Ontario (registered name of The Institute of Chartered Accountants of Ontario). None of the directors, officers or employees of HDCPA Professional Corporation are currently expected to be elected, appointed or employed as a director, officer or employee of SQG or of any of its associates or Affiliates.

Fan, Chan & Co. Limited, a member firm of Nexia International, the external auditors of the Target, reported on the audited consolidated financial statements of the Target as at December 31, 2021 and December 31, 2022 together with the notes thereto and the independent auditor's report thereon, incorporated in this Information Circular. Fan, Chan & Co. Limited has advised the Target that they are independent of the Target within the meaning of independence established by the American Institute of Certified Public Accountants and International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants. None of the directors, officers or employees of Fan, Chan & Co. Limited are currently expected to be elected, appointed or employed as a director, officer or employee of the Target or of any of its associates or Affiliates.

OTHER MATERIAL FACTS

SQG is not aware of any material facts concerning the securities of SQG or any other matter not described in this Information Circular that has not been previously disclosed and is known to SQG but which would reasonably be expected to affect the decision of Shareholders with respect to the matters to be voted upon at the Meeting.

OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

ADDITIONAL INFORMATION

Additional financial information is provided in SQG's comparative financial statements and MD&A for the year ended December 31, 2022 and the nine months ended September 30, 2023. Copies of SQG's financial statements and MD&A are available on written request to SQG at Suite 2502, Scotia Plaza, Toronto, ON M5H 3Y2, Canada, Attention: Chief Financial Officer. The financial statements and MD&A, as well as additional information relating to SQG, are available on SQG's SEDAR+ profile page at www.sedarplus.ca.

APPROVAL OF INFORMATION CIRCULAR

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the directors of the Corporation.

DATED at the City of Toronto, this 28th day of March, 2024.

**BY ORDER OF THE BOARD OF DIRECTORS OF SPACKMAN
EQUITIES GROUP INC.**

"Richard Lee"

Richard Lee
Interim Chief Executive Officer and Director

SCHEDULE "A" TO INFORMATION CIRCULAR OF
SQG - ACQUISITION AGREEMENT

See attached.

AMENDED AND RESTATED SHARE EXCHANGE AGREEMENT

dated as of August 4, 2023

Amending the Share Exchange Agreement dated February 6, 2023 as Supplemented June 30, 2023

AMONG:

CRYSTAL PLANET LIMITED

a corporation incorporated under the laws of the Hong Kong Special
Administrative Region of the People's Republic of China

(hereinafter referred to as “**CPL**”)

- and –

SPACKMAN EQUITIES GROUP INC.

a corporation incorporated under the laws of Canada

(hereinafter referred to as “**SQG**”)

- and -

The Persons Listed on
SCHEDULE A

(Each, individually a “**Vendor**” and collectively, the “**Vendors**”)

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This **AMENDED AND RESTATED SHARE EXCHANGE AGREEMENT** dated this 3rd day of August, 2023.

WHEREAS the Vendors are the registered and beneficial owners of all the issued and outstanding common shares of Crystal Planet Limited;

AND WHEREAS Spackman Equities Group Inc. ("**SQG**") is a Canadian-based investment company and its common shares are listed on the TSXV ("**SQG Shares**");

AND WHEREAS SQG wishes to purchase the Business Asset Ownership (as defined below) from the Vendors, and the Vendors wish to sell the Business Asset Ownership to SQG by way of a share exchange transaction on the terms and conditions herein contained, for purposes of effecting a "**Reverse Takeover**," or "**RTO**", within the meaning of the RTO Policy;

AND WHEREAS prior to the RTO, Business Asset intends to complete the CPL Financing (as defined herein), the investors of which will be required to sign an Assumption Agreement (as defined herein) and become bound by this Agreement;

AND WHEREAS following such exchange of shares, SQG will own all of the Business Asset Ownership, and the Vendors will own a certain number of SQG Shares;

AND WHEREAS SQG and the Vendors entered into a Share Exchange Agreement on February 6, 2023, which Share Exchange Agreement was supplemented on June 30, 2023;

AND WHEREAS SQG and the Vendors now wish to amend and restate the Share Exchange Agreement;

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows.

ARTICLE I DEFINITIONS

1.1 Definitions

For the purposes of this Agreement the following capitalized terms shall have the meanings set forth in this Article I:

"**Affiliate**" of an entity means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such entity.

"**Assumption Agreement**" has the meaning set forth in Section 2.8(b).

"**Audited Business Asset Financial Statements**" has the meaning set forth in Section 3.7(a).

"**Business Asset**" refers to CPL.

“Business Day” means a day, excluding Saturday and Sunday, on which banking institutions are open for business in Toronto, Ontario.

“Business Asset Financial Statements” has the meaning set forth in Section 3.7(a).

“Business Asset Intangible Property” means all patents, patentable subject matter, copyrights, registered and unregistered trade-marks, service marks, domain names, trade-names, logos, commercial symbols, industrial designs (including applications for all of the foregoing and renewals, divisions, extensions and reissues, where applicable, relating thereto), inventions, licences, sub-licences, trade secrets, know-how, confidential and proprietary information, patterns, drawings, computer software, databases and all other intellectual property, whether registered or not, owned by, licensed to or used by CPL or its Subsidiaries in any format or medium whatsoever.

“Business Asset Ownership” means all of the issued and outstanding shares in the share capital of CPL.

“Business Asset Tangible Property” means all assets owned by CPL or its Subsidiaries other than the Business Asset Intangible Property.

“CBCA” means the *Canada Business Corporations Act*, as amended.

“Change of Control” means the acquisition, directly or indirectly, of beneficial ownership of voting securities that results in a holding of more than 20% of the issued and outstanding voting securities of SQG or Business Asset as the case may be, by a third party, other than in connection with this Agreement or an internal corporate reorganization.

“Charter” means the certificate and articles of incorporation (as amended), certificate and articles of organization (as amended), statute, constitution, operating agreement, joint venture or partnership agreement or articles or other constituting document of any Person other than an individual, each as from time-to-time amended or modified.

“Circular” has the meaning set forth in Section 2.6.

“Claim” has the meaning set forth in Section 11.5.

“Closing” means the closing of the exchange of shares between the Vendors and SQG pursuant to the terms of this Agreement.

“Closing Date” means October 31, 2023, or such other date as SQG and the Vendors may agree, in writing;

“Closing Time” means 9:00 a.m. (Toronto time) on the Closing Date.

“Concurrent Financing” has the meaning given to such term in Section 2.8.

“Consolidation” means the consolidation of SQG Shares on the basis of five (5) pre-Consolidation SQG Shares for every one (1) post-Consolidation SQG Share.

“Control” in respect of a Person (including the terms **“controlled by”** and **“under common control with”**) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or by other arrangement.

“Direct Claim” has the meaning set forth in Section 11.5.

“Distribution” means: (a) the declaration or payment of any dividend in cash, securities or property on or in respect of any class of securities of the Person or its Subsidiaries; (b) the purchase, redemption or other retirement of any securities of the Person or its Subsidiaries, directly or indirectly; or (c) any other distribution on or in respect of any class of securities of the Person or its Subsidiaries.

“Dollars” and **“\$”** means Canadian dollars, unless otherwise specified.

“Income Tax Act” means the *Income Tax Act* (Canada), as amended from time-to-time.

“Indebtedness” means all obligations, contingent (to the extent required to be reflected in financial statements prepared in accordance with IFRS) and otherwise, which in accordance with IFRS should be classified on the obligor’s balance sheet as liabilities, including without limitation, in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any mortgage, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all agreements of guarantee, support, indemnification, assumption or endorsement and other contingent obligations whether direct or indirect in respect of Indebtedness or performance of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise; (d) obligations to reimburse issuers of any letters of credit; and (e) capital leases.

“Indemnified Party” has the meaning set forth in Section 11.5.

“Insider” has the meaning given to such term in Policy 1.1 of the TSXV - *Interpretation*.

“IFRS” means International Financial Reporting Standards, which are: (a) accounting standards issued by the IFRS Foundation and the International Accounting Standards Board; and (b) applied on a basis consistent with prior periods.

“Laws” mean all federal, provincial, state, municipal or local laws, rules, regulations, statutes, by-laws, ordinances, policies or orders of any federal, provincial, state, regional or local government or any subdivision thereof or any arbitrator, court, administrative or regulatory agency, commission, department, board or bureau or body or other government or authority or instrumentality or any entity or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Lien” means: (a) any encumbrance, mortgage, pledge, hypothec, prior claim, lien, charge or other security interest of any kind upon any property or assets of any character, or upon the income or profits therefrom; (b) any acquisition of or agreement to have an option to acquire any property or assets upon conditional sale or other title retention agreement, device or arrangement (including a capitalized lease); or (c) any sale, assignment, pledge or other transfer for security of any accounts, general intangibles or chattel paper, with or without recourse.

“Losses”, in respect of any matter, means all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter.

“Market Price” means, in respect of a class of shares, the market price of such class of shares determined in accordance with Policy 1.1 of the TSXV - *Interpretation*.

“Material Adverse Effect” in respect of a Person means any change, effect, event, occurrence, condition or development that has or could reasonably be expected to have, individually or in the aggregate, a material and adverse impact on the business, operations, results of operations, assets, capitalization or financial condition of such Person, other than any change, effect, event, occurrence or state of facts relating to the global economy or securities markets in general.

“Misrepresentation” has the meaning given thereto in the *Securities Act* (Ontario).

“Permitted Liens” means:

- (a) undetermined or inchoate Liens and charges incidental to construction, maintenance or operations or otherwise relating to the ordinary course of business which have not at the time been filed pursuant to law;
- (b) Liens for taxes and assessments for the then current year, Liens for taxes and assessments not at the time overdue, Liens securing worker’s compensation assessments and Liens for specified taxes and assessments which are overdue (and which have been disclosed to the other parties to this Agreement) but the validity of which is being contested at the time in good faith, if the Person shall have made on its books provision reasonably deemed by it to be adequate therefore;
- (c) cash or governmental obligations deposited in the ordinary course of business in connection with contracts, bids, tenders or to secure worker’s compensation, unemployment insurance, surety or appeal bonds, costs of litigation, when required by law, public and statutory obligations, Liens or claims incidental to current construction, and mechanics’, warehousemen’s, carriers’ and other similar Liens;
- (d) all rights reserved to or vested in any governmental body by the terms of any lease, licence, franchise, grant or permit held by it or by any statutory provision to terminate any such lease, licence, franchise, grant or permit or to require annual or periodic payments as a condition of the continuance thereof or to distrain against or to obtain a Lien on any of its property or assets in the event of failure to make such annual or other periodic payments;

- (e) Purchase Money Obligations; and
- (f) all Liens listed on Schedule E.

“**Person**” means an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof.

“**Purchase Money Obligations**” means Indebtedness of a debtor, reflected in the debtor’s financial statements, and incurred or assumed to finance the purchase or acquisition, in whole or in part, of any tangible real or personal property or incurred to finance the cost, in whole or in part, of the construction or installation of any tangible personal property, provided, however, that such Indebtedness is incurred or assumed at the time of or within 30 days after the purchase of such property or the completion of such construction or installation, as the case may be, and include any extension, renewal or refinancing of any such Indebtedness so long as the principal amount thereof outstanding at the date of such extension, renewal or refinancing is not increased.

“**Reverse Takeover**” or “**RTO**” means the exchange of all of the Business Asset Ownership for SQG Shares as calculated in Section 2.2 which shall constitute the Reverse Takeover of SQG within the meaning of that term in the RTO Policy.

“**RTO Policy**” means Policy 5.2 of the TSXV– *Changes of Business and Reverse Takeovers*.

“**SEGL**” means Spackman Entertainment Group Limited.

“**SQG Assets**” means collectively the SQG Intangible Property and the SQG Tangible Property.

“**SQG Financial Statements**” has the meaning set forth in Section 5.8(a).

“**SQG Intangible Property**” means all patents, patentable subject matter, copyrights, registered and unregistered trade-marks, service marks, domain names, trade-names, logos, commercial symbols, industrial designs (including applications for all of the foregoing and renewals, divisions, extensions and reissues, where applicable, relating thereto), inventions, licences, sublicences, trade secrets, know how, confidential and proprietary information, patterns, drawings, computer software, databases and all other intellectual property, whether registered or not, owned by, licensed to or used by SQG, where and to the extent that the loss of such ownership or license rights or rights to use would have or would be reasonably expected to have a Material Adverse Effect on SQG, in any format or medium whatsoever.

“**SQG Shares**” means the common shares in the share capital of SQG.

“**SQG Tangible Property**” means all assets owned by SQG other than the SQG Intangible Property.

“**Subsidiary**” shall have the same meaning as the term “subsidiary companies” in the *Securities Act* (Ontario).

“**Tax**” or “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative net worth, transfer, profits, withholding, payroll, employer health, employer safety, workers compensation, excise, immovable property and moveable property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan, Social Security and provincial or state pension plan contributions and workers compensation premiums, together with any interest, fines and penalties imposed by any governmental authority (including federal, provincial, state, municipal and foreign governmental authorities), and whether disputed or not.

“**Tax Returns**” has the meaning set forth in Section 3.15.

“**Third Party Claim**” has the meaning set forth in Section 11.5.

“**Total Assets**” means collectively the Business Asset Intangible Property and the Business Asset Tangible Property.

“**TSXV**” means the TSX Venture Exchange Inc.

“**Vendors**” means, collectively, the Persons listed on Schedule A and any person who subsequently becomes a party to this Agreement by executing an Assumption Agreement thereto.

1.2 Hereof, Herein, etc.

The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified herein, the term “or” has the inclusive meaning represented by the term “and/or” and the term “including” is not limiting. All references as to “Sections”, “Subsections”, “Articles”, “Schedules” and “Exhibits” shall be to Sections, Subsections, Articles, Schedules and Exhibits, respectively, of this Agreement unless otherwise specifically provided.

1.3 Computation of Time Periods

In the computation of periods of time from a specified date to a later specified date, unless otherwise specified herein, the words “commencing on” mean “commencing on and including”, the word “from” means “from and including” and the words “to” and “until” each means “to and including”.

1.4 Knowledge

The expression “to the knowledge of” or a similar phrase shall mean the knowledge of the Person based on the receipt of written notice addressed to the Person or the actual knowledge of any senior officer of the Person.

1.5 Schedules

The following Schedules are attached hereto and form part of this Agreement:

- Schedule A - List of Vendors
- Schedule B - CPL Financial Statements
- Schedule C - SQG Financial Statements
- Schedule D - Outstanding Convertible Securities and Director & Officer Loans
- Schedule E - Permitted Liens
- Schedule F - Scheduled Material Changes

ARTICLE II

AGREEMENT TO EXCHANGE

2.1 Business Asset Ownership

Subject to all of the terms and conditions hereof and in reliance on the representations and warranties set forth or referred to herein, at the Closing Time each of the Vendors severally agree to exchange, transfer and assign all Business Asset Ownership he, she or it owns or will own at the Closing Time (being the number set out opposite his, her or its name in the attached Schedule A) to SQG in consideration of SQG's issuance to such Vendor of that number of SQG Shares set out opposite his, her or its name in Schedule A. Any unclaimed Business Asset Ownership after reasonable contact effort by Business Asset shall be automatically exchanged for SQG Shares and will be held by the transfer agent until claimed by a Vendor.

- (a) The exchange, transfer and assignment of the Business Asset Ownership for SQG Shares shall proceed based on the Share Exchange Indexing Formula as described in Section 2.2.
- (b) Fractional SQG Shares shall not be issued or otherwise provided for. Where the application of the above exchange ratio to the aggregate of all Business Asset Ownership held by a Vendor would result in a Vendor being entitled to receive a fractional SQG Share, the number of SQG Shares to be issued to such Vendor shall be rounded down to the nearest whole SQG Share. SQG will not pay any amount in cash in lieu of issuing fractional SQG Shares.

2.2 Share Exchange Indexing Formula

The parties acknowledge and agree that the number of SQG Shares issued to Vendors is based on the indexing formula as illustrated below.

$$\begin{array}{lcl} \text{Number of Common Shares} & & (\text{US\$ } 29,886,943 + \text{US\$ amount of CPL Concurrent} \\ \text{of SQG issued} = & \text{---} & \text{Financing}) \times 1.3407 \text{ CAD/USD} \\ & & \text{CAD\$0.20}^4 \end{array}$$

*4 Price per SQG Share as at February 6, 2023, on a post-Consolidation basis.

*5 CAD/USD exchange rate as February 6, 2023.

2.3 Closing and Delivery of Certificates

- (a) The Closing shall take place at the Closing Time on the Closing Date, or as Business Asset and SQG may otherwise agree in writing.

- (b) Subject to Section 2.1(b) and the satisfaction of the conditions to the obligation to close the transactions contemplated herein set forth in Article VII:
 - (i) each Vendor shall deliver to Business Asset at the Closing Time a duly executed instrument of transfer in favour of SQG in respect of the Business Asset Ownership set out opposite his or its name in the attached Schedule A together with the share certificate(s), if any, relating to such Business Asset Ownership;
 - (ii) each Vendor agrees to deliver to SQG at the Closing Time such reports, waivers, consents, undertakings or such other documents as may be required (1) to pass registered title to and beneficial ownership of the Business Asset Ownership to SQG, (2) with respect to the Reverse Takeover pursuant to applicable securities legislation, policy or order of any securities commission, stock exchange or other regulatory authority, if any; and
 - (iii) Business Asset shall deliver, if required, to SQG at the Closing time a copy of the written resolutions of its directors and/or shareholders, duly passed to approve the transfer by the Vendors of the Business Asset Ownership to SQG.
- (c) Subject to compliance with Section 2.3(b), SQG shall deliver to the Vendors or, as applicable, their trustee or agent at the Closing Time certificates representing the number of SQG Shares set out opposite their respective names in the attached Schedule A, and shall enter the Vendors on the books of SQG as the holders of such SQG Shares.

2.4 Escrow

The Vendors acknowledge that SQG Shares acquired by them pursuant to this Agreement may be required to be escrowed pursuant to the policies of the TSXV. In circumstances where Persons other than the Vendors and the Insiders of SQG after the Closing Date are to have SQG Shares escrowed, SQG and Business Asset will use reasonable commercial efforts to inform such affected Persons in advance of the Closing Date.

2.5 Effective Date

- (a) The exchange of Business Asset Ownership for SQG Shares shall all take effect at and from the Closing Time.
- (b) Any Distributions received in respect of the Business Asset Ownership by the Vendors from and after the Closing Time shall be held by them in trust for SQG and shall, upon receipt, be paid to SQG forthwith and SQG shall be entitled to all Distributions in respect of the Business Asset Ownership accrued or accruing to the Vendors from and after the Closing Time.

2.6 Shareholder Meeting

- (a) If required by applicable securities legislation, policy or order of any securities commission, stock exchange or other regulatory authority, SQG will call a special meeting of its shareholders to approve the transactions contemplated herein.
- (b) In the event that such meeting of shareholders are required, SQG and Business Asset will jointly prepare a Management Information Circular (the “**Circular**”) for use in connection with the special meeting of SQG shareholders to enact the RTO and Business Asset will furnish all information necessary to be included therein as required by Canadian securities and corporate laws and the TSXV.

2.7 Share Capital

- (a) For greater certainty, on a pre-Consolidation and pre-Concurrent Financing basis, the parties acknowledge that assuming that 1,001,735,624 SQG Shares are issued in connection with the Reverse Takeover, after the Closing, there will be an aggregate of 1,016,635,596 SQG Shares issued and outstanding, of which: (i) an aggregate of 14,899,972 SQG Shares shall be held by the current shareholders of SQG; and (ii) an aggregate of 1,001,735,624 SQG Shares shall be held by the Vendors.

2.8 Concurrent Financing

- (a) The parties agree that prior to or concurrent with Closing, SQG will completing a brokered private placement financing of subscription receipts (the “**Subscription Receipts**”) at a price of CAD\$0.20 per Subscription Receipt. In addition, Business Asset will complete a non-brokered private placement of ordinary shares of Business Asset at a price of US\$2.72 per ordinary share (the “**CPL Financing**” and, together with the issuance of the Subscription Receipts, the “**Concurrent Financing**”). The Concurrent Financing is a condition of closing the Reverse Takeover and is subject to a minimum of US\$3,400,000 and a maximum of US\$20,000,000.
- (b) The CPL Financing shall be subject to the condition that each subscriber shall, if not already a party hereto, be required to execute an assumption agreement pursuant to which they will agree to be bound by the terms of this Agreement and become a party hereto (an “**Assumption Agreement**”).

ARTICLE III REPRESENTATIONS AND WARRANTIES OF BUSINESS ASSET AND THE VENDORS

In order to induce SQG to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Business Asset and the Vendors hereby jointly and severally represent and warrant as follows to and in favour of SQG and acknowledge that SQG is relying upon such representations and warranties in connection with the Reverse Takeover:

3.1 Organization and Existence

- (a) CPL is a corporation duly incorporated, organized and validly existing under the laws of the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China and has the corporate power to own its properties and to carry on its business as now conducted and has made all necessary filings under all applicable corporate, securities and taxation laws or any other laws to which CPL is subject, except where the failure to make such filing would not have a Material Adverse Effect on CPL. CPL is in good standing under the laws of the HKSAR of the People's Republic of China. CPL is not in violation of its Charter or by-laws. No proceedings have been instituted or are pending for the dissolution or liquidation of CPL. From the date of this Agreement to the Closing, no articles of amendment will be filed or authorized by the shareholders of CPL other than as described in Schedule F.

3.2 Authorization

The execution, delivery and performance by Business Asset of this Agreement and the Reverse Takeover: (i) are within its corporate power and authority; (ii) have been, or will be duly authorized by all necessary corporate proceedings; and (iii) do not and will not conflict with or result in any breach of any provision of, or the creation of any Lien upon any of the Total Assets pursuant to the Charter or by-laws of Business Asset, any Laws, order, judgment, injunction, license or permit applicable to Business Asset or any indenture, lease, agreement, contract, instrument or Lien, to which Business Asset is a party or by which the Total Assets may be bound or affected.

The Business Asset Ownership, when delivered to SQG at the Closing Date pursuant to the provisions of this Agreement, will be validly issued and outstanding as fully paid equity of Business Asset.

3.3 Consents

The execution, delivery and performance by Business Asset of this Agreement does not and will not require the authorization, approval or consent of, or any filing with, any governmental authority or agency or any other Person, except those required by applicable securities laws and the rules and policies of the TSXV.

3.4 Authorized Capital

The Business Asset Ownership issued and outstanding as at the Closing Time have been, or will at the Closing Time be, duly authorized and validly issued and outstanding as fully paid and non-assessable shares. None of the Business Asset Ownership has been issued in violation of any Laws, the policies of the TSXV, Business Asset's Charter or by-laws or any agreement to which Business Asset is a party or by which it is bound.

3.5 No Material Adverse Change

Except as disclosed in this Agreement and the Schedules attached hereto, since December 31, 2022 there has occurred no change in the business, operations, results of operations, assets, capitalization

or condition (financial or otherwise) of Business Asset, whether or not in the ordinary course of business, whether separately or in the aggregate with other occurrences or developments, and whether insured against or not, which could reasonably be expected to have a Material Adverse Effect on Business Asset.

3.6 **Subsidiaries**

- (a) CPL is a holding company with operations and has 2 subsidiaries, namely, MSteam Entertainment Co., Ltd. and SBD Entertainment Inc.

3.7 **Reports and Business Asset Financial Statements**

- (a) Business Asset delivered to SQG true and complete copies of the consolidated audited financial statements for the period ended December 31, 2021 and December 31, 2022 (the “**Business Asset Financial Statements**”), a copy of each of which is attached hereto as Schedule B. Business Asset shall deliver to SQG true and complete copies of the audited Business Asset Financial Statements together with an auditor’s report thereon, acceptable to SQG, acting reasonably, on or prior to Closing (the “**Audited Business Asset Financial Statements**”).
- (b) Business Asset delivered to SQG true and complete copies of the consolidated unaudited management accounts for the most recent interim fiscal period prior to Closing (the “**Business Asset Interim Financial Statements**”).
- (c) The Business Asset Financial Statements delivered under this Section 3.7 were prepared in accordance with IFRS; the balance sheets included in such Business Asset Financial Statements fairly present the financial condition of Business Asset as at the close of business on the respective dates thereof, and the statements of operations and income included in the Business Asset Financial Statements fairly presents the results of operations of Business Asset for the respective fiscal periods then ended.
- (d) There were no liabilities, contingent, contractual or otherwise, of Business Asset as of December 31, 2022, other than those disclosed in the Business Asset Financial Statements and the notes thereto.

3.8 **Absence of Certain Changes**

Since December 31, 2022, Business Asset and its Subsidiaries, as applicable, have not (except as disclosed in this Agreement and the Schedules attached hereto):

- (a) issued, sold, or agreed to issue or sell any Business Asset Ownership or other securities or any right, option or warrant with respect thereto, other than as disclosed in Schedule D;
- (b) amended or proposed to amend its Charter or by-laws;

- (c) split, combined or reclassified any of its securities or declared or made any Distribution;
- (d) suffered any material loss relating to litigation or, to the knowledge of Business Asset, been threatened with litigation;
- (e) entered into or amended any employment contracts with any director, officer or senior management employee, created or amended any employee benefit plan, made any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its directors or officers;
- (f) suffered damage, destruction or other casualty, loss, or forfeiture of, any property or assets, whether or not covered by insurance;
- (g) made any capital expenditures, additions or improvements or commitments for the same, except those in the ordinary course of business;
- (h) except as disclosed in Schedule F, acquired or agreed to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, corporation, partnership, joint venture or other business organization or division or acquired or agreed to acquire any material assets;
- (i) created any securities option or bonus plan, paid any bonuses, deferred or otherwise, or deferred any compensation to any director, officer or employee other than such payments made in the ordinary course of business;
- (j) made any material change in accounting procedures or practices;
- (k) mortgaged, hypothecated or pledged any of the Business Assets, or subjected them to any Lien, except a Permitted Lien;
- (l) disposed of or permitted to lapse any rights to the use of any Business Asset Intangible Property, if such action or omission would have a Material Adverse Effect on Business Asset;
- (m) entered into any agreement or arrangement granting any rights to purchase, lease, sublease, assign or transfer any of the Business Assets or requiring the consent of any Person to the transfer, assignment or lease of any such Business Assets or rights which would have a Material Adverse Effect on Business Asset;
- (n) cancelled, waived or compromised any debts or claims, including accounts payable to and receivable from its Affiliates;
- (o) failed to pay or satisfy when due any liability of Business Asset where the failure to do so would have a Material Adverse Effect on Business Asset;
- (p) disposed or permitted to lapse any Business Asset Intangible Property or disclosed to any Person any Business Asset Intangible Property not theretofore a matter of

public knowledge, except where such disclosure was made to a recipient who is subject to an obligation of confidentiality; or

- (q) entered into any agreement or understanding to do any of the foregoing.

3.9 Corporate Documents, Books and Records

Complete and correct copies of the Charter and by-laws, and of all amendments thereto, of Business Asset and its Subsidiaries have been previously delivered to SQG. The minute book of Business Asset and its Subsidiaries contains complete and accurate records in all material respects of all meetings and consents in lieu of meetings of the board of directors (and its committees) and shareholders of Business Asset and its Subsidiaries since incorporation. Except as reflected in such minute books, there are no minutes of meetings or consents in lieu of meetings of the board of directors (or its committees) or of the shareholders of Business Asset and its Subsidiaries.

3.10 Information

All data and information provided by Business Asset, at the request of SQG and its agents and representatives, to SQG and its agents and representatives in connection with the Reverse Takeover was and is complete and true and correct in all material respects.

3.11 No Other Agreement to Purchase

Other than as described in Schedule F and set out herein, there are no agreements, options, warrants, rights of conversion or other rights binding upon or which at any time in the future may become binding upon Business Asset or its Subsidiaries to issue any shares or any securities convertible or exchangeable, directly or indirectly, into any Business Asset Ownership. There are no shareholders' agreements, pooling agreements, voting trusts or other agreements or understandings with respect to the voting of Business Asset Ownership, or any of them.

3.12 Business Asset Shareholder Loans

There are no loans or other liabilities of Business Asset or its Subsidiaries to any shareholder or to any previous shareholder of Business Asset or its Subsidiaries other than as described in Schedule D.

3.13 Indebtedness and Liens

Other than (i) in the ordinary course of business and (ii) in connection with the transactions contemplated hereby, since December 31, 2022, Business Asset has not incurred any: (i) Indebtedness; or (ii) Liens upon any of the Total Assets except for Permitted Liens.

3.14 Indebtedness to Officers, Directors and Others

Business Asset or its Subsidiaries are not indebted to any director, officer, employee or consultant of Business Asset or its Subsidiaries, except for amounts due as reimbursement of ordinary business expenses and other than as described in Schedule D.

3.15 Taxes

All returns, declarations, reports, estimates, statements, schedules or other information or documents with respect to Taxes (collectively, “**Tax Returns**”) required to be filed by or with respect to Business Asset and its Subsidiaries have been filed within the prescribed time, with the appropriate tax authorities and all such Tax Returns are true, correct, and complete in all material respects. No Tax Return of Business Asset or its Subsidiaries are being audited by the relevant taxing authority, and there are no outstanding waivers, objections, extensions, or comparable consents regarding the application of the statute of limitations or period of reassessment with respect to any Taxes or Tax Returns that have been given or made by Business Asset or its Subsidiaries (including the time for filing of Tax Returns or paying Taxes) and Business Asset its Subsidiaries have no pending requests for any such waivers, extensions, or comparable consents. Business Asset or its Subsidiaries have not received a ruling from any taxing authority or signed an agreement with any taxing authority that could reasonably be expected to have a Material Adverse Effect on Business Asset. Business Asset or its Subsidiaries does not owe any Taxes to any governmental authority.

3.16 Title to Assets

Business Asset has good title to all Business Assets, free of all Liens except for Permitted Liens.

3.17 Material Contracts

- (a) Business Asset has provided SQG with a true, complete and accurate list, categorized by subject matter, of all the material contracts, agreements and commitments entered into by Business Asset or its Subsidiaries which are in writing or have been orally agreed to by Business Asset or its Subsidiaries and which are still in effect including, without limitation:
 - (i) all written contracts with any director, officer, employee or consultant of Business Asset or its Subsidiaries;
 - (ii) all plans, contracts or arrangements providing for options to purchase securities or security purchases, bonuses, pensions, deferred or incentive compensation, retirement or severance payments, profit-sharing, insurance or other benefit plans or programs for any officer, consultant or director of Business Asset or its Subsidiaries;
 - (iii) all joint venture contracts and agreements involving a sharing of profits;
 - (iv) all contracts or commitments with any Affiliate of Business Asset;
 - (v) all agreements relating to Liens granted with respect to the Business Asset Intangible Property;
 - (vi) all agreements respecting non-competition matters;
 - (vii) all agreements respecting confidentiality matters;

- (viii) promissory notes, loan agreements, pledge or security agreements, indentures, evidences of indebtedness, letters of credit, guarantees, or other instruments relating to an obligation in respect of borrowed money whether Business Asset shall be the borrower, lender or guarantor thereunder or whereby any Business Assets are pledged;
 - (ix) all leases of real property; and
 - (x) contracts by Business Asset or its Subsidiaries not made in the ordinary course of Business Asset or its Subsidiaries' business.
- (b) All contracts, agreements, benefit plans, leases and commitments required to be disclosed by Business Asset pursuant to this Section 3.17 are valid, binding and in full force and effect as to Business Asset, and the other parties thereto (to Business Asset's knowledge) and Business Asset, are not in breach or violation of, or default under, the terms of any such contract, agreement, plan, lease or commitment, except where such breach, violation or default would not have a Material Adverse Effect on Business Asset, and no event has occurred which constitutes or, with the lapse of time or the giving of notice, or both, would constitute, such a breach, violation or default by Business Asset that has not been waived in writing or, to Business Asset's knowledge, the other parties thereto.

3.18 **Intangible Property**

- (a)
- (i) Business Asset or its Subsidiaries owns or has the legal right to use the Business Asset Intangible Property currently used, and as currently proposed to be used in the future, in the conduct of the business of Business Asset or its Subsidiaries, free and clear of any Lien (other than any Permitted Liens), which would affect the use of Business Asset Intangible Property in connection with the operation of Business Asset's business as currently conducted and as currently proposed to be conducted in the future, and the ownership and use of the Business Asset Intangible Property does not, to Business Asset's knowledge, conflict with, violate or infringe upon the proprietary rights of any other Person in Canada, and to Business Asset's knowledge, conflict with, violate or infringe upon the proprietary rights of any other Person outside of Canada.
 - (ii) All licenses are valid and in good standing and are adequate and sufficient to permit Business Asset or its Subsidiaries to conduct its business as currently conducted and as currently proposed to be conducted.
- (b) No legal proceedings have been asserted, are pending, or are threatened against Business Asset or its Subsidiaries:

- (i) based upon or challenging or seeking to deny or restrict the use, practice, license (as licensor or licensee), sublicense (as sub-licensor or sub-licensee), distribution, export or import, display, or copying of, or creation of derivative works based on any of the Business Asset Intangible Property, by Business Asset or its Subsidiaries;
 - (ii) alleging that any services, or processes provided, used, licensed, sublicensed, distributed, displayed, copied by derivative works created by or products manufactured or sold by, Business Asset or its Subsidiaries infringe upon or misappropriate any Intangible Property right of any third party; or
 - (iii) alleging that any licensed Business Asset Intangible Property infringes upon any Intangible Property right of any third party or is being licensed or sublicensed in conflict with the terms of any license or other agreement.
- (c)
 - (i) To Business Asset's knowledge, no Person is engaging in any activity that infringes upon the rights of Business Asset or its Subsidiaries in the Business Asset Intangible Property.
 - (ii) Business Asset's consummation of the transactions contemplated by this Agreement shall not result in the termination, invalidity or impairment of any of the Business Asset Intangible Property.

To Business Asset's knowledge: (a) there has been no misappropriation of any trade secrets or other confidential Business Asset Intangible Property by any Person; (b) no employee, independent contractor or agent of Business Asset has misappropriated any trade secrets of any other Person in the course of such performance as an employee, independent contractor or agent; and (c) no employee, independent contractor or agent of Business Asset is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of invention agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of Business Asset Intangible Property.

3.19 Necessary Licenses and Permits

Through contractual arrangements, Business Asset has all necessary and required licenses, permits, consents, concessions and other authorizations of governmental, regulatory or administrative agencies or authorities, whether foreign, federal, provincial, or local, required to own and lease its properties and assets and to conduct its business as now conducted, except where the failure to hold the foregoing would not have a Material Adverse Effect on Business Asset or its Subsidiaries. Business Asset or its Subsidiaries are not in default, nor has it received any notice of any claim or default with respect to any such license, permit, consent, concession or authorization. No registrations, filings, applications, notices, transfers, consents, approvals, audits, qualifications, waivers or other action of any kind is required by virtue of the execution and delivery of this Agreement, or of the consummation of the transactions contemplated hereby: (a) to avoid the loss of any license, permit, consent, concession or other authorization or any asset,

property or right pursuant to the terms thereof, or the violation or breach of any law applicable thereto, or (b) to enable Business Asset to hold and enjoy the same immediately after the Closing Date in the conduct of its business as conducted prior to the Closing Date.

3.20 Compliance with Law

Business Asset or its Subsidiaries are not in default under, or in violation of, and has not violated (and failed to cure) any law including, without limitation, laws relating to the issuance or sale of securities, privacy and intellectual property, or any licenses, franchises, permits, authorizations or concessions granted by, or any judgment, decree, writ, injunction or order of, any governmental or regulatory authority, applicable to its business or any of its properties or assets, except where such default or violation would not have a Material Adverse Effect on Business Asset or its Subsidiaries. Business Asset or its Subsidiaries have not received any notification alleging any material violations of any of the foregoing with respect to which adequate corrective action has not been taken.

3.21 Litigation

There is no suit, claim, action, proceeding or, to the knowledge of Business Asset, investigation pending or threatened against or affecting Business Asset or its Subsidiaries, or any of its assets or properties, or any officer or director thereof in his capacity as an officer or director thereof.

3.22 Employee Benefit Plans

Other than as disclosed to SQG, Business Asset or its Subsidiaries do not have any employee benefit plans (or any plan which may be in any way regarded as an employee benefit plan) of any nature whatsoever nor has it ever had any such plans.

3.23 Inventory

Business Asset or its Subsidiaries do not have any inventory of any nature except for those incurred in the ordinary course of Business Asset's or its Subsidiaries' business.

3.24 Insurance

Business Asset or its Subsidiaries do not have (nor has it ever had) any insurance of any nature whatsoever relating to it or its directors or officers.

3.25 Place of Business

Business Asset's head office is located at RM 1009-1012, 10/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong and such address is the only location where its corporate books and records are located.

3.26 No Limitations

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which Business Asset or its Subsidiaries are a party or is

otherwise bound that would now or hereafter, in any way limit the business, use of assets or operations of Business Asset or its Subsidiaries.

3.27 Reporting Issuer Status

Business Asset is not a “reporting issuer” (or the equivalent status) in any province or territory of Canada and there is not a published market in respect of any of its securities in any jurisdiction worldwide. No order has been issued ceasing or suspending trading or prohibiting the issue of any securities of Business Asset and no such proceedings are pending, or to the knowledge of Business Asset, threatened.

3.28 Regulatory Compliance

Business Asset or its Subsidiaries are in compliance with all regulatory orders, directives and decisions that have application to Business Asset or its Subsidiaries except where such non-compliance would not have a Material Adverse Effect on Business Asset or its Subsidiaries and Business Asset or its Subsidiaries have not received notice from any governmental or regulatory authority that Business Asset or its Subsidiaries are not in compliance with any such regulatory orders, directives or decisions.

3.29 Non-Arm’s Length Transactions

Business Asset or its Subsidiaries have not made any payment or loan to, or has borrowed any monies from or is otherwise indebted to, any officer, director, employee, shareholder or any other Person with whom Business Asset or its Subsidiaries are not dealing at arm’s length (within the meaning of the Income Tax Act) or any Affiliate of any of the foregoing other than as disclosed in Schedule D.

3.30 Enforceability

The execution and delivery by Business Asset of this Agreement and any other agreement contemplated by this Agreement will result in legally binding obligations of Business Asset enforceable against Business Asset in accordance with the respective terms and provisions hereof and thereof subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE VENDORS

Each of the Vendors severally (and not jointly or jointly and severally) represents and warrants, but only as to himself, herself or itself, to SQG as follows:

4.1 Capacity

If a Vendor is an individual, such Vendor has the capacity to own the Business Asset Ownership owned by him or her, to enter into this Agreement and to perform his or her obligations under this

Agreement. If a Vendor is not an individual, such Vendor has the power and authority to own or hold its Business Asset Ownership, to enter into this Agreement and to perform its obligations under this Agreement.

4.2 Execution and Delivery

This Agreement and any other agreement contemplated by this Agreement has been duly executed and delivered by each Vendor and will result in legally binding obligations of such Vendor enforceable against such Vendor in accordance with the respective terms and provisions hereof and thereof subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

4.3 No Violation

The execution and delivery of this Agreement, the transfer of the Business Asset Ownership, as applicable, and the performance, observance or compliance with the terms of this Agreement by such Vendor will not violate, constitute a default under, conflict with or give rise to any requirement for a waiver or consent under:

- (a) any provision of law or any order of any court of other governmental agency applicable to such Vendor;
- (b) with respect to a Vendor that is not an individual, the Charter of such Vendor;
- (c) any provision of any agreement, instrument or other obligation to which such Vendor is a party or by which such Vendor is bound; or
- (d) any applicable judgment, writ, decree, order or Laws applicable to such Vendor.

4.4 Ownership

Each Vendor is the registered and beneficial owner of the Business Asset Ownership set out beside his, her or its name in Schedule A, free and clear of any Liens. Upon the completion of the Closing, except for the rights of SQG pursuant to this Agreement with respect to the Business Asset Ownership, there will be no outstanding options, calls or rights of any kind binding on any Vendor relating to or providing for the purchase, delivery or transfer of any of his, her or its Business Asset Ownership.

4.5 Circular

All information provided by Business Asset and the Vendors for inclusion in the Circular will constitute full, true and plain disclosure of all material facts regarding Business Asset and will not contain a misrepresentation.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SQG

SQG and Business Asset hereby represent and warrant, jointly and severally, as follows to and in favour of Business Asset and the Vendors and SQG acknowledges that Business Asset is relying upon such representations and warranties in connection with the Reverse Takeover:

5.1 Organization and Existence

SQG is a corporation duly incorporated, organized and validly existing under the laws of Canada and has the corporate power to own its properties and to carry on its business as now conducted and has made all necessary filings under all applicable corporate, securities and taxation laws or any other laws to which SQG is subject, except where the failure to make such filing would not have a Material Adverse Effect on SQG. SQG is in good standing under the CBCA. SQG is not in violation of its Charter or by-laws. No proceedings have been instituted or are pending for the dissolution or liquidation of SQG. No articles of amendment have been or will be filed or authorized by the shareholders of SQG and, except in connection with its initial public offering, no amendments to the by-laws of SQG have been enacted since SQG's incorporation and organization.

5.2 Authorization

- (a) The execution, delivery and performance by SQG of this Agreement and the Reverse Takeover: (i) are within its corporate power and authority; (ii) have been, or will be duly authorized by all necessary corporate proceedings; and (iii) do not and will not conflict with or result in any breach of any provision of, or the creation of any Lien upon any of the property of SQG pursuant to the Charter or by-laws of SQG, any Laws, order, judgment, injunction, license or permit applicable to SQG or any indenture, lease, agreement, contract, instrument or Lien, to which SQG is a party or by which the property of SQG may be bound or affected.
- (b) The SQG Shares, when delivered to the Vendors in accordance with the terms of this Agreement, will be validly issued and outstanding as fully paid and non-assessable SQG Shares.

5.3 Consents

The execution, delivery and performance by SQG of this Agreement does not and will not require the authorization, approval or consent of, or any filing with, any governmental authority or agency or any other Person, except those required by applicable securities laws and the rules and policies of the TSXV.

5.4 Authorized Capital

- (a) The authorized capital of SQG consists of an unlimited number of SQG Shares of which 14,899,972 are issued and outstanding as at the date hereof.

- (b) The SQG Shares issued and outstanding as at the Closing Time have been, or will at the Closing Time be, duly authorized and validly issued and outstanding as fully paid and non-assessable shares. None of the SQG Shares have been issued in violation of any Laws, the policies of the TSXV, SQG's Charter or by-laws or any agreement to which SQG is a party or by which it is bound.

5.5 No Material Adverse Change

Since December 31, 2022, there has occurred no change in the business, operations, results of operations, assets, capitalization or condition (financial or otherwise) of SQG, whether or not in the ordinary course of business, whether separately or in the aggregate with other occurrences or developments, and whether insured against or not, which could reasonably be expected to have a Material Adverse Effect on SQG.

5.6 Reporting Issuer

SQG is a reporting issuer under the securities legislation of the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan and is not in default of such legislation or any regulation thereunder.

5.7 TSXV Listing

The SQG Shares are listed on the TSXV under the symbol "SQG".

5.8 Reports and SQG Financial Statements

- (a) SQG has delivered to Business Asset true and complete copies of the audited financial statements for the period ended December 31, 2022 and unaudited interim financial statements for the period ended March 31, 2022 (the "**SQG Financial Statements**"), a copy of each of which is attached hereto as Schedule C.
- (b) The SQG Financial Statements delivered under Section 5.8(a) were prepared in accordance with IFRS; the balance sheet included in such SQG Financial Statements fairly presents the financial condition of SQG as at the close of business on the date thereof, and the statement of operations and deficit included in the SQG Financial Statements fairly presents the results of operations of SQG for the fiscal period then ended.
- (c) There were no liabilities, contingent, contractual or otherwise, of SQG as of December 31, 2022 other than those disclosed in the SQG Financial Statements and the notes thereto.

5.9 Absence of Certain Changes

Since December 31, 2022, SQG has not (except as disclosed in this Agreement):

- (a) issued, sold, or agreed to issue, sell, pledge, hypothecate, lease, dispose of or encumber any SQG Shares or other corporate securities or any right, option or warrant with respect thereto;
- (b) amended or proposed to amend its Charter or by-laws other than the amendments referred to in Section 6.6 hereto;
- (c) split, combined or reclassified any of its securities or declared or made any Distribution;
- (d) suffered any material loss relating to litigation or, to the knowledge of SQG, been threatened with litigation;
- (e) entered into or amended any employment contracts with any director, officer or senior management employee, created or amended any employee benefit plan, made any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its directors or officers;
- (f) suffered damage, destruction or other casualty, loss, or forfeiture of, any property or assets, whether or not covered by insurance;
- (g) made any capital expenditures, additions or improvements or commitments for the same, except those in the ordinary course of business;
- (h) other than in the ordinary course of business: (i) entered into any contract, commitment or agreement under which it has outstanding Indebtedness for borrowed money or for the deferred purchase price of property; or (ii) made any loan or advance to any Person;
- (i) acquired or agreed to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, corporation, partnership, joint venture or other business organization or division or acquired or agreed to acquire any material assets;
- (j) entered into any material contracts regarding its business operations, including joint ventures, partnerships or other arrangements;
- (k) created any stock option or bonus plan, paid any bonuses, deferred or otherwise, or deferred any compensation to any of its directors or officers other than such payments made in the ordinary course of business;
- (l) made any material change in accounting procedures or practices;
- (m) mortgaged, hypothecated or pledged any of the SQG Assets, or subjected them to any Lien;
- (n) entered into any other material transaction, or any amendment of any contract, lease, agreement or license which is material to its business;

- (o) sold, leased, subleased, assigned or transferred any of the SQG Assets;
- (p) cancelled, waived or compromised any debts or claims, including accounts payable to and receivable from its Affiliates;
- (q) failed to pay or satisfy when due any liability of SQG where such failure would have a Material Adverse Effect on SQG; or
- (r) entered into any agreement or understanding to do any of the foregoing.

5.10 Corporate Documents, Books and Records

Complete and correct copies of the Charter and by-laws, and of all amendments thereto, of SQG have been previously delivered to Business Asset. The minute book of SQG contains complete and accurate records in all material respects of all meetings and consents in lieu of meetings of the board of directors (and its committees) and shareholders of SQG since incorporation. Except as reflected in such minute books, there are no minutes of meetings or consents in lieu of meetings of the board of directors (or its committees) or of the shareholders of SQG.

5.11 Information

All data and information provided by SQG, at the request of Business Asset and its agents and representatives, to Business Asset and its agents and representatives in connection with the Reverse Takeover was and is complete and true and correct in all material respects.

5.12 No Other Agreement to Purchase

Other than as set out herein, there are no agreements, options, warrants, rights of conversion or other rights binding upon or which at any time in the future may become binding upon SQG to issue any shares or any securities convertible or exchangeable, directly or indirectly, into any SQG Shares. There are no shareholders' agreements, pooling agreements, voting trusts or other agreements or understandings with respect to the voting of SQG Shares, or any of them.

5.13 SQG Shareholder Loans

There are no loans or other liabilities of SQG to any shareholder or to any previous shareholder of SQG.

5.14 Indebtedness and Liens

Other than in the ordinary course of business or in connection with the transactions contemplated hereby, since December 31, 2022, SQG has not incurred any: (i) Indebtedness; or (ii) Liens upon any of the SQG Assets.

5.15 Indebtedness to Officers, Directors and Others

SQG is not indebted to any director, officer, employee or consultant of SQG, except for amounts due as reimbursement of ordinary business expenses.

5.16 Taxes

All Tax Returns required to be filed by or with respect to SQG have been filed within the prescribed time, with the appropriate tax authorities and all such Tax Returns are true, correct, and complete in all material respects. No Tax Return of SQG is being audited by the relevant taxing authority, and there are no outstanding waivers, objections, extensions, or comparable consents regarding the application of the statute of limitations or period of reassessment with respect to any Taxes or Tax Returns that have been given or made by SQG (including the time for filing of Tax Returns or paying Taxes) and SQG has no pending requests for any such waivers, extensions, or comparable consents. SQG has not received a ruling from any taxing authority or signed an agreement with any taxing authority that could reasonably be expected to have a Material Adverse Effect on SQG. SQG does not owe any Taxes to the federal government, a provincial government, a municipal government or any other governmental authority.

5.17 Title to Assets

SQG has good title to all SQG Assets, free of all Liens except for Permitted Liens.

5.18 Material Contracts

- (a) All contracts, agreements and commitments entered into by SQG are valid, binding and in full force and effect as to SQG, and SQG is not in breach or violation of, or default under, the terms of any such contract, agreement, plan, lease or commitment, except where such breach, violation or default would not have a Material Adverse Effect on SQG, and no event has occurred which constitutes or, with the lapse of time or the giving of notice, or both, would constitute, such a breach, violation or default by SQG.

5.19 Title to Property

- (a) SQG does not own any real property.
- (b) The SQG Assets are owned legally and beneficially by SQG with good and marketable title thereto, free and clear of all Liens whether contingent or absolute, except as disclosed in the SQG Financial Statements or as provided for herein. SQG is the sole and unconditional owner of, and has good and marketable title to, the SQG Assets.

5.20 Intangible Property

SQG owns or has legal right to use the SQG Intangible Property currently used in the conduct of the business of SQG, and, to SQG's knowledge, the ownership or use thereof and any other intellectual property rights owned or used by SQG's does not infringe upon the proprietary rights of any other Person.

5.21 Necessary Licenses and Permits

SQG has all necessary and required licenses, permits, consents, concessions and other authorizations of governmental, regulatory or administrative agencies or authorities, whether foreign, federal, provincial, or local, required to own and lease its properties and assets and to conduct its business as now conducted, except where the failure to hold the foregoing would not have a Material Adverse Effect on SQG. SQG is not in default, nor has it received any notice of any claim or default with respect to any such license, permit, consent, concession or authorization. No registrations, filings, applications, notices, transfers, consents, approvals, audits, qualifications, waivers or other action of any kind is required by virtue of the execution and delivery of this Agreement, or of the consummation of the transactions contemplated hereby: (a) to avoid the loss of any license, permit, consent, concession or other authorization or any asset, property or right pursuant to the terms thereof, or the violation or breach of any law applicable thereto, or (b) to enable SQG to hold and enjoy the same immediately after the Closing Date in the conduct of its business as conducted prior to the Closing Date.

5.22 Compliance with Law

SQG is not in default under, or in violation of, and has not violated (and failed to cure) any law including, without limitation, laws relating to the issuance or sale of securities, privacy and intellectual property, or any licenses, franchises, permits, authorizations or concessions granted by, or any judgment, decree, writ, injunction or order of, any governmental or regulatory authority, applicable to its business or any of its properties or assets, except where such default or violation would not have a Material Adverse Effect on SQG. SQG has not received any notification alleging any material violations of any of the foregoing with respect to which adequate corrective action has not been taken.

5.23 Employee Benefit Plans

SQG does not have any employee benefit plans (or any plan which may be in any way regarded as an employee benefit plan) of any nature whatsoever nor has it ever had any such plans.

5.24 Inventory

SQG does not have (nor has it ever had) any inventory of any nature whatsoever.

5.25 Insurance

SQG does not have (nor has it ever had) any insurance of any nature whatsoever relating to its directors or officers.

5.26 Location of Office

SQG's head office is located at Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84 Toronto, Ontario, M5J 2Z4.

5.27 No Limitations

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which SQG is a party or is otherwise bound that would now or hereafter, in any way limit the business, use of assets or operations of SQG.

5.28 Regulatory Compliance

SQG is in compliance with all regulatory orders, directives and decisions that have application to SQG except where such non-compliance would not have a Material Adverse Effect on SQG and SQG has not received notice from any governmental or regulatory authority that SQG is not in compliance with any such regulatory orders, directives or decisions.

5.29 Non-Arm's Length Transactions

- (a) SQG has not made any payment or loan to, or has borrowed any monies from or is otherwise indebted to, any officer, director, employee, shareholder or any other Person with whom SQG is not dealing at arm's length (within the meaning of the Income Tax Act) or any Affiliate of any of the foregoing; and
- (b) SQG is not a party to any contract or agreement with any officer, director, employee, shareholder or any other Person with whom SQG is not dealing at arm's length (within the meaning of the Income Tax Act) or any Affiliate of any of the foregoing.

5.30 Enforceability

The execution and delivery by SQG of this Agreement and any other agreement contemplated by this Agreement will result in legally binding obligations of SQG enforceable against SQG in accordance with the respective terms and provisions hereof and thereof subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

5.31 Circular

All information provided by SQG and/or Business Asset for inclusion in the Circular will not contain any material misrepresentation.

ARTICLE VI COVENANTS

6.1 Filings

SQG, Business Asset and the Vendors shall prepare and file any filings required under any applicable laws or rules and policies of the TSXV or other regulatory bodies relating to the Reverse Takeover. SQG covenants and agrees to take, in a timely manner, all commercially reasonable actions and steps necessary in order that effective as at the Closing Date: (i) the SQG Shares be

listed and posted for trading on the TSXV; (ii) when received, SQG shall provide Business Asset with copies of the conditional and final approval of the TSXV respecting the Reverse Takeover and the re-commencement of trading of the SQG Shares; and (iii) the distribution of SQG Shares to the Vendors is exempt from the prospectus and registration requirements of the securities laws of the Province of Ontario.

6.2 SQG Board of Directors

Immediately prior to the Closing, the board of directors of SQG will appoint the persons reasonably designated by the Vendors as directors of SQG and following such appointments all directors of SQG, except for the directors designated by the Vendors, will resign as directors of SQG. Depending on the number of directors proposed by Business Asset, a shareholders meeting may be required to be held.

6.3 Additional Agreements

Each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts to:

- (a) obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements;
- (b) obtain all necessary consents, approvals, and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations;
- (c) defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby;
- (d) cause to be lifted or rescinded any injunction or restraining order or other remedy adversely affecting the ability of the parties to consummate the transactions contemplated hereby;
- (e) effect all necessary registrations and other filings and submissions of information requested by governmental authorities;
- (f) comply with all provisions of this Agreement; and
- (g) provide such officers' or directors' certificates as may be reasonably requested by the other parties hereto in respect of the representations, warranties and covenants of a party hereto.

6.4 Access to Information

- (a) Upon reasonable notice, Business Asset and the Vendors shall afford to SQG's directors, officers, counsel, accountants and other authorized representatives and

advisers complete access (or, where necessary, the provision of the information requested), during normal business hours and at such other time or times as the parties may reasonably request, from the date hereof and until the earlier of the Closing Date and the termination of this Agreement, to its properties, books, contracts and records as well as to management personnel of Business Asset as SQG may require or may reasonably request.

- (b) Upon reasonable notice, SQG shall afford to Business Asset's directors, officers, counsel, accountants and other authorized representatives and advisers complete access (or, where necessary, the provision of the information requested), during normal business hours and at such other time or times as the parties may reasonably request, from the date hereof and until the earlier of the Closing Date and the termination of this Agreement, to its properties, books, contracts and records as well as to management personnel of SQG as Business Asset may require or may reasonably request.

6.5 Conduct of Business of Business Asset

Business Asset and the Vendors covenant and agree that, during the period from the date of this Agreement until the earlier of the Closing Date and the date this Agreement is terminated in accordance with its terms, unless SQG shall otherwise consent in writing (such consents not to be unreasonably withheld or delayed), except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the business of Business Asset shall be conducted only in the ordinary course of business and consistent with past practice, and Business Asset shall use all commercially reasonable efforts to maintain and preserve its business, the Total Assets and business relationships;
- (b) Business Asset shall notify SQG of any Material Adverse Effect on its business; and
- (c) Business Asset shall not directly or indirectly:
 - (i) take any action which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein or take any action or fail to take any action which may result in a condition precedent to the transactions described herein not being satisfied;
 - (ii) except as provided in Schedule D, issue, sell, pledge, hypothecate, lease, dispose of or encumber any Business Asset Ownership or other securities or any right, option or warrant with respect thereto;
 - (iii) amend or propose to amend its Charter;
 - (iv) split, combine or reclassify any of its securities or declare or make any Distribution or distribute any of its properties or assets to any Person;

- (v) other than in the ordinary course of business, enter into or amend any employment contracts with, any directors, any officer or senior management employee, create or amend any employee benefit plan, make any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for any directors, or its officers, employees or consultants;
- (vi) make any capital expenditures, additions or improvements or commitments for the same, except for licensing in the ordinary course of business;
- (vii) enter into any contract, commitment or agreement under which it would incur indebtedness for borrowed money or for the deferred purchase price of property (other than such property acquired in the ordinary course of business consistent with past practice), or would have the right or obligation to incur any such indebtedness or obligation, or make any loan or advance to any Person;
- (viii) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
- (ix) enter into any contracts, other than in the ordinary course of business consistent with past practice;
- (x) except as disclosed in Schedule D, create any option or bonus plan, pay any bonuses, deferred or otherwise, or defer any compensation to any directors, any of its officers or employees;
- (xi) make any material change in accounting procedures or practices;
- (xii) mortgage, pledge or hypothecate any of the Total Assets, or subject them to any Lien, except Permitted Liens;
- (xiii) except in the ordinary course of business consistent with past practice, enter into any agreement or arrangement granting any rights to purchase or lease any of the Business Assets or requiring the consent of any Person to the transfer, assignment or lease of any of the Business Assets;
- (xiv) dispose of or permit to lapse any rights to the use of any Business Asset Intangible Property, or dispose of or disclose (without appropriate confidentiality protection) to any Person any trade secret, formula, process, method or know how not previously a matter of public knowledge;
- (xv) engage in any business or other activity that is outside of the ordinary course of business that is being currently conducted by Business Asset, whether as a partner, joint venture participant or otherwise;

- (xvi) except in the ordinary course of business consistent with past practice, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of the Business Assets, or cancel, waive or compromise any debts or claims, including accounts payable to and receivable from Affiliates;
- (xvii) enter into any other material transaction or any amendment of any contract, lease, agreement, license or sublicense which is material to its business;
- (xviii) settle any outstanding claim, dispute, litigation matter, or tax dispute;
- (xix) transfer any assets to the Vendors or any of their Subsidiaries or Affiliates or assume any Indebtedness from the Vendors or any of their Subsidiaries or Affiliates or enter into any other related party transactions; or
- (xx) enter into any agreement or understanding to do any of the foregoing.

6.6 Conduct of Business of SQG

SQG covenants and agrees that during the period from the date of this Agreement until the earlier of the Closing Date and the date this Agreement is terminated in accordance with its terms, unless Business Asset, otherwise consents in writing (such consent not to be unreasonably withheld or delayed), except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) the business of SQG shall be conducted in the ordinary course and SQG shall use its commercially reasonable efforts to maintain and preserve its business, assets and business relationships, except as may be otherwise required by law or pursuant to the terms of this Agreement;
- (b) SQG shall at all times comply with the RTO Policy;
- (c) SQG shall not directly or indirectly:
 - (i) take any action which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein or take any action or fail to take any action which may result in a condition precedent to the transactions described herein not being satisfied;
 - (ii) issue, sell, pledge, hypothecate, lease, dispose of or encumber any SQG Shares or other securities of SQG or any right, option or warrant with respect thereto, except for the issuance of SQG Shares issued pursuant to the exercise of previously issued SQG options or warrants;
 - (iii) amend or propose to amend its Charter or by-laws;
 - (iv) split, combine or reclassify any of its securities or declare or make any Distribution, or distribute any of its property or assets to any Person;

- (v) enter into or amend any employment contracts with any director, officer or senior management employee, create or amend any employee benefit plan, make any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its directors, officers, employees or consultants;
- (vi) make any capital expenditures, additions or improvements or commitments for the same;
- (vii) enter into any contract, commitment or agreement under which it would incur indebtedness for borrowed money or for the deferred purchase price of property or would have the right or obligation to incur any such indebtedness or obligation, or make any loan or advance to any Person;
- (viii) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
- (ix) enter into any material contracts regarding its business operations, including joint ventures, partnerships or other arrangements;
- (x) create any stock option or bonus plan, done in connection with the Reverse Takeover, pay any bonuses, deferred or otherwise, or defer any compensation to any of its directors or officers;
- (xi) make any material change in accounting procedures or practices;
- (xii) mortgage, pledge or hypothecate any of the SQG Assets, or subject them to any Lien, except Permitted Liens;
- (xiii) enter into any agreement or arrangement granting any rights to purchase or lease any of the SQG Assets or requiring the consent of any Person to the transfer, assignment or lease of any of the SQG Assets;
- (xiv) engage in any business that is outside of the business that is being currently conducted by SQG, whether as a partner, joint venture participant or otherwise;
- (xv) sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of the SQG Assets, or cancel, waive or compromise any debts or claims, including accounts payable to and receivable from Affiliates;
- (xvi) enter into any other material transaction, or any amendment of any contract, lease, agreement, license or sublicense which is material to its business;
- (xvii) settle any outstanding claim, dispute, litigation matter, or tax dispute; or

(xviii) enter into any agreement or understanding to do any of the foregoing.

6.7 TSXV Approval

SQG will cause an application to be filed with the TSXV seeking approval of the RTO in accordance with the applicable policies of the TSXV.

ARTICLE VII CONDITIONS TO OBLIGATION TO CLOSE

7.1 SQG's Closing Conditions

SQG's obligation to issue SQG Shares in exchange for the transfer and assignment of Business Asset Ownership to SQG on the Closing Date pursuant to Article II is subject to compliance by Business Asset and the Vendors with their agreements herein contained and to the satisfaction, on or prior to the Closing Date, of the following conditions:

- (a) ***Liens.*** Except for the Permitted Liens, any outstanding Liens in respect of the Business Asset Ownership shall have been discharged including, without limitation, the Liens listed in Schedule E hereto.
- (b) ***Charter Documents and Certificate of Corporate Existence.*** SQG shall have received from Business Asset: (i) a copy, certified by a duly authorized officer or director of Business Asset and its Subsidiaries, to be true and complete as of the Closing Date, of the Charter of Business Asset and its Subsidiaries; and (ii) a copy, certified by a duly authorized officer of Business Asset and its Subsidiaries, to be true and complete as of the Closing Date, of the by-laws thereof.
- (c) ***Waiver of the Sponsorship Requirement.*** The TSXV shall have granted a waiver from the sponsorship requirement set out in TSXV Policy 2.2 *Sponsorship and Sponsorship Requirements*, or if it is not possible to obtain such a waiver, SQG shall have engaged a sponsor and the TSXV shall have accepted the sponsor's report in respect of the Reverse Takeover.
- (d) ***Board Approvals.*** Business Asset shall have obtained, on or prior to the Closing Date, the approval of its Board of Directors and any other necessary approvals for this Agreement and the Reverse Takeover. Each Vendor who is not an individual shall have obtained the necessary corporate or other approval to enter into this Agreement.
- (e) ***Proof of Corporate Action.*** SQG shall have received from each of Business Asset and each Vendor who is not an individual, copies, certified by a duly authorized officer thereof to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement.

- (f) ***Incumbency Certificates.*** SQG shall have received from Business Asset and each Vendor who is not an individual, an incumbency certificate, dated the Closing Date, signed by a duly authorized officer or director thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of respectively, Business Asset and each Vendor who is not an individual, this Agreement and any other ancillary documents.
- (g) ***Legal Opinion.*** SQG shall have received from counsel to Business Asset, a favourable opinion covering such matters with respect to the transactions contemplated by this Agreement as SQG and its counsel may request including but not limited to the validity of the shares being transferred, valid existence, absence of litigation and other ordinary opinions for a transaction of this type.
- (h) ***Audited Business Asset Financial Statements.*** SQG shall have received from Business Asset audited financial statements for the years ended December 31, 2021 and December 31, 2022 certified by auditors registered with the Canadian Public Accountability Board and SQG shall be satisfied, acting reasonably, that such statements do not deviate in any material respect from the Business Asset Financial Statements previously delivered to SQG.
- (i) ***Representations and Warranties.*** The representations and warranties of Business Asset contained herein shall be true and correct in all material respects, on and as of the Closing Date with the same force and effect as if such representations and warranties were made at such time, and SQG shall have received on the Closing Date certificates to this effect, signed by one authorized officer or director of Business Asset, and if applicable, Business Asset shall include with such certificates a description of each material contract (as described in Section 3.17 herein) entered into by Business Asset between the date of this Agreement and the Closing Date and a representation substantially equivalent to Section 3.17(b) in respect of each such material contract, provided that each such material contract entered into between the date of this Agreement and the Closing Date shall not breach, be in conflict with or otherwise contravene Section 6.5.
- (j) ***Covenants.*** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Business Asset and the Vendors at or before the Closing Date shall have been complied with or performed and SQG shall have received on the Closing Date certificates to this effect signed by an authorized officer or director of Business Asset.
- (k) ***Regulatory and Other Consents.*** There shall have been obtained from all appropriate federal, provincial, state, municipal or other governmental or administrative bodies such licences, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by each Vendor to permit the transfer of the Business Asset Ownership in each case and the exchange of the Business Asset Ownership for SQG Shares. Additionally, all required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by this Agreement shall have been obtained from the

TSXV, including the acceptance, by the TSXV of the transactions contemplated in this Agreement. Except where the failure to take such action would not result in a Material Adverse Effect in respect of Business Asset as the case may be, shall have obtained all consents, authorizations or approvals required to be obtained in connection with the transactions contemplated in this Agreement of each Person under any indenture, agreement, contract, instrument, Lien, lease, permit, authorization, order, writ, judgement, injunction, decree, determination or arbitration award to which Business Asset is a party or by which the property of Business Asset is bound or affected, where the failure to obtain such consents, authorizations or approvals would constitute a breach of or default under, accelerate any obligation under, or give rise to a right of termination under any indenture, agreement, contract, instrument, lien, lease, permit, authorization, order, writ, judgement, injunction, decree, determination or arbitration award to which Business Asset is a party or by which the property of Business Asset is bound or affected, or result in the creation or imposition of any, Lien on any equity interest in Business Asset.

- (l) **No Action or Proceeding.** No bona fide legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by the Vendors for SQG Shares or the right of Business Asset or SQG from and after the Closing Time to conduct, expand and develop the business of Business Asset.
- (m) **Execution.** Except as contemplated by Section 2.1, holders of the outstanding Business Asset Ownership shall have executed this Agreement.
- (n) **Due Diligence.** SQG, and its agents or representatives, shall have conducted and completed to its satisfaction, acting reasonably, a legal and financial due diligence investigation of Business Asset.
- (o) **No Material Adverse Change.** No change shall have occurred in the business, affairs, financial condition or operations of Business Asset between December 31, 2022 and the Closing Date which would have a Material Adverse Effect other than as disclosed in Schedule F.
- (p) **Concurrent Financing.** Prior or concurrent to the Closing Date, the Concurrent Financing shall have been completed.
- (q) **TSXV Approval.** The TSXV shall have approved the Reverse Takeover and agreed to list the SQG Shares issued in connection with the Reverse Takeover.
- (r) **Consolidation.** SQG shall have completed the Consolidation, on the basis of five (5) pre-Consolidation SQG Shares for every one (1) post-Consolidation SQG Share.
- (s) **Sale of Shares of SEGL.** SQG shall have disposed of all of the shares of SEGL that it owns on or prior to the Closing Date. For further clarity, SQG shall not own any shares of SEGL as of the Closing Date.

- (t) **General.** All instruments and corporate proceedings in connection with the Reverse Takeover shall be satisfactory in form and substance to SQG and its counsel, acting reasonably, and SQG shall have received copies of all documents, including, without limitation, all documentation required to be delivered to SQG at or before the Closing Time in accordance with this Agreement, records of corporate or other proceedings, opinions of counsel and consents which SQG may have reasonably requested in connection therewith.

The agreements, certificates, documents, other evidence of compliance and opinions described in this Section 7.1 shall be in form and substance satisfactory to SQG, acting reasonably, and shall, except as otherwise provided, be delivered to SQG at the Closing; provided, however, any one or more of the foregoing conditions may be waived in writing by SQG.

7.2 Vendors Closing Conditions

The obligations of each of the Vendors to transfer and assign to SQG, the Business Asset Ownership in exchange for SQG Shares pursuant to Article II is subject to compliance by SQG with its agreements herein contained and to the satisfaction, on or before the Closing Date of the following conditions:

- (a) **Charter Documents and Certificate of Corporate Existence.** Business Asset shall have received from SQG: (i) a copy, certified by a duly authorized officer or director of SQG, to be true and complete as of the Closing Date, of the Charter of SQG; (ii) a copy, certified by a duly authorized officer of SQG, to be true and complete as of the Closing Date, of the by-laws thereof; and (iii) a certificate of compliance dated not more than three days prior to the Closing Date issued by Industry Canada.
- (b) **Board Approval.** SQG shall have obtained, on or prior to the Closing Date, its Board of Directors' approval for the Reverse Takeover.
- (c) **Proof of Corporate Action.** Business Asset shall have received from SQG copies, certified by a duly authorized officer or director thereof to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement.
- (d) **Incumbency Certificate.** Business Asset shall have received from SQG an incumbency certificate, dated the Closing Date, signed by a duly authorized officer or director thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of SQG, this Agreement and any other ancillary documents.
- (e) **Representations and Warranties.** The representations and warranties of SQG contained herein shall be true and correct in all material respects on and as of the Closing Date with the same force and effect, as if such representations and warranties were made at such time, and Business Asset shall have received on the Closing Date certificates to this effect signed by one authorized officer or director of SQG.

- (f) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by SQG at or before the Closing Date shall have been complied with or performed and Business Asset shall have received on the Closing Date certificates to this effect signed by an authorized officer or director of SQG.
- (g) **Regulatory Consents.** All required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by this Agreement shall have been obtained from the TSXV, the securities regulatory authorities in Ontario and all other requisite governmental and regulatory authorities, including the acceptance, by the TSXV, of the transactions contemplated in this Agreement.
- (h) **No Action or Proceeding.** No bona fide legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by the Vendors for the SQG Shares.
- (i) **Private Placement.** Prior or concurrent to the Closing Date, SQG shall have completed an equity private placement of SQG Shares having a minimum amount of US\$500,000.
- (j) **TSXV Approval.** The TSXV shall have approved the Reverse Takeover and agreed to list the SQG Shares to be issued in connection with the Reverse Takeover.
- (k) **Consolidation.** SQG shall have completed the Consolidation.
- (l) **Board of Directors.** Immediately prior to the Closing, the board of directors of SQG shall have appointed the persons reasonably designated by the Vendors as directors of SQG and following such appointments all directors of SQG, except for the directors designated by the Vendors, shall have resigned as directors of SQG.
- (m) **General.** All instruments and corporate proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to Business Asset and its counsel, acting reasonably, and Business Asset shall have received copies of all documents as provided for herein, including, without limitation, records of corporate or other proceedings and consents which Business Asset may have reasonably requested in connection therewith.

The agreements, certificates, documents and other evidence of compliance described in this Section 7.2 shall be in form and substance satisfactory to the Business Asset, acting reasonably, and shall, except as otherwise provided, be delivered to Business Asset at the Closing; provided, however, any one or more of the foregoing conditions may be waived in writing by Business Asset.

ARTICLE VIII TERMINATION

8.1 Termination

This Agreement is legally binding and cannot be terminated by either party otherwise than:

- (a) by mutual written consent of each of Business Asset and SQG;
- (b) by Business Asset or SQG, if there has been a misrepresentation, breach or non-performance by a party (other than the party seeking to terminate this Agreement pursuant to this Section 8.1(b)) of any representation, warranty, covenant or obligation contained in this Agreement, which could reasonably be expected to have a Material Adverse Effect on another party, provided the breaching party has been given notice of and thirty (30) days to cure any such misrepresentation, breach or non-performance;
- (c) by either Business Asset or SQG, if a condition for the terminating party's benefit has not been satisfied or waived; or
- (d) by either Business Asset or SQG, if the Closing has not occurred on or before October 31, 2023 or such later date as may be agreed to by Business Asset and SQG (provided, that the right to terminate this Agreement under this Section 8.1(d) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date).

8.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of the parties hereunder except with respect to (i) Section 9.1 and Article X, which will survive such termination, and (ii) a breach arising from the fraud or wilful misconduct of any party.

8.3 Waivers and Extensions

At any time prior to the Closing Time, each of the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of another party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party to be bound thereby.

ARTICLE IX TRANSACTION COSTS

9.1 Transaction Costs

In the event of the termination of this Agreement pursuant to Section 8.1 hereof, all costs of the Reverse Takeover incurred by Business Asset, the Vendors and SQG, as the case may be, in connection with this Agreement and the Reverse Takeover, including legal fees, financial advisor fees and all disbursements by such parties and their advisors shall be born and paid by the party incurring the costs, provided that if SQG presents to Business Asset, written due diligence issues with respect to Business Asset and such issues are not, prior to the Closing Date, resolved to the

satisfaction of SQG, acting reasonably, or waived in writing by SQG, and the transactions contemplated herein do not close for such reason, Business Asset shall reimburse SQG for all reasonable out-of-pocket expenses incurred by SQG in connection with the Reverse Takeover (including legal and audit fees). If the Reverse Takeover does close, SQG will pay all reasonable costs incurred for the Reverse Takeover.

9.2 Preparation of Audited Business Asset Financial Statements

Prior to the Closing, Business Asset shall be responsible for preparing the financial statements of Business Asset required by the TSXV and shall assist in preparing the *pro forma* financial statements reflecting the combination of Business Asset and SQG in the form required by the TSXV or the Canadian securities regulatory authorities.

ARTICLE X NOTICES

10.1 Notices

Any notice or other communication in connection with this Agreement shall be deemed to be delivered if in writing (or in the form of a telecopy) addressed as provided below: (a) when actually delivered or telecopied to said address; or (b) in the case of a letter, three business days shall have elapsed after the same shall have been deposited in the Canadian mails, postage prepaid and registered or certified:

If to SQG, then to the following address:

Spackman Equities Group Inc.
Suite 2502, Scotia Plaza, 40 King Street West
Toronto, Ontario M5H 3Y2

Attention: Richard Lee

If to Business Asset and the Business Asset Vendors then to the following address:

RM 1009-1012, 10/F, K. Wah Centre, 191 Java Road,
North Point, Hong Kong

Attention: Han Lim Lee

ARTICLE XI INDEMNIFICATION

11.1 Survival of Covenants, Agreements, Etc.

All covenants, agreements, indemnities, representations and warranties made herein to SQG or Business Asset or in any other document referred to herein or delivered to SQG or Business Asset pursuant hereto shall be deemed to have been relied on by SQG or Business Asset, as the case may

be, notwithstanding any investigation made by SQG, Business Asset and shall survive the execution and delivery of this Agreement and the deliveries described in Section 2.3; provided that any claim for a breach of the representations and warranties made by SQG or Business Asset is made before the expiration of two years from the Closing Date or, if applicable, the date this Agreement is terminated per Section 8.1(c), except for the representations and warranties contained in Sections 3.1, 3.2, 3.15, 4.1, 4.2, 5.1, 5.2 and 5.16 which shall survive indefinitely until the expiry of the applicable limitation period.

11.2 Indemnification by Business Asset

- (a) Business Asset agrees to jointly and severally indemnify and save harmless SQG and its shareholders, directors, officers, agents and representatives (the “**SQG Indemnified Persons**”) from all Losses suffered or incurred by the SQG Indemnified Persons as a result of or arising directly or indirectly out of or in connection with:
 - (i) any breach by Business Asset of any inaccuracy of any representation or warranty of Business Asset contained in Article III of this Agreement or in any agreement, certificate or other document delivered pursuant hereto (provided that Business Asset shall not be required to indemnify or save harmless the SQG Indemnified Persons in respect of any breach or inaccuracy of any representation or warranty unless SQG shall have provided notice to Business Asset in accordance with Section 11.5 within six months of the expiration of the applicable time period related to such representation and warranty set out in Section 11.1);
 - (ii) any breach or non-performance by Business Asset of any covenant to be performed by them which is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.
- (b) Business Asset agrees to severally indemnify and save harmless the SQG Indemnified Persons from all Losses suffered or incurred by the SQG Indemnified Persons as a result of or arising directly or indirectly out of or in connection with:
 - (i) any breach by Business Asset of or any inaccuracy of any representation or warranty of Business Asset contained in Article III of this Agreement or in any agreement, certificate or other document delivered pursuant thereto (provided that Business Asset shall not be required to indemnify or save harmless the SQG Indemnified Persons in respect of any breach or inaccuracy of any representation or warranty unless SQG shall have provided notice to Business Asset in accordance with Section 11.5 within six months of the expiration of the applicable time period relating to such representation and warranty set out in Section 11.1);
 - (ii) any failure of Business Asset to transfer good and valid title of its common shares to SQG, free and clear of all Liens for which there shall be no timeframe for such indemnification.

11.3 Indemnification by SQG

SQG agrees to indemnify and save harmless the Vendors from all Losses suffered or incurred by the Vendors as a result of or arising directly or indirectly out of or in connection with:

- (a) any breach by SQG of or any inaccuracy of any representation or warranty contained in Article V of this Agreement or in any agreement, instrument, certificate or other document delivered pursuant hereto (provided that SQG shall not be required to indemnify or save harmless the Vendors in respect of any breach or inaccuracy of any representation or warranty unless the Vendors shall have provided notice to SG in accordance with Section 11.5 within six months of the expiration of the applicable time period relating to such representation and warranty set out in Section 11.1); and
- (b) any breach or non-performance by SQG of any covenant to be performed by it which is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.

11.4 Limitations on Amount

- (a) The Vendors' aggregate liability to the SQG Indemnified Persons for any and all Losses in respect of any and all causes of action, event, or other circumstances arising out of this Agreement shall not exceed the following:
 - (i) the aggregate value of the SQG Shares then held by the Vendors (being the Market Price of the SQG Shares at the time the subject Claim is initiated and which were issued to the Vendors pursuant to this Agreement (the **"Vendor Exchange Derived Shares"**)); plus
 - (ii) with respect to Vendor Exchange Derived Shares sold by a Vendor to an arm's length Person through normal market transactions, the gross proceeds from such sale; plus
 - (iii) with respect to Vendor Exchange Derived Shares sold by a Vendor in circumstances other than those contemplated in clause (ii) of this subsection, the Market Price of such Vendor Exchange Derived Shares at the time of sale by such Vendor.

11.5 Notice of Claim

- (a) In the event that a party (the **"Indemnified Party"**) shall become aware of any claim, proceeding or other matter (a **"Claim"**) in respect of which another party (the **"Indemnifying Party"**) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a **"Third Party Claim"**) or whether the Claim does not so arise (a **"Direct Claim"**), and shall also

specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known.

- (b) If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give such notice on a timely basis.

11.6 Direct Claims

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have sixty (60) days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such sixty (60) day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the claim, failing which the matter shall be referred to binding arbitration in such manner as the parties may agree or shall be determined by a court of competent jurisdiction.

11.7 Third Party Claims

With respect to any Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of the Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's out-of-pocket expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and the representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. If any Third Party Claim is of a nature such that: (a) the Indemnified Party is required by applicable law or the order of any court, tribunal or regulatory body having jurisdiction; or (b) it is necessary in the reasonable view of the Indemnified Party acting in good faith and in a manner consistent with reasonable commercial practices in respect of: (i) a Third Party Claim by a customer relating to products or services supplied by the Business; or (ii) a Third Party Claim relating to any contract which is necessary to the ongoing operations of the Business or any material part thereof by a

reasonable and prudent operator in substantially the same manner in which it has heretofore been operated by the Business in order to avoid material damage to the relationship between the Indemnified Party and any of its major customers or to preserve the rights of the Indemnified Party under such an essential contract, to make a payment to any Person (a “**Third Party**”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect to of which such payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party. If such a payment, by resulting in settlement of the Third Party Claim, precludes a final determination of the merits of the Third Party Claim and the Indemnified Party and the Indemnifying Party are unable to agree whether such payment was reasonable in the circumstances having regard to the amount and merits of the Third Party Claim, such dispute shall be submitted to arbitration pursuant to the *Arbitrations Act, 1991* (Ontario).

11.8 Settlement of Third Party Claims

If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

11.9 Co-operation

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it become available).

11.10 Exclusivity

The provision of this Article XI shall apply to any Claim for breach of any covenant, representation, warranty or other provision of this Agreement or any agreement, certificate or other document delivered pursuant hereto (other than a claim for specific performance or injunctive relief) with the intent that all such Claims shall be subject to the limitations and other provisions contained in this Article XI.

ARTICLE XII MISCELLANEOUS

12.1 Amendments and Waivers

Except as otherwise expressly provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each of Business Asset and SQG, or in the case of a waiver, by the party against whom the waiver is to be effective. Any amendment or waiver effected in accordance with this Section 12.1 shall be binding upon the Vendors, Business Asset and SQG pursuant to this Agreement.

12.2 Consent to Jurisdiction

Each of the Vendors, Business Asset and SQG hereby agrees to submit to the non-exclusive jurisdiction of the courts in and of the Province of Ontario and to the courts to which an appeal of the decisions of such courts may be taken, and consents that service of process with respect to all courts in and of the Province of Ontario may be made by registered mail to it at the address set forth in Article X.

12.3 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction, and shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

12.4 Further Assurances

The Vendors, Business Asset and SQG, upon the request of any other party hereto, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the Reverse Takeover.

12.5 Assignment

This Agreement may not be assigned by any of the parties hereto without the prior written consent of the other parties hereto, such consents not to be unreasonably withheld or delayed.

12.6 Public Announcement; Disclosure

Each of Business Asset and the Vendors shall not make any public announcement concerning this Agreement or the matters contemplated herein, their discussions or any other memoranda, letters or agreements between the parties relating to the matters contemplated herein without the prior consent of SQG, which consent shall not be unreasonably withheld, and SQG shall not make any

public announcement concerning this Agreement or the matters contemplated herein, its discussions or any other memoranda, letters or agreements between the parties relating to the matters contemplated herein without the prior consent of Business Asset, which consent shall not be unreasonably withheld, provided that no party shall be prevented from making any disclosure which is required to be made by law or any rules of a stock exchange or similar organization to which it is bound.

12.7 Entire Agreement, Counterparts, Section Headings

This Agreement, and the Schedules hereto, sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby and supersedes any prior written or oral understandings with respect thereto. This Agreement may be executed by facsimile and in one or more counterparts thereof, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

12.8 Regulatory Approval

This Agreement is subject to regulatory approval, including, without limitation, that of the TSXV.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CRYSTAL PLANET LIMITED

Per: “Han Lim Lee”

Name: Han Lim Lee

Authorized Signatory

SPACKMAN EQUITIES GROUP INC.

Per: “Richard Lee”

Name: Richard Lee

Authorized Signatory

Counterpart Execution Page for the Vendors

This page constitutes the counterpart execution page of the agreement (the “**Share Exchange Agreement**”) dated as of August 4, 2023 by and among Spackman Equities Group Inc., Crystal Planet Limited, and the “Vendors” as defined therein, and upon execution hereof, the undersigned is bound by and is a party to such Share Exchange Agreement.

SPACKMAN MEDIA GROUP LIMITED

Name of Vendor (please print)

By: “Kook Sehwan”

Authorized Signatory

Registration Instructions:

Register the SQG Shares issuable to the Vendor in the name and at the address of the Vendor set forth herein or as follows:

SPACKMAN MEDIA GROUP LIMITED

Name for Registration Purposes

Official Capacity or title (please print)

Address for Registration Purposes

Please print name of individual whose signature appears above if different than the name of the Vendor printed above.

Vendor’s Telephone Number

Vendor’s Facsimile Number

Note: SQG Shares may only be registered in a name other than the Vendor with the approval of SQG and Business Asset

Vendor’s E-mail Address

Social Insurance Number or Corporate Tax Identification Number

Number of Business Asset Ownership held or to be held by the Vendor

SCHEDULE A

List of Vendors

Spackman Media Group Limited

SCHEDULE B

CPL Financial Statements

CRYSTAL PLANET LIMITED AND ITS SUBSIDIARIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the financial year ended 31 December 2020, 2021 and 2022

| | 1 January 2022 to 31 December 2022 USD Audited | 1 January 2021 to 31 December 2021 USD Audited | 1 January 2020 to 31 December 2020 USD Audited |
|---|---|---|---|
| Revenue | 16,159,528 | 10,201,023 | 7,538,498 |
| Other income | 557,700 | 139,437 | 140,460 |
| Cost of artiste management services | (12,436,985) | (7,986,832) | (5,985,877) |
| Selling and administrative expenses | (1,953,174) | (2,031,313) | (1,830,504) |
| Finance costs | (31,907) | (37,485) | (121,633) |
| Profit before tax | 2,295,162 | 284,830 | (259,056) |
| Income tax expenses | (349,631) | (150,226) | 1,940 |
| Profit after tax | 1,945,531 | 134,604 | (257,116) |
| Other comprehensive income | | | |
| Currency translation differences arising from consolidation | (213,726) | (340,378) | 234,633 |
| Reclassification of other comprehensive expense upon disposal of a subsidiary | (39,004) | - | - |
| | (252,730) | (340,378) | 234,633 |
| Total comprehensive income/(expense) for the year | 1,692,801 | (205,774) | (22,483) |

CRYSTAL PLANET LIMITED AND ITS SUBSIDIARIES

Balance sheets

As at 31 December 2020, 2021 and 2022

| | FY2022 USD Audited | FY2021 USD Audited | FY2020 USD Audited |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 83,986 | 134,168 | 212,208 |
| Right-of-use assets | 318,988 | 379,110 | 539,102 |
| Intangible assets | 326,486 | 282,358 | 428,906 |
| Other financial assets | 2,367,237 | 843,526 | - |
| Goodwill | 1,505,370 | 1,609,240 | 1,924,450 |
| Deferred tax assets | 48 | - | 38,377 |
| Other receivables | 34,366 | 220,557 | 214,054 |
| | 4,636,481 | 3,468,959 | 3,357,097 |
| Current assets | | | |
| Short term investments | 3,695 | 6,330 | 10,356 |
| Trade and other receivables | 3,822,461 | 5,164,825 | 3,111,802 |
| Cash and cash equivalents | 2,677,419 | 3,260,583 | 2,588,379 |
| Pledged time deposits | 39,454 | 42,176 | 45,956 |
| | 6,543,029 | 8,473,914 | 5,756,493 |
| Total assets | 11,179,510 | 11,942,873 | 9,113,590 |
| Non-current liabilities | | | |
| Lease liabilities | 144,629 | 153,059 | 261,082 |
| Deferred tax liabilities | - | 4,491 | - |
| Other liabilities | 46,907 | 53,321 | - |
| | 191,536 | 210,871 | 261,082 |
| Current liabilities | | | |
| Borrowings | 554,560 | 944,491 | 1,179,925 |
| Lease liabilities | 168,268 | 208,299 | 230,421 |
| Tax payable | 275,361 | 201,110 | 164,087 |
| Trade and other payables | 6,481,378 | 8,562,496 | 5,256,695 |
| | 7,479,567 | 9,916,396 | 6,831,128 |
| Total liabilities | 7,671,103 | 10,127,267 | 7,092,210 |
| Equity | | | |
| Share capital | 2,012,903 | 2,012,903 | 2,012,903 |
| Other reserves | (464,724) | (211,994) | 128,384 |
| Retained Earnings | 1,960,228 | 14,697 | (119,907) |
| | 3,508,407 | 1,815,606 | 2,021,380 |
| Total liabilities and equity | 11,179,510 | 11,942,873 | 9,113,590 |

SCHEDULE C

SOG Financial Statements

SPACKMAN EQUITIES GROUP INC

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year/period ended 31 December 2021 and 31 December 2022 and 31 March 2023

| | 1 January 2023 to 31 March 2023 CAD Unaudited | 1 January 2022 to 31 December 2022 CAD Audited | 1 January 2021 to 31 December 2021 CAD Audited |
|---|--|---|---|
| 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) |
| | - | (126,321) | (307,041) |
| General and administrative expenses | (38,338) | (184,881) | (190,782) |
| Interest and penalties | (10,452) | (63,329) | (44,603) |
| Loss on foreign currency | (1,963) | (42,420) | (30,254) |
| Accretion expense | - | (16,516) | (3,883) |
| Fair value adjustment of loan | - | - | 17,402 |
| Loss before tax | (50,753) | (433,467) | (559,161) |
| Income tax credit | - | 34,250 | - |
| Net loss and comprehensive loss after tax | (50,753) | (399,217) | (559,161) |

SPACKMAN EQUITIES GROUP INC

Balance sheets

As at 31 December 2021 and 31 December 2022 and 31 March 2023

| | 31 March 2023 CAD Unaudited | 31 December 2022 CAD Audited | 31 December 2021 CAD Audited |
|--|--|---|---|
| Assets | | | |
| Cash and cash equivalents | 55,007 | 7,470 | 72,996 |
| Investment in shares of public company | 438,141 | 434,998 | 539,695 |
| Investment in shares of private company | 154,818 | 154,943 | 151,468 |
| | 647,966 | 597,411 | 764,159 |
| Liabilities | | | |
| Account payable and accrued liabilities | 266,053 | 297,362 | 234,769 |
| Loan payables | 1,150,889 | 1,018,272 | 848,396 |
| | 1,416,942 | 1,315,634 | 1,083,165 |
| Equity | | | |
| Share capital | 11,601,165 | 11,601,165 | 11,601,165 |
| Contributed surplus | 1,558,667 | 1,558,667 | 1,558,667 |
| Accumulated losses | (13,928,808) | (13,878,055) | (13,478,838) |
| | (768,976) | (718,223) | (319,006) |
| Total liabilities and equity | 647,966 | 597,411 | 764,159 |

SCHEDULE D

Outstanding Convertible Securities and Director & Officer Loans

Stock Options

| Share Type | Relations | No. of Grant | Exercise Period | Remarks |
|------------|-----------|--------------|-----------------|---------|
| | | | | NIL |

Stock Purchase Warrants

| Share Type | Name | No. of Grant | Exercise Period | Remarks |
|------------|------|--------------|-----------------|---------|
| | | | | NIL |

Balance with Directors, Officers, Employees, Shareholders, Affiliates

< Crystal Planet Limited and its subsidiaries >

| Name | Relation | Accounting Item | Balance (USD) | Remarks |
|--------------------------------|-------------|-----------------|---------------|---------|
| Spackman Media Group Limited | Shareholder | Other payables | 9,026 | |
| Spackman Media Group Pte. Ltd. | Affiliates | Other payables | 1,077,904 | |
| Spackman Media Group Pte. Ltd. | Affiliates | Borrowings | 475,652 | |
| Spackman Media Korea Inc | Affiliates | Borrowings | 78,908 | |
| Spackman Media Korea Inc | Affiliates | Other payables | 9,026 | |

(as at 31 December 2022)

SCHEDULE E

Permitted Liens

None

SCHEDULE F

Scheduled Material Changes

None

SCHEDULE "B" TO INFORMATION CIRCULAR OF
SQG - ACQUISITION RESOLUTION

BE IT RESOLVED BY SPECIAL RESOLUTION THAT:

1. The non-arm's length acquisition via a reverse takeover (the "**Acquisition**") by Spackman Equities Group Limited (the "**Corporation**") of all of the issued and outstanding shares in the capital stock of Crystal Planet Limited (the "**Target**") pursuant to the terms of a share exchange agreement dated as of February 6, 2023, as amended and restated as of August 4, 2023 and further supplemented by a supplementary share exchange agreement dated October 30, 2023, among the Corporation, the Target and the Vendors (the "**Acquisition Agreement**"), all as more particularly described in the accompanying management information circular of the Corporation dated March 28th, 2024 (the "**Information Circular**"), by a vote of Disinterested Shareholders of the Corporation be and is hereby authorized and approved.
2. Any one director or officer of the Corporation is hereby authorized and directed to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, agreements or instruments and to do or cause to be done all such acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to give effect to the foregoing resolutions, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or the doing of any such act or thing.
3. Notwithstanding the passage of this resolution, the board of directors of the Corporation be and are hereby authorized and empowered to revoke this resolution for any reason whatsoever at any time, in the sole discretion of the board of directors, without further approval of or notice to the shareholders of the Corporation.

SCHEDULE "C" TO INFORMATION CIRCULAR OF
SQG - TARGET FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

See attached.

CRYSTAL PLANET LIMITED

**REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND
31 DECEMBER, 2021**



范陳會計師行有限公司
Fan, Chan & Co. Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CRYSTAL PLANET LIMITED

(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Crystal Planet Limited and its subsidiaries ("the Group") set out on pages 4 to 44, which comprise the consolidated statement of financial position as at 31 December, 2022 and 31 December, 2021, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December, 2022 and 31 December, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by International Auditing and Assurance Standards Board ("IAASB"). 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 Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements are not prepared for statutory purpose. The Company is going to prepare a separate set of financial statements in company level for the years ended 31 December, 2022 and 31 December, 2021 in accordance with Hong Kong Financial Reporting Standards.



范陳會計師行有限公司
Fan, Chan & Co. Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF CRYSTAL PLANET LIMITED

(continued)

(incorporated in Hong Kong with limited liability)

Responsibilities of the Directors and Those Charged with Governance for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism 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 the directors.



范陳會計師行有限公司
Fan, Chan & Co. Limited

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF CRYSTAL PLANET LIMITED
(continued)

(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the directors' 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.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number P03702

Hong Kong, 25 September, 2023

CRYSTAL PLANET LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

| | Note | 2022 US\$ | 2021 US\$ |
|---|------|------------------|------------------|
| Revenue | 5 | 16,159,528 | 10,201,023 |
| Cost of services | | (12,436,985) | (7,986,832) |
| Gross profit | | 3,722,543 | 2,214,191 |
| Gain on disposal of a subsidiary | 29 | 458,947 | - |
| Other income and gains | 6 | 98,753 | 139,437 |
| Selling expenses | | (195,895) | (151,794) |
| General and administrative expenses | | (1,751,082) | (1,614,239) |
| Other operating expenses | | (6,197) | (265,280) |
| Profit from operations | | 2,327,069 | 322,315 |
| Finance costs | 7(c) | (31,907) | (37,485) |
| Profit before taxation | 7 | 2,295,162 | 284,830 |
| Taxation | 8 | (349,631) | (150,226) |
| Profit for the year | | 1,945,531 | 134,604 |
| Other comprehensive expense | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | (213,726) | (340,378) |
| Reclassification of other comprehensive expense upon disposal of a subsidiary | | (39,004) | - |
| Other comprehensive expense for the year, net of tax | | (252,730) | (340,378) |
| Total comprehensive income/(expense) for the year | | 1,692,801 | (205,774) |
| Basic earnings per share | 33 | US\$0.18 | US\$0.01 |

CRYSTAL PLANET LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2022 AND 31 DECEMBER, 2021

| | Note | 2022 US\$ | 2021 US\$ |
|--|------|--------------|--------------|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 83,986 | 134,168 |
| Right-of-use assets | 11 | 318,988 | 379,110 |
| Intangible assets | 12 | 326,486 | 282,358 |
| Other financial assets | 13 | 2,367,237 | 843,526 |
| Goodwill | 14 | 1,505,370 | 1,609,240 |
| Other receivables | | 23,672 | - |
| Deposits | | 10,694 | 220,557 |
| Deferred tax assets | 25 | 48 | - |
| | | 4,636,481 | 3,468,959 |
| Current assets | | | |
| Trade and other receivables | 16 | 3,822,461 | 5,164,825 |
| Other investments | 17 | 3,695 | 6,330 |
| Pledged bank deposits | 18 | 39,454 | 42,176 |
| Cash and cash equivalents | 19 | 2,677,419 | 3,260,583 |
| | | 6,543,029 | 8,473,914 |
| Current liabilities | | | |
| Trade and other payables | 20 | 6,481,378 | 8,562,496 |
| Lease liabilities | 21 | 168,268 | 208,299 |
| Loan from fellow subsidiaries | 22 | 554,560 | 842,357 |
| Loan from related companies | 23 | - | 102,134 |
| Tax payable | | 275,361 | 201,110 |
| | | 7,479,567 | 9,916,396 |
| Net current liabilities | | (936,538) | (1,442,482) |
| Total assets less current liabilities | | 3,699,943 | 2,026,477 |

CRYSTAL PLANET LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2022 AND 31 DECEMBER, 2021

| | Note | 2022 US\$ | 2021 US\$ |
|--------------------------------|------|------------------|------------------|
| Non-current liabilities | | | |
| Lease liabilities | 21 | 144,629 | 153,059 |
| Provisions | 24 | 46,907 | 53,321 |
| Deferred tax liabilities | 25 | - | 4,491 |
| | | 191,536 | 210,871 |
| Net assets | | 3,508,407 | 1,815,606 |
| Equity | | | |
| Share capital | 26 | 2,012,903 | 2,012,903 |
| Reserves | 27 | 1,495,504 | (197,297) |
| Total equity | | 3,508,407 | 1,815,606 |

Approved and authorised for issue by the Director on 25 September, 2023.



Lee Han Lim
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021

| | 2022 | 2021 |
|---|------------------|------------------|
| | US\$ | US\$ |
| Operating activities | | |
| Profit before taxation | 2,295,162 | 284,830 |
| Adjustments for: | | |
| Finance costs | 31,907 | 37,485 |
| Interest income | (15,009) | (19,910) |
| Depreciation of property, plant and equipment | 39,619 | 62,761 |
| Depreciation of right-of-use assets | 265,383 | 298,783 |
| Amortisation of intangible assets | 16,240 | 14,779 |
| Impairment loss of goodwill | - | 156,937 |
| Impairment loss of intangible assets | - | 87,305 |
| Loss/(gain) on disposal of property, plant and equipment | 4,250 | (6,910) |
| Loss on disposal of right-of-use assets | 6,551 | - |
| Gain on disposal of a subsidiary | (458,947) | - |
| Net foreign exchange loss/(gain) | 14,767 | (97,153) |
| Operating profit before changes in working capital | 2,199,923 | 818,907 |
| Decrease/(increase) in trade and other receivables | 1,427,661 | (2,452,833) |
| (Decrease)/increase in trade and other payables | (1,876,503) | 3,357,361 |
| Decrease in provisions | (2,915) | - |
| Cash flow generated from operations | 1,748,166 | 1,723,435 |
| Income tax paid | (268,559) | (48,031) |
| Cash flow generated from operating activities | 1,479,607 | 1,675,404 |

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021

| | 2022 | 2021 |
|--|--------------------|------------------|
| | US\$ | US\$ |
| Investing activities | | |
| Interest received | 15,009 | 24,852 |
| Purchases of purchase of property, plant and equipment | (39,741) | - |
| Payments for intangible assets | (77,402) | - |
| Proceeds on disposal of property, plant and equipment | 13,932 | 6,911 |
| Proceeds from disposal of short-term investments | - | 4,026 |
| Decrease in other investments | 2,635 | - |
| Payments for other financial assets | (1,578,158) | (839,746) |
| Additional long term loan receivables | - | (20,196) |
| Repayment of short-term receivables | - | 395,142 |
| Cash flow (used in)/generated from investing activities | (1,663,725) | (429,011) |
| Financing activities | | |
| Interest paid | (43,979) | (58,027) |
| Proceeds from disposal of a subsidiary | 1 | - |
| Proceeds from loans | 20,000 | 293,632 |
| Repayment of loans | (89,797) | (531,436) |
| Capital element of lease rentals paid | (273,284) | (262,511) |
| Interest element of lease rentals paid | (11,987) | (15,847) |
| Cash flow used in financing activities | (399,046) | (574,189) |
| Net (decrease)/increase in cash and cash equivalents | (583,164) | 672,204 |
| Cash and cash equivalents at the beginning of the year | 3,260,583 | 2,588,379 |
| Cash and cash equivalents at the end of the year | 2,677,419 | 3,260,583 |

CRYSTAL PLANET LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021

| | Share capital US\$ | (Accumulated losses)/ retained profits US\$ | Exchange reserve US\$ | Other reserve US\$ | Total US\$ |
|--|--------------------------|--|-----------------------------|-----------------------|---------------|
| At 1 January, 2021 | 2,012,903 | (119,907) | 249,339 | (120,955) | 2,021,380 |
| Profit for the year | - | 134,604 | - | - | 134,604 |
| Other comprehensive expense | - | - | (340,378) | - | (340,378) |
| Total comprehensive income/(expense) for the year | - | 134,604 | (340,378) | - | (205,774) |
| At 31 December, 2021 | 2,012,903 | 14,697 | (91,039) | (120,955) | 1,815,606 |
| At 1 January, 2022 | 2,012,903 | 14,697 | (91,039) | (120,955) | 1,815,606 |
| Profit for the year | - | 1,945,531 | - | - | 1,945,531 |
| Other comprehensive expense | - | - | (252,730) | - | (252,730) |
| Total comprehensive income/(expense) for the year | - | 1,945,531 | (252,730) | - | 1,692,801 |
| At 31 December, 2022 | 2,012,903 | 1,960,228 | (343,769) | (120,955) | 3,508,407 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

1. General information

Crystal Planet Limited ("the Company") is a private limited company incorporated in Hong Kong. The address of Company's registered office is located at Room 1009-1012, 10/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong.

The consolidated financial statements are presented in United States dollars ("US\$"), which is also the functional currency of the Company.

During the year, the principal activities of the Company and its subsidiaries ("the Group") were investment holding, talent management agency services, developing, producing and investing into high-quality entertainment content projects, and creating and deriving new peripheral business and investment opportunities by leveraging on collective roster of artists. The principal activities of the Company's subsidiaries are set out in note 15.

2. Application of amendments to International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards ("IASs") and related Interpretations, as issued by the International Accounting Standards Board (the "IASB").

In the current year, the Group has applied the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to IFRSs *Annual Improvements to IFRSs 2018-2020*

The application of the amendments to the standards listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

2. Application of amendments to International Financial Reporting Standards (continued)

The Group has not applied the following new and amendments to IFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to IFRSs but is not yet in a position to state whether these new and amendments to IFRSs would have a material impact on its results of operations and financial position:

| | <u>Effective for accounting periods beginning on or after</u> |
|---|---|
| ● Amendments to IFRS 16, <i>Lease Liability in a Sale and Leaseback</i> | 1 January, 2024 |
| ● Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | <i>To be determined</i> |
| ● IFRS 17, Insurance Contracts (including the October 2020 and February 2022 Amendments to IFRS17) | 1 January, 2023 |
| ● Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to International Interpretation 5 (2020)</i> | 1 January, 2024 |
| ● Amendments to IAS 1, Non-current Liabilities with Covenants | 1 January, 2024 |
| ● Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i> | 1 January, 2023 |
| ● Amendments to IAS 8, <i>Definition of Accounting Estimates</i> | 1 January, 2023 |
| ● Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January, 2023 |

3. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are stated at their fair values, as explained in the respective accounting policy as set out below.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with significant risk of material adjustments are discussed in note 4.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary and the disposal is made to a third party, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. When the disposal is made to another entity which is under common control, the resulting gain or loss is regarded as a capital injection from or deemed distribution to that entity. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)**Goodwill**

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a systematic basis over their estimated useful lives using the straight-line method.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised and derecognised on the trade date when the Group commits itself to purchase or sell an asset and are initially measured at fair value plus or minus, in the case of financial assets or liabilities other than those measured at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

Measuring fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of a financial instrument on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the instruments. After initial recognition, the fair value of a financial instrument quoted in an active market is based on the unadjusted quoted price and, for financial instruments not quoted in an active market, the Group establishes the fair value of such financial instruments by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)**Financial instruments (continued)***Classification*

Financial instruments are categorised into the following classifications for the measurement after initial recognition:

(i) Amortised cost

Investments held for the collection of contractual cash flows which represent solely payments of principal and interest are measured at amortised cost. Interest income from the investment is calculated using the effective interest method.

(ii) Fair value through other comprehensive income ("FVOCI")

Investments other than in equity securities where the contractual cash flows comprise solely payments of principal and interest and where the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale are measured at FVOCI (recycling). Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from the fair value reserve to profit or loss.

The Group can make an election for investments in equity securities not held for trading purposes to be designated, on initial recognition, as FVOCI (non-recycling) such that all subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis and only if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of, when the amount accumulated can be transferred directly to retained earnings. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income.

(iii) Fair value through profit or loss ("FVTPL")

Investments are measured at fair value at profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

Credit losses from financial instruments

IFRS 9 implements an impairment methodology called the Expected Credit Loss ("ECL") model which requires an entity to assess the expected (rather than incurred) credit losses on certain categories of financial assets. The Group's assets subject to the ECL model are financial assets measured at amortised cost (including cash and cash equivalents, pledged deposits and trade and other receivables and debt securities). Financial assets measured at FVTPL by the Group are not subject to the ECL assessment.

The Group measures the ECL allowance for an asset in one of these categories at an amount equal to the 12 month ECL, providing the credit risk of that asset has not increased significantly since initial recognition. These are losses that are expected to result from possible default events within the 12 months after the reporting date. If the credit risk of the asset has increased significantly since initial recognition then the Group will measure the ECL allowance as the lifetime expected credit loss. These are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL allowance for all trade receivables. For all other financial instruments, the ECL is determined as 12 month ECL unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Credit losses are measured as the present value of the expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes. In measuring ECLs and whether there has been a change in credit risk, the Group takes into account the time value of money and reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as a gain or loss in profit or loss. The Group recognises a gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether its tangible non-financial assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost of disposal to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash generating unit). If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The property, plant and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

| | |
|-----------------------------------|---------|
| Leasehold improvement | 5 years |
| Furniture, fixtures and equipment | 5 years |
| Motor vehicles | 5 years |

Depreciation on property, plant and equipment is provided to write off the cost of items over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for lifetime expected credit losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at amortised cost less allowance for 12 month expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. They are included in current liabilities, except for the amounts that are settled or expected to be paid more than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including trade payables) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Except for the recognition exemption, if applicable, right-of-use assets and lease liabilities are recognised for all contracts that are, or contain, leases of identified assets at the commencement date of leases. Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted with interest on and the settlement of the lease liabilities, and the remeasurement arising from any reassessment of the lease liabilities or lease modifications.

Depreciation is calculated using the straight-line method to write off the depreciable amount of each right-of-use asset to profit or loss unless it is included in the carrying amount of another asset. If the ownership of the identified asset will be transferred to the Group by the end of the lease term or the Group will exercise a purchase option, depreciation shall be allocated over the estimated useful life of the right-of-use assets; otherwise, depreciation shall be allocated over the shorter of lease term or the estimated useful life of the right-of-use assets.

The Group applies the short-term lease recognition exemption to leases of vehicles, equipment and furniture and fixtures that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)**Leases (continued)**

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position. The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted with interest on and the settlement of the lease liabilities, and the remeasurement arising from any reassessment of the lease liabilities or lease modifications.

Revenue

Revenue is recognised when, after entering into a contract with a customer, the entity satisfies a performance obligation by transferring control over a product or service to the customer at the amount of promised consideration to which the Group is expected to be entitled under that performance obligation, excluding those amounts collected on behalf of third parties.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised either at a point in time or over time. Control of the promised good or service is regarded as being transferred over time and revenue is recognised over time if one of the following criteria is met:

- a) When the customer simultaneously receives and consumes the benefits provided by the Group's performance, as the Group performs;
- b) When the Group's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- c) When the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed.

When the contract with a customer contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financial transaction with the customer. Interest income is accrued separately under the effective interest method. Where the contract contains a financial component which provides a significant financing benefit to the Group, revenue recognised includes the interest expense accrued on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)**Revenue (continued)**

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue - talent management services

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 income

Interest income is recognised over time as it accrues using the effective interest method.

Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of group companies which have a functional currency other than US\$ are translated into US\$ at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions are used. Assets and liabilities are translated into US\$ at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income.

On disposals of group companies, the exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the profit or loss on disposals.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

3. Significant accounting policies (continued)**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

Related parties

A person or an entity is related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Employee benefits

Salaries, bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

Provision for long service payment is recognised in respect of probable future long services payment expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)**Income tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. 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, tax losses and credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The estimates and assumptions 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:

Determination on lease term of contracts with renewal options

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

Expected lifetime credit losses of trade receivables

Expected lifetime credit losses of trade receivables are provided according to the directors' projections which are based on a regular review of ageing analysis and evaluation of future collectability. A considerable level of judgement is exercised by the directors in formulating these projections. Any increase or decrease in the allowance for expected lifetime credit losses of trade receivables would affect profit or loss in future years.

Estimated impairment of property, plant and equipment and right-of-use assets

The impairments of property, plant and equipment and right-of-use assets are based on the management's best estimate to the expected recoverable amounts of the assets that would be determined by reference to fair value less costs to sell and value in use estimated using the discounted cash flow method. Because of inherent risks associated with the available information and estimations, their accuracy may have a significant impact on the carrying amounts of these assets as stated in the statement of financial position and the profit or loss for the next reporting period.

Depreciation of property, plant and equipment and right-of-use assets

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment and right-of-use assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and right-of-use assets of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write-down technologically obsolete or non-strategic assets that have been abandoned or sold.

Income taxes

The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes. There are occasions that the tax policy currently adopted by an entity may be subject to review based on subsequent interpretations or for administrative reasons with retrospective effect. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Critical accounting estimates and judgements (continued)**Estimated impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. Revenue and segment information

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | US\$ | US\$ |
| <i>Revenue from contracts with customers</i> | | |
| Talent management income | 16,155,558 | 10,192,382 |
| <i>Other revenue</i> | | |
| Others | 3,970 | 8,641 |
| | 16,159,528 | 10,201,023 |

The Group has reviewed its operating segment and concluded there is one business segment in one geographical location in Korea.

6. Other income and gains

| | 2022 | 2021 |
|---|---------------|----------------|
| | US\$ | US\$ |
| Bank interest income | 15,009 | 19,910 |
| Reversal of impairment loss on trade receivables | - | 585 |
| Gain on disposal of property, plant and equipment | - | 6,910 |
| Net foreign exchange gain | 35,564 | 67,962 |
| Rental income | 3,667 | - |
| Sundry income | 44,513 | 44,070 |
| | 98,753 | 139,437 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Profit before taxation

| | 2022 | 2021 |
|--|------------------|----------------|
| | US\$ | US\$ |
| Profit before taxation is arrived at after charging the following items: | | |
| (a) Staff costs | | |
| Key personnel management | | |
| Salaries and benefits | 348,245 | 389,786 |
| Contribution to defined contribution plan | 28,331 | (486) |
| Other staff | | |
| Salaries and benefits | 577,820 | 452,844 |
| Contribution to defined contribution plan | 112,389 | 133,262 |
| | 1,066,785 | 975,406 |
| (b) Other items | | |
| Auditor's remuneration | 22,401 | - |
| Depreciation of property, plant and equipment | 39,619 | 62,761 |
| Amortisation of right-of-use assets | 265,383 | 298,783 |
| Amortisation of intangible assets | 16,240 | 14,779 |
| Impairment loss on goodwill | - | 156,937 |
| Impairment loss on intangible assets | - | 87,305 |
| Loss on disposal of property, plant and equipment | 4,250 | - |
| Loss on disposal right-of-use assets | 6,551 | - |
| Net foreign exchange loss | - | 34,379 |
| Variable lease payments not included in the measurement of lease liabilities | 94,826 | 55,915 |
| (c) Finance costs | | |
| Interest expenses on lease liabilities | 11,987 | 15,847 |
| Interest expenses to fellow subsidiaries | 19,920 | 20,330 |
| Interest expenses to a related company | - | 1,308 |
| | 31,907 | 37,485 |

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8. Taxation

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

| | 2022 | 2021 |
|---|----------------|----------------|
| | US\$ | US\$ |
| Current tax – Korean income tax | | |
| Provision for the year | 353,799 | 89,404 |
| Under provision in respect of prior years | - | 19,685 |
| | 353,799 | 109,089 |
| Deferred tax | (4,168) | 41,137 |
| | 349,631 | 150,226 |
| Taxation | 349,631 | 150,226 |

(a) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made in the financial statements, as the Group has no income chargeable to Hong Kong profits tax for the year.

(b) Korea corporate income tax

Korea corporate income tax is calculated at the rates prevailing in the respective jurisdictions.

(c) Reconciliation between taxation expense and accounting profit:

| | 2022 | 2021 |
|---|----------------|----------------|
| | US\$ | US\$ |
| Profit before taxation | 2,295,162 | 284,830 |
| Notional tax at the applicable rates | 460,766 | 57,525 |
| Non-taxable income | (75,727) | - |
| Non-deductible expenses | 29,964 | 77,169 |
| Effect of temporary differences not recognised | 3,416 | - |
| Effect of reversal of temporary differences previously recognised | (11,818) | - |
| Effect of utilised tax losses not recognised | (36,342) | - |
| Under provision in prior years | - | 19,685 |
| Others | (20,628) | (4,153) |
| | 349,631 | 150,226 |
| Taxation | 349,631 | 150,226 |

9. Benefits and interests of directors

The directors received no remuneration for their services to the Group during the year and last year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. Property, plant and equipment

| | Leasehold improvement US\$ | Furniture, fixtures and equipment US\$ | Motor vehicles US\$ | Total US\$ |
|---------------------------------|---|---|------------------------------------|-----------------------|
| Cost | | | | |
| At 1 January, 2022 | 131,099 | 60,062 | 230,397 | 421,558 |
| Additions | - | 4,912 | 34,829 | 39,741 |
| Disposals | - | - | (29,485) | (29,485) |
| Disposal of a subsidiary | (24,555) | (8,271) | (32,879) | (65,705) |
| Exchange realignment | (8,935) | (3,941) | (15,401) | (28,277) |
| At 31 December, 2022 | 97,609 | 52,762 | 187,461 | 337,832 |
| Accumulated depreciation | | | | |
| At 1 January, 2022 | (72,157) | (51,898) | (163,335) | (287,390) |
| Charge for the year | (16,197) | (3,920) | (19,502) | (39,619) |
| Disposals | - | - | 11,303 | 11,303 |
| Disposal of a subsidiary | 24,484 | 8,264 | 10,412 | 43,160 |
| Exchange realignment | 4,809 | 3,432 | 10,459 | 18,700 |
| At 31 December, 2022 | (59,061) | (44,122) | (150,663) | (253,846) |
| Carrying amount | | | | |
| At 31 December, 2022 | 38,548 | 8,640 | 36,798 | 83,986 |
| Cost | | | | |
| At 1 January, 2021 | 142,847 | 65,443 | 281,537 | 489,827 |
| Disposals | - | - | (27,985) | (27,985) |
| Exchange realignment | (11,748) | (5,381) | (23,155) | (40,284) |
| At 31 December, 2021 | 131,099 | 60,062 | 230,397 | 421,558 |
| Accumulated depreciation | | | | |
| At 1 January, 2021 | (54,809) | (50,970) | (171,840) | (277,619) |
| Charge for the year | (22,640) | (5,304) | (34,817) | (62,761) |
| Disposals | - | - | 27,985 | 27,985 |
| Exchange realignment | 5,292 | 4,376 | 15,337 | 25,005 |
| At 31 December, 2021 | (72,157) | (51,898) | (163,335) | (287,390) |
| Carrying amount | | | | |
| At 31 December, 2021 | 58,942 | 8,164 | 67,062 | 134,168 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | Properties leased for own use US\$ | Motor vehicles US\$ | Total US\$ |
|---------------------------------|---|------------------------------------|-----------------------|
| Cost | | | |
| At 1 January, 2022 | 214,287 | 642,533 | 856,820 |
| Additions | 98,069 | 184,113 | 282,182 |
| Disposals | (169,557) | (62,383) | (231,940) |
| Disposal of a subsidiary | - | (153,921) | (153,921) |
| Exchange realignment | (15,223) | (42,407) | (57,630) |
| At 31 December, 2022 | 127,576 | 567,935 | 695,511 |
| Accumulated depreciation | | | |
| At 1 January, 2022 | (159,396) | (318,314) | (477,710) |
| Charge for the year | (105,110) | (160,273) | (265,383) |
| Disposals | 168,204 | 57,185 | 225,389 |
| Disposal of a subsidiary | - | 109,027 | 109,027 |
| Exchange realignment | 11,516 | 20,638 | 32,154 |
| At 31 December, 2022 | (84,786) | (291,737) | (376,523) |
| Carrying amount | | | |
| At 31 December, 2022 | 42,790 | 276,198 | 318,988 |
| Cost | | | |
| At 1 January, 2021 | 220,311 | 575,935 | 796,246 |
| Additions | 41,302 | 131,473 | 172,775 |
| Disposals | (29,207) | (17,508) | (46,715) |
| Exchange realignment | (18,119) | (47,367) | (65,486) |
| At 31 December, 2021 | 214,287 | 642,533 | 856,820 |
| Accumulated depreciation | | | |
| At 1 January, 2021 | (89,350) | (167,794) | (257,144) |
| Charge for the year | (110,428) | (188,355) | (298,783) |
| Disposals | 30,255 | 18,136 | 48,391 |
| Exchange realignment | 10,127 | 19,699 | 29,826 |
| At 31 December, 2021 | (159,396) | (318,314) | (477,710) |
| Carrying amount | | | |
| At 31 December, 2021 | 54,891 | 324,219 | 379,110 |

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12. Intangible assets

| | Contracts US\$ | Copyright US\$ | Membership US\$ | Total US\$ |
|--|---------------------------|---------------------------|----------------------------|-----------------------|
| Cost | | | | |
| At 1 January, 2022 | 578,544 | 97,005 | 271,682 | 947,231 |
| Additions | 77,402 | - | - | 77,402 |
| Disposal of a subsidiary | (16,596) | (97,005) | | (113,601) |
| Exchange realignment | (13,194) | - | (17,536) | (30,730) |
| At 31 December, 2022 | 626,156 | - | 254,146 | 880,302 |
| Accumulated amortisation and impairment | | | | |
| At 1 January, 2022 | (567,868) | (97,005) | - | (664,873) |
| Amortisation | (16,240) | - | - | (16,240) |
| Disposal of a subsidiary | 16,596 | 97,005 | - | 113,601 |
| Exchange realignment | 13,696 | - | - | 13,696 |
| At 31 December, 2022 | (553,816) | - | - | (553,816) |
| Carrying amount | | | | |
| At 31 December, 2022 | 72,340 | - | 254,146 | 326,486 |
| Cost | | | | |
| At 1 January, 2021 | 600,441 | 105,699 | 296,028 | 1,002,168 |
| Exchange realignment | (21,897) | (8,694) | (24,346) | (54,937) |
| At 31 December, 2021 | 578,544 | 97,005 | 271,682 | 947,231 |
| Accumulated amortisation and impairment | | | | |
| At 1 January, 2021 | (573,262) | - | - | (573,262) |
| Amortisation | (14,779) | - | - | (14,779) |
| Impairment | - | (87,305) | - | (87,305) |
| Exchange realignment | 20,173 | (9,700) | - | 10,473 |
| At 31 December, 2021 | (567,868) | (97,005) | - | (664,873) |
| Carrying amount | | | | |
| At 31 December, 2021 | 10,676 | - | 271,682 | 282,358 |

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13. Other financial assets

| | 2022 | 2021 |
|--------------------------------------|-------------|-------------|
| | US\$ | US\$ |
| Time deposits in insurance companies | 2,367,237 | 843,526 |

14. Goodwill

| | 2022 | 2021 |
|------------------------------------|-------------|-------------|
| | US\$ | US\$ |
| Acquisition of subsidiaries | | |
| At 1 January | 1,609,240 | 1,924,450 |
| Exchange realignment | (103,870) | (158,273) |
| At 31 December | 1,505,370 | 1,766,177 |
| Less: Impairment loss | - | (156,937) |
| Net carrying value at 31 December | 1,505,370 | 1,609,240 |

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing, the carrying value of the goodwill set out above has been allocated to the respective CGUs which all provide talent management agency services.

As at 31 December, 2022, goodwill of approximately US\$1,505,370 (2021: US\$1,609,240) is allocated to the different cash generating units ("CGUs"). The recoverable amounts of the individual CGUs have been determined based on the value in use calculations of each of the CGUs using the following assumptions for the year and in last year:

| | |
|---|-----------------------------|
| Period of cash flow projections | 5 years (2021: 5 years) |
| Growth rate within 5-year period in the financial budgets approved by the management | 1%-19.3% (2021: 1.4%-12.9%) |
| Growth rate beyond 5-year period extrapolated in the financial budgets approved by the management | 1.9% (2021: 1.4%) |
| Discount rate | 14.3% (2021: 13.7%) |

This growth rate within the 5-year projection period of 1%-19.3% (2021: 1.4%-12.9%) is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. In the opinion of the directors of the Group, no material impairment loss is identified for the goodwill acquired during the financial year. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the Group to exceed the recoverable amount as at 31 December, 2022.

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15. Subsidiaries

At 31 December, 2022, particulars of the subsidiaries are as follows:

| Company | Place of incorporation | Issued capital | Proportion of ownership interest held | | Principal activities |
|--------------------------------|------------------------|------------------------------|---------------------------------------|----------|--------------------------|
| | | | Direct | Indirect | |
| MSteam Entertainment Co., Ltd. | Korea | Ordinary KRW1,566,670,000 | 100% | - | Talent management agency |
| SBD Entertainment Inc. | Korea | Ordinary KRW410,000,000 | 100% | - | Talent management agency |
| Kook Entertainment Co., Ltd. | Korea | Ordinary KRW350,000,000 | - | - | Talent management agency |

On 21 June, 2022, the Group disposed its 100% equity interest in Kook Entertainment Co., Ltd. for a total consideration of US\$1, resulted in gain on disposal of US\$458,947.

During the year, no dividend was declared by the subsidiaries.

16. Trade and other receivables

| | 2022 US\$ | 2021 US\$ |
|--|--------------|--------------|
| Trade receivables | 222,978 | 603,935 |
| Less: expected credit loss allowance | - | (4,639) |
| Trade receivables, net | 222,978 | 599,296 |
| Prepayments | 58,948 | 9,892 |
| Deposits | 310,690 | 135,029 |
| Interest receivable from bank | 7,657 | 7,970 |
| Advances paid | 3,217,453 | 4,264,558 |
| Other receivables | 4,735 | 3,565 |
| Amount due from immediate parent company | - | 62,974 |
| Loan receivables | - | 81,541 |
| | 3,822,461 | 5,164,825 |

The amount due from immediate parent company and loan receivables are unsecured, non-interest bearing and repayable on demand.

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16. Trade and other receivables (continued)

The aging analysis of the carrying amounts of trade receivables that are not considered to be impaired is as follows:

| | 2022 | 2021 |
|-------------------------------|-------------|-------------|
| | US\$ | US\$ |
| Neither past due nor impaired | 222,978 | 599,296 |

Receivables that were neither past due nor impaired relate to customers have no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no expected credit loss allowance is necessary in respect of these balances as there has not been a significant increase in credit risk and the balances are expected to be fully recoverable.

17. Other investments

| | 2022 | 2021 |
|--------------------------|-------------|-------------|
| | US\$ | US\$ |
| Theatrical film projects | 3,695 | 6,330 |

18. Pledged bank deposits

At 31 December, 2022, such bank balances amounting were pledged to banks for securing credit facilities granted to the Group. The pledged deposits carry fixed interest rate of 0.85% (2021: 0.85%).

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19. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

| | 2022 | 2021 |
|--------------------------|-------------|-------------|
| | US\$ | US\$ |
| Cash at bank and in hand | 2,677,419 | 3,260,583 |

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

| | Lease liabilities US\$ | Loans from fellow subsidiaries and related companies US\$ | Interest payables to fellow subsidiaries US\$ | Total US\$ |
|--|---------------------------------------|--|--|-----------------------|
| At 1 January, 2021 | 361,358 | 944,491 | 32,064 | 1,337,913 |
| Changes from financing cash flows: | | | | |
| Repayments of loans | - | (89,797) | - | (89,797) |
| Proceeds from loans | - | 20,000 | - | 20,000 |
| Interest paid | - | - | (43,979) | (43,979) |
| Capital element of lease rentals paid | (273,284) | - | - | (273,284) |
| Interest element of lease rentals paid | (11,987) | - | - | (11,987) |
| Total changes from financing cash flows | (285,271) | (69,797) | (43,979) | (399,047) |
| Exchange adjustments | (10,574) | 33,572 | - | 22,998 |
| New lease entered | 282,182 | - | - | 282,182 |
| Interest expenses (note 6(c)) | 11,987 | - | 19,920 | 31,907 |
| Disposal of a subsidiary | (46,785) | (353,706) | - | (400,491) |
| Total other changes | 247,384 | (353,706) | 19,920 | (86,402) |
| At 31 December, 2021 | 312,897 | 554,560 | 8,005 | 875,462 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

19. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities: (continued)

| | Lease liabilities US\$ | Loans from fellow subsidiaries and related companies US\$ | Interest payables to fellow subsidiaries US\$ | Total US\$ |
|--|------------------------------|--|--|------------------|
| At 1 January, 2021 | 491,503 | 1,179,925 | 18,061 | 1,689,489 |
| Changes from financing cash flows: | | | | |
| Repayments of loans | - | (531,436) | | (531,436) |
| Proceeds from loans | - | 293,632 | | 293,632 |
| Interest paid | - | - | (7,635) | (7,635) |
| Capital element of lease rentals paid | (262,511) | - | | (262,511) |
| Interest element of lease rentals paid | (15,847) | - | | (15,847) |
| Total changes from financing cash flows | (278,358) | (237,804) | (7,635) | (523,797) |
| Exchange adjustments | (40,409) | 2,370 | - | (38,039) |
| New lease entered | 172,775 | - | - | 172,775 |
| Interest expenses (note 6(c)) | 15,847 | - | 21,638 | 37,485 |
| Total other changes | 188,622 | - | 21,638 | 210,260 |
| At 31 December, 2021 | 361,358 | 944,491 | 32,064 | 1,337,913 |

20. Trade and other payables

| | 2022 US\$ | 2021 US\$ |
|---|------------------|------------------|
| Trade payables | 617,441 | 1,547,925 |
| Accruals | 29,583 | 14,063 |
| Interest payable to fellow subsidiaries | 8,005 | 32,064 |
| Advances received | 4,497,289 | 5,581,264 |
| Other payables | 250,335 | 317,481 |
| Amount due to immediate parent company | 9,026 | - |
| Amount due to a fellow subsidiary | 1,069,699 | 1,069,699 |
| | 6,481,378 | 8,562,496 |

The amounts due to immediate parent company and a fellow subsidiary are unsecured, non-interest bearing and repayable on demand.

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21. Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

| | 2022 | | 2021 | |
|---|--|---|--|---|
| | Total lease payments US\$ | Present value of the lease payments US\$ | Total lease payments US\$ | Present value of the lease payments US\$ |
| Within 1 year | 176,537 | 168,268 | 216,367 | 208,299 |
| After 1 year but within 5 years | 150,968 | 144,629 | 156,586 | 153,059 |
| Total lease payments | 327,505 | 312,897 | 372,953 | 361,358 |
| Total future interest expenses | (14,608) | | (11,415) | |
| Present value of lease liabilities | 312,897 | | 361,358 | |
| Amount due within 1 year | 168,268 | | 208,299 | |
| Amount due after 1 year | 144,629 | | 153,059 | |

The analysis of expense items in relation to lease liabilities recognised in profit or loss is as follows:

| | 2022 US\$ | 2021 US\$ |
|---|----------------------|----------------------|
| Expense relating to short-term leases | 92,475 | 50,827 |
| Expense relating to leases of low-value assets, excluding short-term leases of low value assets | 2,351 | 5,088 |
| Lease expenses for the year | 94,826 | 55,915 |
| Repayment of principal portion of lease liabilities | 273,284 | 262,511 |
| Interest paid on lease liabilities | 11,987 | 15,847 |
| Total cash flow for leases for the year | 380,097 | 334,273 |

22. Loan from fellow subsidiaries

Included, the loan of US\$393,652 (2021: US\$383,652) is unsecured, interest bearing at 2% (2021: 2%) per annum and repayable by 31 December, 2023 (2021: 31 December, 2022).

Included, the loan of US\$82,000 (2021: US\$72,000) is unsecured, interest bearing at 2% (2021: 2%) per annum and repayable by 31 December, 2023 (2021: 31 December, 2022).

Included, the loan of US\$78,908 (2021: US\$168,705) is unsecured, interest bearing at 4.6% (2021: 4.6%) per annum and repayable by 31 December, 2023 (2021: 31 December, 2022).

At 31 December, 2021, the loan included US\$218,000 is unsecured, interest bearing at 2% per annum and settled through disposal of the subsidiary during the year.

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23. Loan from related companies

The loans are unsecured, non-interest bearing and repaid during the year.

24. Provisions

| | Severance payments | |
|----------------------------------|---------------------------|---------------|
| | 2022 | 2021 |
| | US\$ | US\$ |
| At 1 January | 53,321 | - |
| Additional provisions recognised | 60,783 | 53,321 |
| Provisions utilised | (63,698) | - |
| Exchange realignment | (3,499) | - |
| At 31 December | 46,907 | 53,321 |

Analysed for reporting purposes as:

| | 2022 | 2021 |
|---------------------|-------------|-------------|
| | US\$ | US\$ |
| Non-current portion | 46,907 | 53,321 |

25. Deferred taxation

The following are the deferred tax assets/(liabilities) recognized by the Group and movements thereon during the year:

| | Accelerated depreciation allowances US\$ | Provisions US\$ | Tax loss US\$ | Total US\$ |
|-----------------------------|---|----------------------------|--------------------------|-----------------------|
| At 1 January, 2021 | (1,790) | 32,622 | 7,545 | 38,377 |
| Charged to profit or loss | - | (41,137) | - | (41,137) |
| Exchange realignment | 1,790 | (2,883) | (638) | (1,731) |
| At 31 December, 2021 | - | (11,398) | 6,907 | (4,491) |
| At 1 January, 2022 | - | (11,398) | 6,907 | (4,491) |
| Credited to profit or loss | - | 2,211 | 1,957 | 4,168 |
| Exchange realignment | - | 779 | (408) | 371 |
| At 31 December, 2022 | - | (8,408) | 8,456 | 48 |

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25. Deferred taxation (continued)

Reconciliation to the consolidated statement of financial position:

| | 2022 | 2021 |
|--------------------------|-------------|----------------|
| | US\$ | US\$ |
| Deferred tax assets | 7,080 | 16,218 |
| Deferred tax liabilities | (7,032) | (20,709) |
| | 48 | (4,491) |

26. Share capital

| | Number of shares | | Share capital | |
|--|-------------------------|-------------|----------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | | | US\$ | US\$ |
| Issued and fully paid | | | | |
| <i>Ordinary shares without par value</i> | | | | |
| At beginning and end of year | 11,000,000 | 11,000,000 | 2,012,903 | 2,012,903 |

There was no change of share capital during the year.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group regularly reviews and manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or to obtain new bank borrowings. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2021.

27. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 9 of the consolidated financial statements.

Nature and purpose of reserves**(a) Exchange reserve**

The Group's exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Group's presentation currency (i.e. US\$). The reserve is dealt with in accordance with the accounting policy set out in note 3.

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27. Reserves (continued)**Reserve movement of the Company**

| | Accumulated losses US\$ | Other reserve US\$ | Total US\$ |
|----------------------|-------------------------------|--------------------------|---------------|
| At 1 January, 2022 | (859,843) | (120,955) | (980,798) |
| Loss for the year | (142,146) | - | (142,146) |
| At 31 December, 2022 | (1,001,989) | (120,955) | (1,122,944) |
| At 1 January, 2021 | (454,146) | (120,955) | (575,101) |
| Loss for the year | (405,697) | - | (405,697) |
| At 31 December, 2021 | (859,843) | (120,955) | (980,798) |

28. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

Compensation paid to key management personnel of the Group is disclosed in Note 7 and 9 to the consolidated financial statements.

| | 2022 US\$ | 2021 US\$ |
|--|--------------|--------------|
| Interest income from immediate parent company(a) | - | 2,816 |
| Interest expenses to a fellow subsidiary(b) | 13,444 | 15,215 |
| Interest expenses to a fellow subsidiary(c) | 6,476 | 5,115 |
| Other revenue received from a related company(d) | - | 874 |
| Service fee to a related company(d) | 929 | 1,049 |

- (a) Spackman Media Group Limited
- (b) Spackman Media Group Pte. Ltd.
- (c) Spackman Media Korea Inc.
- (d) Spackman Entertainment Korea Inc.

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29. Disposal of a subsidiary

Pursuant to an agreement dated 21 June, 2022 entered into between the Company and an independent third party (the "Purchaser"), the Company disposed of 100% equity interest in Kook Entertainment Co., Ltd., to the Purchaser at a consideration of US\$1. Kook Entertainment Co., Ltd. is principally engaged in the talent management.

Analysis of assets and liabilities over which control was lost

| | 2022 US\$ |
|---|----------------------|
| Property, plant and equipment | 22,545 |
| Right-of-use assets | 44,894 |
| Intangible assets | (7,178) |
| Prepayments, deposits and other receivables | 100,844 |
| Trade and other payables | (581,047) |
| Net liabilities disposal of | (419,942) |

Gain on disposal of a subsidiary

| | 2022 US\$ |
|--|----------------------|
| Consideration received | 1 |
| Net liabilities disposed of | 419,942 |
| Cumulative exchange differences in respect of the net liabilities of the overseas subsidiary reclassified from equity to profit or loss upon disposal of the overseas subsidiary | 39,004 |
| Gain on disposal | 458,947 |

Net cash inflow arising on disposal of a subsidiary

| | 2022 US\$ |
|---------------------------------|----------------------|
| Cash consideration | 1 |
| Less: cash and cash equivalents | - |
| | 1 |

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30. Financial risk management

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

Credit risk

Credit risk arises from trade and other receivables and bank balances.

In respect of trade receivables, all talent agency income and sales made to customers have credit terms. Trade receivables are due within 30 days to 1 year from the date of billing. The Group has policies in place for the control and monitoring of its credit risk such as granting credit limits only to customers with an appropriate credit history. The Group makes evaluations of the credit risk of its customers from time to time or when the credit risk has significantly increased since recognition. These evaluations are made on an expected credit loss ("ECL") basis over the lifetime of the receivable and focus on information such as the customer's past history of making payments when due and financial ability to pay, information specific to the customer as well as pertaining to the economic environment in which the customer operates.

These ECL rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Accordingly, the directors are of the opinion that the related credit risk to the Group is low.

The credit risk on liquid funds is limited because they are placed with reputable financial institutions with high credit ratings and no history of default.

In respect of other receivables due from third parties, the Group reviews the exposures and manages them based on the need of operation.

In respect of the amount due from the immediate parent company, the Group facilitates their capital demand by assessing and closely monitoring their financial conditions and profitability.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

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30. Financial risk management (continued)**Liquidity risk**

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

| | 2022 | | | |
|-------------------------------|-------------------------------------|--|-----------------------------------|-----------------------------|
| | Carrying amount US\$ | Total contractual undiscounted cash flow US\$ | Within 1 year US\$ | Over 1 year US\$ |
| Trade and other payables | 6,481,378 | 6,481,378 | 6,481,378 | - |
| Loan from fellow subsidiaries | 554,560 | 567,703 | 567,703 | - |
| Lease liabilities | 312,897 | 327,505 | 176,537 | 150,968 |
| | 7,348,835 | 7,376,586 | 7,225,618 | 150,968 |

| | 2021 | | | |
|-------------------------------|-------------------------------------|--|-----------------------------------|-----------------------------|
| | Carrying amount US\$ | Total contractual undiscounted cash flow US\$ | Within 1 year US\$ | Over 1 year US\$ |
| Trade and other payables | 8,562,496 | 8,562,496 | 8,562,496 | - |
| Loan from fellow subsidiaries | 842,357 | 842,357 | 842,357 | - |
| Loan from related companies | 102,134 | 102,134 | 102,134 | - |
| Lease liabilities | 361,358 | 372,953 | 216,367 | 156,586 |
| | 9,868,345 | 9,879,940 | 9,723,354 | 156,586 |

Currency risk

The Group is exposed to foreign currency risk primarily on cash and cash equivalents that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily Korean Won ("KRW").

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the Group's functional currency. For presentation purposes, the amounts of the exposure are expressed in US\$.

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30. Financial risk management (continued)**Currency risk (continued)**

| | 2022 |
|-------------------------------|-------------|
| | KRW |
| | US\$ |
| Cash and cash equivalents | 2,711,144 |
| Net exposure to currency risk | 2,711,144 |
| | |
| | 2021 |
| | KRW |
| | US\$ |
| Cash and cash equivalents | 4,131,323 |
| Net exposure to currency risk | 4,131,323 |

Sensitivity analysis

The following table indicates the instantaneous change on the Group's profit after tax and equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

| | (Decrease)/ increase in equity/ profit after tax 2022 US\$ | (Decrease)/ increase in equity/ profit after tax 2021 US\$ |
|-----------------------------------|---|---|
| KRW (10% (2021:5%) strengthening) | 271,114 | 206,566 |
| KRW (10% (2021:5%) weakening) | (271,114) | (206,566) |

31. Parent company

At 31 December, 2022, the directors consider the immediate parent company and ultimate controlling company to be Spackman Media Group Limited, which is a company incorporated in Hong Kong and has produced consolidated financial statements available for public use.

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32. Subsequent event

The Company ("CPL") and Spackman Equities Group Inc ("SQG") entered into a definitive share exchange agreement on February 6, 2023 and agreed to amend the agreement on August 4, 2023 (the "Agreement"), pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of the Company from the shareholders of the Company.

The transaction will constitute a "Reverse Takeover" ("RTO") transaction under the policies of the TSX Venture Exchange (the "TSXV").

SQG is a company incorporated under the Canada Business Corporations Act and its shares are publicly traded on the TSXV under the symbol SQG.

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"). 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.

As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the "SQG Concurrent Financing") by Hampton Securities Limited, of subscription receipts of SQG at a post-Consolidation price of CAD\$0.20 (US\$0.15) per Subscription Receipt; and (ii) a non-brokered private placement of ordinary shares of CPL at a price of US\$2.72 per ordinary share (the "CPL Concurrent Financing"), for aggregate gross proceeds from the sale of the Subscription Receipts and the ordinary shares of CPL of a minimum of US\$3,400,000 and a maximum of US\$20,000,000 (collectively, the "Concurrent Financing").

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021**

33. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary shareholder of the Company is based on the following data:

| | 2022 | 2021 |
|--|-------------|-------------|
| | US\$ | US\$ |
| Earnings | | |
| Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owner of the Company) | 1,945,531 | 134,604 |
| | 2022 | 2021 |
| | US\$ | US\$ |
| Number of shares | | |
| For the purpose of basic earnings per share | | |
| Number of ordinary shares | 11,000,000 | 11,000,000 |
| Number of shares for the purpose of basic earnings per share | 11,000,000 | 11,000,000 |

The number of shares used for the purpose of calculating basic earnings per share for the years ended 31 December 2022 and 2021 were calculated on the basis of the number of the ordinary shares of the Company in issue during the years.

Diluted profit per share is the same as the basic profit per share.

34. Novel Coronavirus ("COVID-19") outbreak*Effects of a global pandemic*

The outbreak of the 2019 Novel Coronavirus ("COVID-19") all over the world and the subsequent social restriction measures imposed by the Hong Kong, Korean and Singaporean governments have had an impact on the Group's operations, primarily in Korea, as although the demand for TV and movie media has surged, there has been some disruption to the production of movies and TV programmes as well as the making of advertisements, which directly affect the artists under the management of the Group.

As the situation remains fluid, the director of the Company considers that the effects of COVID-19 on the Group's consolidated financial statements and in particular on the valuation of the goodwill of US\$1,505,370 as at 31 December, 2022 represents a material uncertainty, the financial effects of which cannot be reasonably estimated at the date these financial statements are authorised for issue. In particular it has not been possible to reasonably estimate whether any impairment should be recorded as at 31 December, 2022 against the goodwill recognised on acquisition of certain subsidiaries, due to the impact of COVID-19 on the financial results of those subsidiaries so far during 2022 and those forecasted for the following years. Given the Group's business and the valuation of the goodwill might be affected should the situation in the locations in which the Group operates deteriorate, the directors of the Company will continue to closely monitor and take appropriate responses in a timely manner in order to mitigate the impact on the Group's business in this regard.

CRYSTAL PLANET LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER, 2022 AND 31 DECEMBER, 2021

35. Statement of financial position of the Company

| | 2022 US\$ | 2021 US\$ |
|--------------------------------|--------------|--------------|
| Non-current assets | | |
| Investments in subsidiaries | 3,025,012 | 3,025,012 |
| Current assets | | |
| Other receivables | 59,321 | 126,474 |
| Cash and cash equivalents | 5,729 | 14,962 |
| | 65,050 | 141,436 |
| Current liabilities | | |
| Other payables | 1,206,451 | 1,150,691 |
| Loan from a subsidiary | 600,000 | 600,000 |
| Loan from a fellow subsidiary | 393,652 | 383,652 |
| | 2,200,103 | 2,134,343 |
| Net current liabilities | (2,135,053) | (1,992,907) |
| Net assets | 889,959 | 1,032,105 |
| Equity | | |
| Share capital | 2,012,903 | 2,012,903 |
| Reserves | (1,122,944) | (980,798) |
| Total equity | 889,959 | 1,032,105 |

Approved and authorised for issue by the Director on 25 September, 2023.

Lee Han Lim
Director

Crystal Planet Limited

Management's Discussion and Analysis

For the full year ended December 31, 2022

Overview

The following Management's Discussion and Analysis ("**MD&A**") provides additional analysis of the operations, financial position and financial performance of Crystal Planet Limited ("**CPL**" or the "**Company**") and its subsidiaries (collectively the "**Group**") for the full year ended December 31, 2022 ("**FY2022**"). It is supplementary information and should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the full year ended December 31, 2022, and for the year ended December 31, 2021 ("**FY2021**").

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure.

CPL, a company incorporated in Hong Kong, together with its subsidiaries, is one of the leading entertainment talent agencies in Korea. The Company, through its two full-service talent agencies in Korea, 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.

The Group represents a leading portfolio of artists. The collective roster of artists ranges from the top stars, rising stars as well as young artists who are preparing for their debut. The Group's network of leading talent agencies works closely with its roster of clients to provide counsel and resources to originate and cultivate a wide range of opportunities for the artists, in the areas of film, TV, commercial endorsements, and branded entertainment. The experienced management of each of the agencies professionally and personally engage each of our artists, who are in different stages in their careers, to find a customized long-term oriented strategy that are tailored individually to each of the artists. In addition, with the growing number of platforms available to help establish a client as a "brand", our agencies actively work to create in-roads across digital and social media, licensing and merchandising, publishing, and live-event opportunities.

The Company wholly-owns two talent management agencies, namely:

MSteam Entertainment Co., Ltd. ("MSteam"). MSteam comprises iconic Korean actress, Son Ye-jin, top international star from Squid Game, Wi Ha-jun, top Korean actress Lee Min-jung, Ko Sung-hee & Lee Cho-hee.

SBD Entertainment Inc. ("SBD"). SBD manages a group of artists that includes rising stars Han Ji-hyun & Park Keun-rok.

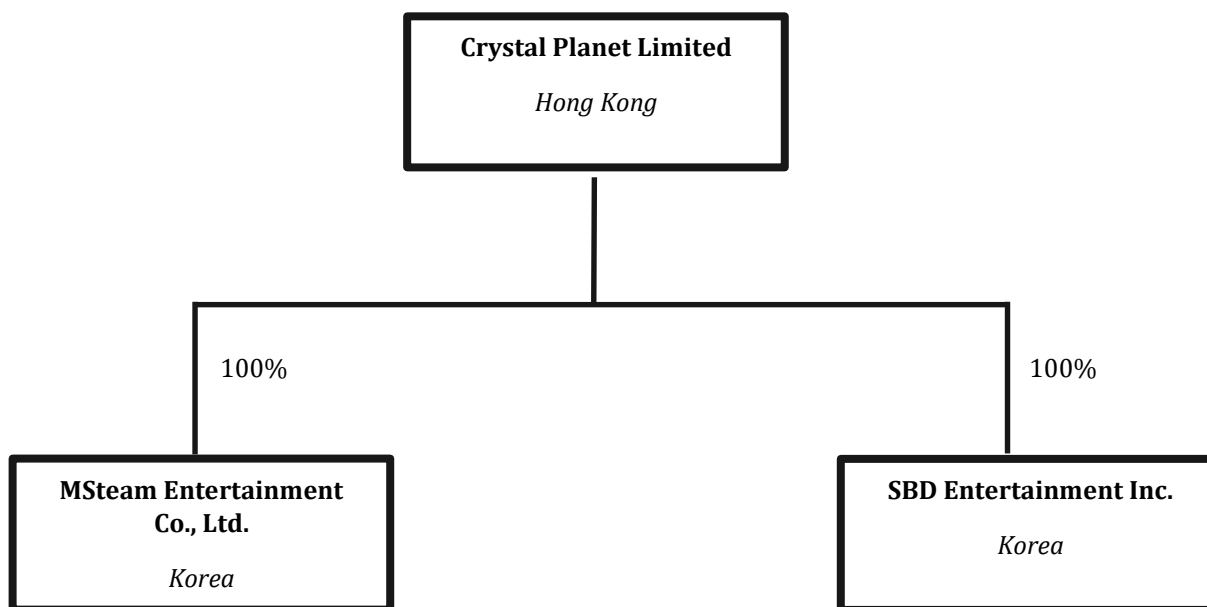
The Company is wholly-owned by Spackman Media Group Inc. ("**SMG**"), one of Korea's largest entertainment companies. For more information, please visit www.spackmanmediagroup.com

FORWARD-LOOKING STATEMENTS

Matters may be included in this MD&A that constitute "forward-looking" information within the meaning of Hong Kong securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Structure and Holdings

The following diagram is the group structure of the companies under Crystal Planet Limited:



Results of Operations

Revenue

The Group manages a roster of artists and revenue is derived mainly from talent management services. The talent management services comprise the artists' participation in advertisements, TV dramas, movies and other entertainment content projects. The breakdown of our revenue is set out below:

| | FY2021 | | FY2022 | |
|---------------------------|-----------------|---------------|-----------------|---------------|
| | US\$'000 | % | US\$'000 | % |
| Talent management service | | | | |
| - Advertisements | 6,649 | 65.18 | 11,915 | 73.73 |
| - TV dramas | 3,102 | 30.41 | 4,014 | 24.84 |
| - Movies | 302 | 2.96 | 124 | 0.77 |
| - Other appearance | 140 | 1.37 | 103 | 0.64 |
| Investment in contents | 3 | 0.03 | 4 | 0.02 |
| Others | 5 | 0.05 | - | - |
| Total | 10,201 | 100.00 | 16,160 | 100.00 |

Revenue increased by US\$5.96 million or 58.4% to US\$16.16 million in FY2022. This was mainly due to increase in revenue from artists' appearance in advertisements and TV dramas.

Cost of services

Cost of sales comprise mainly fees to artists based on the revenue sharing ratio between the artists and the Group. The breakdown of our cost of services for FY2021 and FY2022 are set out below:

| | FY2021 | | FY2022 | |
|---------------------------|-----------------|---------------|-----------------|---------------|
| | US\$'000 | % | US\$'000 | % |
| Talent management service | | | | |
| - Advertisements | 5,184 | 64.91 | 9,267 | 74.51 |
| - TV dramas | 2,485 | 31.11 | 3,010 | 24.20 |
| - Movies | 220 | 2.75 | 88 | 0.71 |
| - Other appearance | 98 | 1.23 | 72 | 0.58 |
| Total | 7,987 | 100.00 | 12,437 | 100.00 |

Cost of services increased by US\$4.45 million or 55.7% to US\$12.44 million in FY2022, mainly due to increase of fees to artists for the appearance in advertisements and TV dramas.

Gross profit

The key determinations of gross profit are the revenue generated from talent management services. Our gross profit amounted to US\$2.21 million and US\$3.72 million which represented 21.71% and 23.04% of our revenue for FY2021 and FY2022 respectively.

Gain on disposal of a subsidiary

The Group disposed a wholly owned subsidiary, Kook Entertainment Co., Ltd. to an independent third party on June 21, 2022. Kook Entertainment Co., Ltd. was principally engaged in the talent management.

Other income and gains

Other income and gains comprised mainly net foreign exchange gain and interest income. Other income and gains amounted to US\$0.14 million and US\$0.10 million and represented 1.34% and 0.61% of our revenue for FY2021 and FY2022 respectively.

| | FY2021 | | FY2022 | |
|---|------------|---------------|-----------|--------------|
| | US\$'000 | % | US\$'000 | % |
| Interest income | 20 | 14.39 | 15 | 15.15 |
| Reversal of impairment loss on trade receivables | 1 | 0.72 | - | - |
| Gain on disposal of property, plant and equipment | 7 | 5.04 | - | - |
| Net foreign exchange gain | 67 | 48.20 | 35 | 35.35 |
| Rental income | - | - | 4 | 4.05 |
| Sundry income | 44 | 31.65 | 45 | 45.45 |
| Total | 139 | 100.00 | 99 | 100.0 |

Other income and gains decreased by US\$0.04 million or 28.8% to US\$99 million in FY2022. The decrease is mainly due to decrease in net foreign exchange gain of US\$0.03 million.

Selling expense

Selling expense increased marginally by US\$0.04 million or 28.9% to US\$0.20 million in FY2022 mainly due to a slight increase in business travel numbers from the lifting of border restrictions and the gradual reopening of air traffic.

General and administrative expenses

General and administrative expenses increased marginally by US\$0.14 million or 8.5% to US\$1.75 million in FY2022. The increase is primarily attributable to an increase in personnel expenses resulting from the addition of new employees.

Other operating expenses

Other operating expenses decreased by US\$0.26 million or 97.7% to US\$0.01 million in FY2022 especially due to losses on impairment of goodwill and intangible assets related to Kook Entertainment Co., Ltd in FY2021. There were no such losses in FY2022.

Finance costs

Finance costs decreased marginally by US\$0.01 million or 13.5% to US\$0.03 million in FY2022 mainly due to a decrease in the interest expenses on loans from fellow subsidiaries and related companies.

Profit before tax

As a result of the above, the Group recorded a profit before tax of US\$2.30 million in FY2022 compared to a profit before tax of US\$0.29 million in FY2021.

Financial Position

Non-current assets

The Group's non-current assets as of 31 December 2022 was US\$4.64 million, which increased by US\$1.17 million or 33.72% from US\$3.47 million as compared to 31 December 2021. This was mainly due to:

- i) Increase in other financial assets by US\$1.53 million which was mainly attributable to an increase in time deposits at banks.
- ii) decrease in other long term receivables by US\$0.19 million which was mainly due to reclassification from long-term receivables to short-term receivables.
- iii) decrease in goodwill by US\$0.10 million which was due to change of foreign exchange rates.
- iv) decrease in property, plant and equipment, intangible assets and right-of-use assets which was mainly attributable to the depreciation and amortization charged during FY2022.

Current assets

The Group's current assets decreased by US\$1.93 million or 22.79% from US\$8.47 million as of 31 December 2021 to US\$6.54 million as of 31 December 2022. This was mainly due to

the decrease in trade and other receivables of US\$1.34 million and decreased in cash and cash equivalents of US\$0.58 million as explained in the consolidated statement of cash flow below.

Non-current liabilities

The Group's non-current liabilities decreased by US\$0.01 million or 5.00% from US\$0.20 million as of 31 December 2021 to US\$0.19 million as of 31 December 2022. There were marginal changes during the year.

Current liabilities

The Group's current liabilities decreased by US\$2.43 million or 24.52% from US\$9.91 million as of 31 December 2021 to US\$7.48 million as of 31 December 2022. It was mainly due to the decrease in trade and other payables of US\$2.08 million and repayment of borrowings of US\$0.39 million.

Cash Flows

Consolidated statement of cash flow

As of 31 December 2022, the Group had cash and cash equivalents amounting to US\$2.68 million as compared to cash and cash equivalents amounting to US\$3.26 million as of 31 December 2021.

The significant cash movements during FY2022 as compared to FY2021 can be summarized as follows:

Cash flow generated from operating activities for FY2022 amounted to US\$1.48 million as compared to cash flow generated from operating activities of US\$1.68 million for FY2021. The cash flow generated from operating activities for FY2022 was mainly attributed to the operating profit before working capital changes of US\$2.20 million, trade and other receivables of US\$1.43 million. This was partially offset by trade and other payables of US\$1.88 million.

Cash flow used in investing activities for FY2022 was US\$1.66 million as compared to cash flow used in investing activities of US\$0.43 million for FY2021. The cash flow used in investing activities was mainly due to payments for other financial assets of US\$1.58 million, payments for intangible assets of US\$0.77 million and purchases of purchase of property, plant and equipment of US\$0.40 million. This was partially offset by interest received of US\$0.15 million, proceeds on disposal of property, plant and equipment of US\$0.14 million.

Cash flow used in financing activities was US\$0.40 million for FY2022 as compared to cash flow used in financing activities of US\$0.57 million for FY2021. The cash flow used in financing activities for FY2022 was mainly due to the capital element of lease rentals paid US\$0.27 million, repayment of loans of US\$0.90 million and interest paid of US\$0.44 million. This was partially offset by the proceeds from loans of US\$0.20 million.

Related Party Transactions

The following related party transactions occurred and were reflected in the consolidated financial statements for the full year ended December 31, 2022, and December 31, 2021, as follows:

| | Full year ended 31 December | |
|---|------------------------------------|-------------|
| | 2022 | 2021 |
| | US\$ | US\$ |
| Other revenue received from a related company | - | 874 |
| Interest income from a parent company | - | 2,816 |
| Interest expenses to fellow subsidiaries | 19,920 | 20,330 |
| Service fee to a related company | 929 | 1,049 |

Included in loans from fellow subsidiaries are the loan of US\$554,560 as at 31 December 2022 (31 December, 2021: US\$842,357).

Included in loans from related companies are nil as at 31 December 2022 (31 December, 2021: US\$102,134).

Included in trade and other payables are interest payables to fellow subsidiaries of US\$8,005 (31 December, 2021: US\$32,064), amount due to a parent company of US\$9,026 (31 December, 2021: nil) and amount due to a fellow subsidiary of US\$1,069,699 (31 December, 2021: US\$1,069,699).

SUMMARY OF SELECTED QUARTERLY INFORMATION

(unit: USD)

| | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue | 7235,768 | 4,220,667 | 2,726,777 | 1,976,316 | 3,680,107 | 2,292,739 | 1,677,255 | 2,550,922 |
| Profit after tax | 966,107 | 235,698 | 634,477 | 109,249 | (128,247) | 93,767 | 29,208 | 139,876 |
| Total comprehensive income (loss)* | 1,534,035 | (203,443) | 331,015 | 27,194 | (131,543) | (94,235) | 51,580 | (31,576) |
| Basic earning per share | 0.088 | 0.021 | 0.058 | 0.010 | (0.012) | 0.008 | 0.003 | 0.013 |
| Diluted earning per share | 0.088 | 0.021 | 0.058 | 0.010 | (0.012) | 0.008 | 0.003 | 0.013 |

* Comprehensive loss is due to exchange differences on translating foreign operations

Significant Accounting Policies

The Group's financial statements for the full year ended December 31, 2022, were prepared using accounting policies consistent with IFRS. A summary of significant accounting policies under IFRS is presented in Note 3 of the consolidated financial statements of the Group for the full year ended December 31, 2022.

Risk Factors and Risk Management

CPL shareholders and potential investors in CPL should carefully consider the following risk factors and all the other information contained in this MD&A when evaluating CPL and its common shares.

An investment in the Company's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks, which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company is currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Industry Risks

CPL's businesses are very dependent on the strength of the Korean entertainment industry. The talent management business also carries internal risks such as reputation risk, health and safety concerns, reliance on few clients, and talent development and retention. External risks include intense competition, changing audience preferences, shifts in media landscape, digital disruption, economic fluctuations, and domestic and overseas regulatory changes.

Competition

The Korean companies owned by CPL face intense competition, including competition from other companies, some of whom have greater financial and other resources. Spotting and signing emerging talent is crucial. Agencies are always on the lookout for the next big star. This leads to intense competition, especially when a particular actor starts gaining traction or attention. Moreover, once actors achieve a certain level of success, other agencies might try to poach them with promises of better opportunities or terms. Retaining top talent becomes as important and competitive as acquiring new talent. There can be no assurance that they will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

Currency Fluctuations

The Company is exposed to fluctuations in the value of the currencies of the Republic of Korea, the Special Administrative Region of Hong Kong, Canada and the United States. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

The Company and its investee companies may become parties to lawsuits, claims and litigation arising in the ordinary course of business. Such lawsuits could result in significant costs and the outcome of such lawsuits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Economic Conditions in Korea

The principal assets of the Company are its wholly-owned subsidiaries with operations and assets located in the Republic of Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea. From early 1997 until 1999, Korea experienced a significant financial and economic downturn, from which it has now recovered.

Tensions with North Korea and China

Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increased uncertainty regarding North Korea's actions, particularly in light of the recent leadership change, and possible responses from the international community. Tensions have escalated on the Korean peninsula, and there can be no assurance that the level of tension will not escalate further in the future.

In 2017, the Republic of Korea installed the THAAD anti-missile defense system to better counter North Korea's evolving missile threats, and China reacted by sharply cutting trade and cultural imports with the Republic of Korea, which included Korean entertainment media. The suspension lasted nearly six years until November 2022 when China allowed the first Korean content to resume streaming.

Any further increase in tensions which may occur, for example, if military hostilities occur or North Korea experiences a leadership or economic crisis or China reinstates a ban on Korean content, could have a material adverse effect on the Company's operations and the market value of its common shares.

Financial Instability in Other Countries

The Korean market and the Korean economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy. Although economic conditions are different in each country, investors'

reactions to developments in one country can have adverse effects on the securities of companies in other countries. A loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in Korean financial markets. It is possible that the financial events of the type that occurred in emerging markets in Asia in 1997 and 1998 will happen again which would have an adverse effect on the market value of the Company's common shares.

Covid-19

The corona virus known as Covid-19 which spread throughout the world in the first quarter of 2022 has had a dramatic negative effect on the economies of the Republic of Korea and the United States which will in turn negatively affected the Korean entertainment industry.

Strategy and Future Direction

TALENT REPRESENTATION

In most cases, our talent agencies will enter into a contract with an artist for a period ranging from two to five years. Top artists will typically sign for two to three years, and free agent recruits may require an incentive signing bonus, while newcomers will sign for up to five years. Our artists engage in three main areas of business:

- 1) Commercial Films/Endorsements ("**CF**"),
- 2) Theatrical Films, and
- 3) Television Dramas and Variety Shows.

Our talent agencies operate independently of each other. However, the Group will assist and facilitate communication and cooperation between the agencies. The Group holds periodic formal and informal CEO meetings in order to share information and to alleviate or resolve any potential conflicts between the artists and agencies.

CONTENT DEVELOPMENT AND PRODUCTION

The Company leverages its collective roster of artists to act as a platform that affords us access to, and in many cases "a first look" at production, investment and participation in a diverse array of quality content projects in film, drama, variety shows, and other entertainment content in Korea and internationally. It is common knowledge in the Korean entertainment industry, that there are significant barriers to entry in accessing investment opportunities of the top-tier entertainment content projects that have high expectations of commercial success.

Through our platform of elite artists, we have the ability to "package" our artiste clientele with quality entertainment content projects from an early stage of development. We are advantageously and competitively positioned to gain such early access to developing, producing, financing and owning the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas. In coming years, the Company believes that income derived from content production and investments involving our artists will significantly add to our growth.

COLLABORATIVE INVESTMENTS

The Company's leading portfolio of artists also serve as a platform through which we create and derive new peripheral business and investment opportunities. Development stage businesses in a variety of industry segments, whether it be in fashion, cosmetics, dining, food & beverage, healthcare & beauty, etc., seek direct collaboration opportunities with our artists in order to increase its credibility and visibility in the market for further growth. The Group, together with our artists, will selectively participate in and invest into such businesses that can enhance its growth potential by collaborating with the "brands" of our artists, and in many cases, our entertainment content projects.

In addition, many of our artists originate their own businesses in a diverse range of sectors. The Company will also selectively participate in and invest into such opportunities in which we can work in direct partnership with our artists to develop businesses that have potential for consistent growth in value.

We seek to build a diverse investment portfolio in which we can leverage the branding of our artists, our entertainment content projects, and our network of relationships to create added value.

ADVISORY AND CONSULTING SERVICES FOR ENTERTAINMENT & MEDIA BUSINESSES

The Company also provides innovative consulting services to companies in the Entertainment and Media sector. Our strategic advisory team has collectively over 40 years of experience in advisory services for the Entertainment and Media sector, including corporate finance, merger and acquisitions, and strategic partnerships. We also provide consulting to our artists in regards to their personal investments.

Subsequent Event

The Company and Spackman Equities Group Inc ("SQG") entered into a definitive share exchange agreement on February 6, 2023 and agreed to amend the agreement on August 4, 2023 (the "Agreement"), pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of the Company from the shareholders of the Company.

The transaction will constitute a "Reverse Takeover" ("RTO") transaction under the policies of the TSX Venture Exchange (the "TSXV").

SQG is a company incorporated under the Canada Business Corporations Act and its shares are publicly traded on the TSXV under the symbol SQG.

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"). 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.

As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the "SQG Concurrent Financing") by Hampton Securities Limited, of subscription receipts of SQG at a post-Consolidation price of CAD\$0.20 (US\$0.15) per Subscription Receipt; and (ii) a non-brokered private placement of ordinary shares of CPL

at a price of US\$2.72 per ordinary share (the "CPL Concurrent Financing"), for aggregate gross proceeds from the sale of the Subscription Receipts and the ordinary shares of CPL of a minimum of US\$3,400,000 and a maximum of US\$20,000,000 (collectively, the "Concurrent Financing").

September 25, 2023

CRYSTAL PLANET LIMITED

**REPORT AND CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

(incorporated in Hong Kong with limited liability)

The accompanying unaudited interim condensed consolidated financial statements of Crystal Planet Limited, an Equities Group Inc. were prepared by management in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The most significant of these accounting principles have been disclosed in the notes to the unaudited interim condensed consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim condensed consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board on November 30, 2023.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.



"Lee Han Lim"

Sole director
November 30, 2023

CRYSTAL PLANET LIMITED

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

| | | 30 September | | 30 September | |
|---|------|-----------------|------------------|----------------|----------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | US\$ | US\$ | US\$ | US\$ |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue | 4 | 2,225,969 | 4,220,667 | 9,550,925 | 8,923,760 |
| Cost of services | | (1,714,100) | (3,382,007) | (7,340,944) | (6,911,642) |
| Gross profit | | 511,869 | 838,660 | 2,209,981 | 2,012,118 |
| Other income and gain | 5 | 30,277 | 115,061 | 66,806 | 672,539 |
| Selling expenses | | (54,674) | (55,190) | (166,240) | (136,778) |
| General and administrative expenses | | (399,248) | (481,113) | (1,346,244) | (1,302,572) |
| Other operating expenses | | - | (4,502) | (45,813) | (4,706) |
| Profit from operations | | 88,224 | 412,916 | 718,490 | 1,240,601 |
| Finance costs | 6(c) | (6,906) | (41,344) | (19,956) | (59,908) |
| Profit before taxation | 6 | 81,318 | 371,572 | 698,534 | 1,180,693 |
| Taxation | 7 | (23,243) | (135,874) | (128,827) | (201,269) |
| Profit for the period | | 58,075 | 235,698 | 569,707 | 979,424 |
| Other comprehensive expense | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Exchange differences on translating foreign operations | | (143,491) | (439,142) | (346,723) | (820,659) |
| Other comprehensive income/(expense) for the period, net of tax | | (143,491) | (439,142) | (346,723) | (820,659) |
| Total comprehensive (loss)/income for the period | | (85,416) | (203,444) | 222,984 | 158,765 |
| Basic earnings per share | 28 | 0.01 | 0.02 | 0.05 | 0.09 |

CRYSTAL PLANET LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2023

| | | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--|------|---|--|
| | Note | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 39,057 | 83,986 |
| Right-of-use assets | 10 | 298,178 | 318,988 |
| Intangible assets | 11 | 567,126 | 326,486 |
| Other financial assets | 12 | - | 2,367,237 |
| Goodwill | 13 | 1,418,616 | 1,505,370 |
| Other receivables | | 22,308 | 23,672 |
| Deposits | | 10,077 | 10,694 |
| Deferred tax assets | 24 | 45 | 48 |
| | | 2,355,407 | 4,636,481 |
| Current assets | | | |
| Trade and other receivables | 15 | 4,711,192 | 3,822,461 |
| Other investments | 16 | 3,482 | 3,695 |
| Pledged bank deposits | 17 | 2,267,995 | 39,454 |
| Cash and cash equivalents | 18 | 3,316,763 | 2,677,419 |
| | | 10,299,432 | 6,543,029 |
| Current liabilities | | | |
| Trade and other payables | 19 | 6,719,996 | 6,481,378 |
| Lease liabilities | 20 | 166,165 | 168,268 |
| Loans from fellow subsidiaries | 21 | 550,012 | 554,560 |
| Tax payable | | 45,894 | 275,361 |
| | | 7,482,067 | 7,479,567 |
| Net current liabilities | | 2,817,365 | (936,538) |
| Total assets less current liabilities | | 5,172,772 | 3,699,943 |

CRYSTAL PLANET LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2023

| | Note | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--------------------------------|------|---|--|
| Non-current liabilities | | | |
| Loan from a fellow subsidiary | 22 | 800,000 | - |
| Lease liabilities | 20 | 138,777 | 144,629 |
| Provisions | 23 | 2,411 | 46,907 |
| | | 941,188 | 191,536 |
| Net assets | | 4,231,584 | 3,508,407 |
| Equity | | | |
| Share capital | 25 | 2,513,095 | 2,012,903 |
| Reserves | | 1,718,489 | 1,495,504 |
| Total equity | | 4,231,584 | 3,508,407 |

Approved and authorised for issue by the sole director on 30 November 2023.

Lee Han Lim
Sole director

CRYSTAL PLANET LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|-------------|-----------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Operating activities | | | | |
| Profit before taxation | 81,318 | 371,572 | 698,534 | 1,180,693 |
| Adjustments for: | | | | |
| Finance costs | 6,906 | 7,391 | 19,956 | 25,955 |
| Interest income | (4,674) | (12,479) | (11,895) | (25,362) |
| Depreciation of property, plant and equipment | 3,577 | 9,139 | 12,434 | 32,225 |
| Depreciation of right-of-use assets | 55,303 | 61,925 | 181,242 | 206,271 |
| Amortisation of intangible assets | 37,316 | 2,348 | 112,880 | 7,480 |
| Loss(gain) on disposal of property, plant and equipment | (5,102) | 4,327 | 40,487 | 4,327 |
| Gain on disposal of a subsidiary | - | - | - | (458,947) |
| Net foreign exchange gain | (109,279) | 81,942 | (244,449) | (345,991) |
| Operating profit before changes in working capital | 65,365 | 526,166 | 809,189 | 626,651 |
| Decrease in trade and other receivables | (199,707) | (593,694) | (747,874) | (2,199,380) |
| Increase/(Decrease) in trade and other payables | (102,749) | 1,086,238 | 965,447 | 3,833,184 |
| Cash flow generated from/(used in) operations | (237,091) | 1,018,709 | 1,026,762 | 2,260,455 |
| Income tax paid | (316,911) | - | (316,911) | - |
| Cash flow generated from (used in)/ operating activities | (554,002) | 1,018,709 | 709,851 | 2,260,455 |

CRYSTAL PLANET LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|------------------|-----------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Investing activities | | | | |
| Interest received | 5,035 | 14,603 | 5,035 | 26,608 |
| Purchase of property, plant and equipment | - | (40,463) | (35,648) | (40,463) |
| Purchase of Intangible assets | (3,624) | - | (381,212) | - |
| Proceeds from disposal of property, plant and equipment | 4,143 | - | 24,190 | - |
| Repayment of loan receivables | - | - | (4,734) | (81,541) |
| Cash flow (used in)/generated from investing activities | 5,554 | (25,860) | (392,369) | (95,395) |
| Financing activities | | | | |
| Interest paid | - | - | - | (11,000) |
| Proceeds from issuance of share capital | 500,192 | - | 500,192 | - |
| Proceeds from loans | - | 10,000 | - | 20,000 |
| Repayment of loans | - | (34,678) | - | (64,161) |
| Capital element of lease rentals paid | (54,012) | (54,949) | (168,376) | (191,944) |
| Interest element of lease rentals paid | (3,512) | (3,210) | (9,954) | (9,310) |
| Increased in pledged bank deposits | - | - | - | (1,240,030) |
| Cash flow generated from/(used in) financing activities | 442,668 | (82,837) | 321,862 | (1,469,444) |
| Net increase/(decrease) in cash and cash equivalents | (105,780) | 910,012 | 639,344 | 668,615 |
| Cash and cash equivalents at the beginning of the period | 3,422,543 | 3,019,186 | 2,677,419 | 3,260,583 |
| Cash and cash equivalents at the end of the period | 3,316,763 | 3,929,198 | 3,316,763 | 3,929,198 |

CRYSTAL PLANET LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022

| | Share capital US\$ | Retained profits US\$ | Exchange reserve US\$ | Other reserve US\$ | Total US\$ |
|---|--------------------------|--------------------------|-----------------------------|-----------------------|---------------|
| At 1 January, 2022 (audited) | 2,012,903 | 14,697 | (91,039) | (120,955) | 1,815,606 |
| Profit for the year | - | 979,424 | - | - | 979,424 |
| Other comprehensive expense | - | - | (820,659) | - | (820,659) |
| Total comprehensive income/(expense) for the period | - | 979,424 | (820,659) | - | 158,765 |
| At 30 September, 2022 (unaudited) | 2,012,903 | 994,121 | (911,698) | (120,955) | 1,974,371 |
| At 1 January, 2023 (audited) | 2,012,903 | 1,960,228 | (343,769) | (120,955) | 3,508,407 |
| Profit for the year | - | 569,707 | - | - | 569,707 |
| Other comprehensive expense | - | - | (346,723) | - | (346,723) |
| Total comprehensive income/(expense) for the period | - | 569,707 | (346,723) | - | 222,984 |
| Issue of share capital | 500,192 | - | - | - | 500,192 |
| At 30 September, 2023 (unaudited) | 2,513,095 | 2,529,935 | (690,492) | (120,955) | 4,231,584 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

1. General information

Crystal Planet Limited ("the Company") is a private limited company incorporated in Hong Kong. The address of Company's registered office is located at Room 1009-1012, 10/F., K. Wah Centre, 191 Java Road, North Point, Hong Kong.

The interim condensed consolidated financial statements are presented in United States dollars ("US\$"), which is also the functional currency of the Company.

During the period, the principal activities of the Company and its subsidiaries ("the Group") were investment holding, talent management agency services, developing, producing and investing into high-quality entertainment content projects, and creating and deriving new peripheral business and investment opportunities by leveraging on collective roster of artists. The principal activities of the Company's subsidiaries are set out in note 14.

2. Significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all International Accounting Standards ("IASs") and related Interpretations, as issued by the International Accounting Standards Board (the "IASB").

These condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December, 2022. The accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December, 2022.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

3. Application of amendments to International Financial Reporting Standards

The accounting policies applied in these condensed financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December, 2022.

In the current period, the Group has adopted all the new and revised IFRSs issued by IASB that are relevant to its operations and effective for its accounting period beginning on 1 January, 2023 but they do not have a material effect on the Group's consolidated financial statements.

A number of new standards and amendments to standards and effective for annual periods beginning after 1 January, 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated financial statements.

4. Revenue and segment information

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|-------------|-----------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| <i>Revenue from contracts with customers</i> | | | | |
| Talent management income | 2,225,969 | 4,220,667 | 9,548,908 | 8,919,718 |
| <i>Other revenue</i> | | | | |
| Others | - | - | 2,017 | 4,042 |
| | 2,225,969 | 4,220,667 | 9,550,925 | 8,923,760 |

The Group has one business segment.

5. Other income and gain

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|-------------|-----------------------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Bank interest income | 4,674 | 12,478 | 11,895 | 25,362 |
| Net foreign exchange gain | 12,795 | 95,061 | 31,157 | 140,136 |
| Rental income | 2,671 | - | 2,671 | 1,083 |
| Gain on disposal of property, plant and equipment | 5,102 | - | 5,102 | - |
| Gain on disposal of a subsidiary | - | - | - | 451,769 |
| Sundry income | 5,035 | 7,522 | 15,981 | 54,189 |
| | 30,277 | 115,061 | 66,806 | 672,539 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

6. Profit before taxation

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit before taxation is arrived at after charging the following items: | | | | |
| (a) Staff costs | | | | |
| Key personnel management | | | | |
| Salaries and benefits | 103,921 | 86,958 | 319,030 | 256,590 |
| Contribution to defined contribution plan | 7,122 | 7,083 | 22,556 | 44,922 |
| Other staff | | | | |
| Salaries and benefits | 135,498 | 203,798 | 498,276 | 485,713 |
| Contribution to defined contribution plan | 10,307 | 31,411 | 36,792 | 53,961 |
| | 256,848 | 329,250 | 876,652 | 841,186 |
| (b) Other items | | | | |
| Depreciation of property, plant and equipment | 3,577 | 9,139 | 12,434 | 32,225 |
| Depreciation of right-of-use assets | 55,303 | 61,925 | 181,242 | 206,271 |
| Amortisation of intangible assets | 37,316 | 2,348 | 112,880 | 7,480 |
| Loss on disposal of property, plant and equipment | - | 4,327 | 45,589 | 4,327 |
| Variable lease payments not included in the measurement of lease liabilities | - | 6,349 | 2,416 | 21,229 |
| (c) Finance costs | | | | |
| Interest expenses on lease liabilities | 3,512 | 3,210 | 9,954 | 9,310 |
| Interest expenses to fellow subsidiaries | 3,394 | 4,181 | 10,002 | 16,645 |
| Net foreign exchange loss | - | 33,953 | - | 33,953 |
| | 6,906 | 41,344 | 19,956 | 59,908 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

7. Taxation

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

| | Three months ended 30 September | | Nine months ended 30 September | |
|---------------------------------|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Current tax – Korean income tax | | | | |
| Provision for the period | 23,243 | 135,874 | 128,827 | 201,269 |

(a) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made in the financial statements, as the Group has no income chargeable to Hong Kong profits tax for the period.

(b) Korea corporate income tax

Korea corporate income tax is calculated at the rates prevailing in the respective jurisdictions.

8. Benefits and interests of sole director

The sole director received no remuneration for his services to the Group during the periods.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

9. Property, plant and equipment

| | Leasehold improvement US\$ | Furniture, fixtures and equipment US\$ | Motor vehicles US\$ | Total US\$ |
|---------------------------------|---|---|------------------------------------|-----------------------|
| (Unaudited) | | | | |
| Cost | | | | |
| At 1 January, 2023 | 97,609 | 52,762 | 187,461 | 337,832 |
| Additions | 19,176 | 4,219 | 12,253 | 35,648 |
| Disposals | (75,134) | - | (84,639) | (159,773) |
| Exchange realignment | (3,775) | (3,180) | (8,411) | (15,366) |
| At 30 September, 2023 | 37,876 | 53,801 | 106,664 | 198,341 |
| Accumulated depreciation | | | | |
| At 1 January, 2023 | (59,061) | (44,122) | (150,663) | (253,846) |
| Charge for the year | (1,780) | (2,825) | (7,829) | (12,434) |
| Disposals | 37,567 | - | 57,531 | 95,098 |
| Exchange realignment | 2,221 | 2,637 | 7,040 | 11,898 |
| At 30 September, 2023 | (21,053) | (44,310) | (93,921) | (159,284) |
| Carrying amount | | | | |
| At 30 September, 2023 | 16,823 | 9,491 | 12,743 | 39,057 |
| (Audited) | | | | |
| Cost | | | | |
| At 1 January, 2022 | 131,099 | 60,062 | 230,397 | 421,558 |
| Additions | - | 4,912 | 34,829 | 39,741 |
| Disposals | - | - | (29,485) | (29,485) |
| Disposal of a subsidiary | (24,555) | (8,271) | (32,879) | (65,705) |
| Exchange realignment | (8,935) | (3,941) | (15,401) | (28,277) |
| At 31 December, 2022 | 97,609 | 52,762 | 187,461 | 337,832 |
| Accumulated depreciation | | | | |
| At 1 January, 2022 | (72,157) | (51,898) | (163,335) | (287,390) |
| Charge for the year | (16,197) | (3,920) | (19,502) | (39,619) |
| Disposals | - | - | 11,303 | 11,303 |
| Disposal of a subsidiary | 24,484 | 8,264 | 10,412 | 43,160 |
| Exchange realignment | 4,809 | 3,432 | 10,459 | 18,700 |
| At 31 December, 2022 | (59,061) | (44,122) | (150,663) | (253,846) |
| Carrying amount | | | | |
| At 31 December, 2022 | 38,548 | 8,640 | 36,798 | 83,986 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

10. Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

| (Unaudited) | Properties leased for own use US\$ | Motor vehicles US\$ | Total US\$ |
|---------------------------------|---|------------------------------------|-----------------------|
| Cost | | | |
| At 1 January, 2023 | 127,576 | 567,935 | 695,511 |
| Additions | 153,735 | 24,994 | 178,729 |
| Disposals | (112,741) | (36,678) | (149,419) |
| Exchange realignment | (8,707) | (32,345) | (41,052) |
| At 30 September, 2023 | 159,863 | 523,906 | 683,769 |
| Accumulated depreciation | | | |
| At 1 January, 2023 | (84,786) | (291,737) | (376,523) |
| Charge for the year | (76,842) | (104,400) | (181,242) |
| Disposals | 112,741 | 36,678 | 149,419 |
| Exchange realignment | 3,701 | 19,054 | 22,755 |
| At 30 September, 2023 | (45,186) | (340,405) | (385,591) |
| Carrying amount | | | |
| At 30 September, 2023 | 114,677 | 183,501 | 298,178 |
| (Audited) | | | |
| Cost | | | |
| At 1 January, 2022 | 214,287 | 642,533 | 856,820 |
| Additions | 98,069 | 184,113 | 282,182 |
| Disposals | (169,557) | (62,383) | (231,940) |
| Disposal of a subsidiary | - | (153,921) | (153,921) |
| Exchange realignment | (15,223) | (42,407) | (57,630) |
| At 31 December, 2022 | 127,576 | 567,935 | 695,511 |
| Accumulated depreciation | | | |
| At 1 January, 2022 | (159,396) | (318,314) | (477,710) |
| Charge for the year | (105,110) | (160,273) | (265,383) |
| Disposals | 168,204 | 57,185 | 225,389 |
| Disposal of a subsidiary | - | 109,027 | 109,027 |
| Exchange realignment | 11,516 | 20,638 | 32,154 |
| At 31 December, 2022 | (84,786) | (291,737) | (376,523) |
| Carrying amount | | | |
| At 31 December, 2022 | 42,790 | 276,198 | 318,988 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

11. Intangible assets

| (Unaudited) | Contracts US\$ | Copyright US\$ | Membership US\$ | Total US\$ |
|--|---------------------------|---------------------------|----------------------------|-----------------------|
| Cost | | | | |
| At 1 January, 2023 | 626,156 | - | 254,146 | 880,302 |
| Additions | 381,212 | - | - | 381,212 |
| Exchange realignment | (29,435) | - | (14,647) | (44,082) |
| At 30 September, 2023 | 977,933 | - | 239,499 | 1,217,432 |
| Accumulated amortisation and impairment | | | | |
| At 1 January, 2023 | (553,816) | - | - | (553,816) |
| Amortisation | (112,880) | - | - | (112,880) |
| Exchange realignment | 16,390 | - | - | 16,390 |
| At 30 September, 2023 | (650,306) | - | - | (650,306) |
| Carrying amount | | | | |
| At 30 September, 2023 | 327,627 | - | 239,499 | 567,126 |
| (Audited) | | | | |
| Cost | | | | |
| At 1 January, 2022 | 578,544 | 97,005 | 271,682 | 947,231 |
| Additions | 77,402 | - | - | 77,402 |
| Disposal of a subsidiary | (16,596) | (97,005) | - | (113,601) |
| Exchange realignment | (13,194) | - | (17,536) | (30,730) |
| At 31 December, 2022 | 626,156 | - | 254,146 | 880,302 |
| Accumulated amortisation and impairment | | | | |
| At 1 January, 2022 | (567,868) | (97,005) | - | (664,873) |
| Amortisation | (16,240) | - | - | (16,240) |
| Disposal of a subsidiary | 16,596 | 97,005 | - | 113,601 |
| Exchange realignment | 13,696 | - | - | 13,696 |
| At 31 December, 2022 | (553,816) | - | - | (553,816) |
| Carrying amount | | | | |
| At 31 December, 2022 | 72,340 | - | 254,146 | 326,486 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

12. Other financial assets

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--------------------------------------|---|--|
| Time deposits in insurance companies | - | 2,367,237 |

13. Goodwill

| | US\$ |
|--|-------------|
| Acquisition of subsidiaries | |
| At 1 January, 2022 (audited) | 1,609,240 |
| Exchange realignment | (103,870) |
| At 31 December, 2022 and 1 January, 2023 (audited) | 1,505,370 |
| Exchange realignment | (86,754) |
| At 30 September, 2023 (unaudited) | 1,418,616 |

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing, the carrying value of the goodwill set out above has been allocated to the respective CGUs which all provide talent management agency services.

As at 30 September, 2023, goodwill of approximately US\$1,418,616 (as at 31 December, 2022: US\$1,505,370) is allocated to the different cash generating units ("CGUs").

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

14. Subsidiaries

At 30 September, 2023, particulars of the subsidiaries are as follows:

| Company | Place of incorporation | Issued capital | Proportion of ownership interest held | | Principal activities |
|---|------------------------|------------------------------|---------------------------------------|----------|--------------------------|
| | | | Direct | Indirect | |
| MSteam Entertainment Co., Ltd. ¹ | Korea | Ordinary KRW1,566,670,000 | 100% | - | Talent management agency |
| SBD Entertainment Inc. ² | Korea | Ordinary KRW410,000,000 | 100% | - | Talent management agency |

During the period, no dividend was declared by the subsidiaries.

15. Trade and other receivables

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--------------------------------------|---|--|
| Trade receivables | 345,293 | 222,978 |
| Less: expected credit loss allowance | - | - |
| Trade receivables, net | 345,293 | 222,978 |
| Prepayments | 314,177 | 58,948 |
| Deposits | 296,385 | 310,690 |
| Interest receivable from bank | 7,358 | 7,657 |
| Advances paid | 3,745,004 | 3,217,453 |
| Other receivables | 2,975 | 4,735 |
| | 4,711,192 | 3,822,461 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

15. Trade and other receivables (continued)

The aging analysis of the carrying amounts of trade receivables that are not considered to be impaired is as follows:

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|-------------------------------|---|--|
| Neither past due nor impaired | 345,293 | 222,978 |

Receivables that were neither past due nor impaired relate to customers have no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no expected credit loss allowance is necessary in respect of these balances as there has not been a significant increase in credit risk and the balances are expected to be fully recoverable.

16. Other investments

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--------------------------|---|--|
| Theatrical film projects | 3,482 | 3,695 |

17. Pledged bank deposits

As at 30 September, 2023, such bank balances amounting were pledged to banks for securing credit facilities granted to the Group. For the nine-months ended 30 September, 2023, the pledged deposits carry interest rate ranging from 2.65% to 3.69% (for the year ended 31 December, 2022: 0.85%) per annum.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

18. Cash and cash equivalents

(a) Cash and cash equivalents comprise:

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|---------------------------|---|--|
| Cash at banks and in hand | 3,316,763 | 2,677,419 |

(b) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

| (Unaudited) | Lease liabilities US\$ | Loans from fellow subsidiaries US\$ | Interest payables to fellow subsidiaries US\$ | Total US\$ |
|--|---------------------------------------|--|--|-----------------------|
| At 1 January, 2023 | 312,897 | 554,560 | 8,005 | 875,462 |
| Changes from financing cash flows: | | | | |
| Proceeds from a fellow subsidiary | - | 800,000 | - | 800,000 |
| Capital element of lease rentals paid | (166,909) | - | - | (168,376) |
| Interest element of lease rentals paid | (9,954) | - | - | (9,954) |
| Total changes from financing cash flows | (176,863) | 800,000 | - | 623,137 |
| Exchange adjustments | (19,775) | (4,548) | (328) | (24,651) |
| New lease entered | 178,729 | - | - | 178,729 |
| Interest expenses (note 6(c)) | 9,954 | - | 10,002 | 19,956 |
| Total other changes | 168,908 | (4,548) | 9,674 | 174,034 |
| At 30 September, 2023 | 304,942 | 1,350,012 | 17,679 | 1,672,633 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

18. Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities: (continued)

| (Unaudited) | Lease Liabilities US\$ | Loans from fellow subsidiaries US\$ | Interest payables to fellow subsidiaries US\$ | Total US\$ |
|--|------------------------------|--|--|------------------|
| At 1 January, 2022 | 361,358 | 944,491 | 32,064 | 1,337,913 |
| Changes from financing cash flows: | | | | |
| Proceeds from loans | - | 20,000 | - | 20,000 |
| Repayments of loans | - | (64,161) | - | (64,161) |
| Interest paid | - | - | (11,000) | (11,000) |
| Capital element of lease rentals paid | (191,944) | - | - | (191,944) |
| Interest element of lease rentals paid | (9,310) | - | - | (9,310) |
| Total changes from financing cash flows | (201,253) | (44,161) | (11,000) | (256,414) |
| Exchange adjustments | (75,454) | 33,572 | (5,057) | (46,939) |
| New lease entered | 258,455 | - | - | 258,455 |
| Interest expenses (note 6(c)) | 9,310 | - | 16,645 | 25,955 |
| Disposal of a subsidiary | (46,785) | (353,706) | (22,421) | (422,912) |
| Total other changes | 145,526 | (320,134) | (10,833) | (185,441) |
| At 30 September, 2022 | 305,631 | 580,196 | 10,231 | 896,058 |

19. Trade and other payables

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--|---|--|
| Trade payables | 1,210,264 | 617,441 |
| Accruals | 118,689 | 29,583 |
| Interest payables to fellow subsidiaries | 17,679 | 8,005 |
| Advances received | 5,256,218 | 4,497,289 |
| Other payables | 58,702 | 250,335 |
| Amount due to immediate parent company | - | 9,026 |
| Amount due to a fellow subsidiary | 58,444 | 1,069,699 |
| | 6,719,996 | 6,481,378 |

The amounts due to immediate parent company and a fellow subsidiary are unsecured, non-interest bearing and repayable on demand.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

20. Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

| | 30 September, 2023 | | 31 December, 2022 | |
|------------------------------------|--|---|--|---|
| | (Unaudited) | | (Audited) | |
| | Total lease payments US\$ | Present value of the lease payments US\$ | Total lease payments US\$ | Present value of the lease payments US\$ |
| Within 1 year | 175,613 | 166,165 | 176,537 | 168,268 |
| After 1 year but within 5 years | 143,470 | 138,777 | 150,968 | 144,629 |
| Total lease payments | 319,083 | 304,942 | 327,505 | 312,897 |
| Total future interest expenses | (14,141) | | (14,608) | |
| Present value of lease liabilities | 304,942 | | 312,897 | |
| Amount due within 1 year | 166,165 | | 168,268 | |
| Amount due after 1 year | 138,777 | | 144,629 | |

The analysis of expense items in relation to lease liabilities recognised in profit or loss is as follows:

| | Nine months ended | |
|---|---|---|
| | 30 September 2023 US\$ (Unaudited) | 30 September 2022 US\$ (Audited) |
| Expense relating to short-term leases | - | 19,368 |
| Expense relating to leases of low-value assets, excluding short-term leases of low value assets | 2,416 | 1,861 |
| Lease expenses for the year | 2,416 | 21,229 |
| Repayment of principal portion of lease liabilities | 166,909 | 191,944 |
| Interest paid on lease liabilities | 9,954 | 9,310 |
| Total cash flow for leases for the period/ year | 179,279 | 222,482 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

21. Loans from fellow subsidiaries

Included, the loan of US\$393,652 as at 30 September, 2023 (31 December, 2022: US\$393,652) is unsecured, interest bearing at 2% (31 December, 2022: 2%) per annum and repayable by 31 December, 2023 (31 December, 2022: 31 December, 2023).

Included, the loan of US\$82,000 as at 30 September, 2023 (31 December, 2022: US\$82,000) is unsecured, interest bearing at 2% (31 December 2022: 2%) per annum and repayable by 31 December, 2023 (31 December, 2022: 31 December, 2023).

Included, the loan of US\$74,360 as at 30 September, 2023 (31 December, 2022: US\$78,908) is unsecured, interest bearing at 4.6% (31 December, 2022: 4.6%) per annum and repayable by 31 December, 2023 (31 December, 2022: 31 December, 2023).

22. Loan from a fellow subsidiary

The loan is unsecured, interest bearing at 2% per annum and repayable on 31 December, 2025.

23. Provisions

| | Severance payments US\$ |
|---|------------------------------------|
| At 1 January, 2022 (audited) | 53,321 |
| Additional provisions recognised | 60,783 |
| Provisions utilised | (63,698) |
| Exchange realignment | (3,499) |
| At 31 December, 2022 and 1 January, 2023 (audited) | 46,907 |
| Additional provisions recognised | 59,348 |
| Provisions utilised | (102,570) |
| Exchange realignment | (1,274) |
| At 30 September, 2023 (unaudited) | 2,411 |

Analysed for reporting purposes as:

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|---------------------|---|--|
| Non-current portion | 2,411 | 46,907 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

24. Deferred taxation

The following are the deferred tax assets/(liabilities) recognised by the Group and movements thereon during the year/period:

| | Provisions US\$ | Tax loss US\$ | Total US\$ |
|-----------------------------------|----------------------------|--------------------------|-----------------------|
| At 1 January, 2022 (audited) | (11,398) | 6,907 | (4,491) |
| Credited to profit or loss | 2,211 | 1,957 | 4,168 |
| Exchange realignment | 779 | (408) | 371 |
| At 31 December, 2022 (audited) | (8,408) | 8,456 | 48 |
| At 1 January, 2023 (audited) | (8,408) | 8,456 | 48 |
| Credited to profit or loss | - | - | - |
| Exchange realignment | 405 | (408) | (3) |
| At 30 September, 2023 (unaudited) | (8,003) | 8,048 | 45 |

Reconciliation to the consolidated statement of financial position:

| | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
|--------------------------|---|--|
| Deferred tax assets | 6,672 | 7,080 |
| Deferred tax liabilities | (6,627) | (7,032) |
| | 45 | 48 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

25. Share capital

| | Number of shares | | Share capital | |
|--|----------------------|---------------------|---|--|
| | 30 September 2023 | 31 December 2022 | 30 September 2023 US\$ (Unaudited) | 31 December 2022 US\$ (Audited) |
| Issued and fully paid | | | | |
| <i>Ordinary shares without par value</i> | | | | |
| At beginning of period/year | 11,000,000 | 11,000,000 | 2,012,903 | 2,012,903 |
| Issue of shares | 183,894 | - | 500,192 | - |
| At end of period/year | 11,183,894 | 11,000,000 | 2,513,095 | 2,012,903 |

On 11 September, 2023, the issued capital of the Company was increased from US\$2,012,903 to US\$2,513,095 by allotting shares of US\$2.72 each for cash for the purpose of increasing the working capital of the Company.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group regularly reviews and manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or to obtain new bank borrowings. The Group is not subject to any externally imposed capital requirements.

26. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the period:

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | 2023 US\$ (Unaudited) | 2022 US\$ (Unaudited) | 2023 US\$ (Unaudited) | 2022 US\$ (Unaudited) |
| Interest expenses to a fellow subsidiary note (a) | 2,510 | 2,663 | 7,356 | 11,417 |
| Interest expenses to a fellow subsidiary note (b) | 884 | 1,518 | 2,646 | 5,228 |

Note:

- (a) Spackman Media Group Pte. Ltd.
- (b) Spackman Media Korea Inc.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

27. Subsequent event

The Company ("CPL") and Spackman Equities Group Inc ("SQG") entered into a definitive share exchange agreement on February 6, 2023 and agreed to amend the agreement on August 4, 2023 (the "Agreement"), pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of the Company from the shareholders of the Company.

The transaction will constitute a "Reverse Takeover" ("RTO") transaction under the policies of the TSX Venture Exchange (the "TSXV").

SQG is a company incorporated under the Canada Business Corporations Act and its shares are publicly traded on the TSXV under the symbol SQG.

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"). 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.

As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the "SQG Concurrent Financing") by Hampton Securities Limited, of subscription receipts of SQG at a post-Consolidation price of CAD\$0.20 (US\$0.15) per Subscription Receipt; and (ii) a non-brokered private placement of ordinary shares of CPL at a price of US\$2.72 per ordinary share (the "CPL Concurrent Financing"), for aggregate gross proceeds from the sale of the Subscription Receipts and the ordinary shares of CPL of a minimum of US\$7,050,000 and a maximum of US\$20,000,000 (collectively, the "Concurrent Financing").

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER, 2023 AND 2022**

28. Earnings per share

The calculation of the basic earnings per share attributable to the ordinary shareholder of the Company is based on the following data:

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|--|--------------------|---|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | US\$ | US\$ | US\$ | US\$ |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Earnings | | | | |
| Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company) | 58,075 | 235,698 | 569,707 | 979,424 |
| | | | | |
| | Three months ended 30 September | | Nine months ended 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| Number of shares | | | | |
| For the purpose of basic earnings per share | | | | |
| Number of ordinary shares | 11,183,894 | 11,000,000 | 11,183,894 | 11,000,000 |
| | | | | |
| Number of shares for the purpose of basic earnings per share | 11,183,894 | 11,000,000 | 11,183,894 | 11,000,000 |

The number of shares used for the purpose of calculating basic earnings per share for the period ended 30 September 2023 and 2022 were calculated on the basis of the number of the ordinary shares of the Company in issue during the period.

Diluted profit per share is the same as the basic profit per share.

29. Approval of condensed consolidated financial statements

These condensed consolidated financial statements were approved and authorised for issue by the sole director on 30 November, 2023.

Crystal Planet Limited

Management's Discussion and Analysis

For the nine months ended September 30, 2023

Overview

The following Management's Discussion and Analysis ("**MD&A**") provides additional analysis of the operations, financial position and financial performance of Crystal Planet Limited ("**CPL**" or the "**Company**") and its subsidiaries (collectively the "**Group**") for the six months ended September 30, 2023. It is supplementary information and should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the nine months ended September 30, 2023, and for the year ended December 31, 2022.

This MD&A is the responsibility of the management. The Board of Directors carries out its responsibility for the review of this disclosure.

CPL, a company incorporated in Hong Kong, together with its subsidiaries, is one of the leading entertainment talent agencies in Korea. The Company, through its two full-service talent agencies in Korea, 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.

The Group represents a leading portfolio of artists. The collective roster of artists ranges from the top stars, rising stars as well as young artists who are preparing for their debut. The Group's network of leading talent agencies works closely with its roster of clients to provide counsel and resources to originate and cultivate a wide range of opportunities for the artists, in the areas of film, TV, commercial endorsements, and branded entertainment. The experienced management of each of the agencies professionally and personally engage each of our artists, who are in different stages in their careers, to find a customized long-term oriented strategy that are tailored individually to each of the artists. In addition, with the growing number of platforms available to help establish a client as a "brand", our agencies actively work to create in-roads across digital and social media, licensing and merchandising, publishing, and live-event opportunities.

The Company wholly-owns two talent management agencies, namely:

MSteam Entertainment Co., Ltd. ("MSteam"). MSteam comprises iconic Korean actress Son Ye-jin, top international star Wi Ha-jun from *SQUID GAME*, top Korean actress Lee Min-jung, Ko Sung-hee & Lee Cho-hee.

SBD Entertainment Inc. ("SBD"). SBD manages a group of artists that includes rising stars such as Han Ji-hyun & Park Keun-rok.

The Company is wholly-owned by Spackman Media Group Limited ("**SMG**"), one of Korea's largest entertainment companies. For more information, please visit www.spackmanmediagroup.com

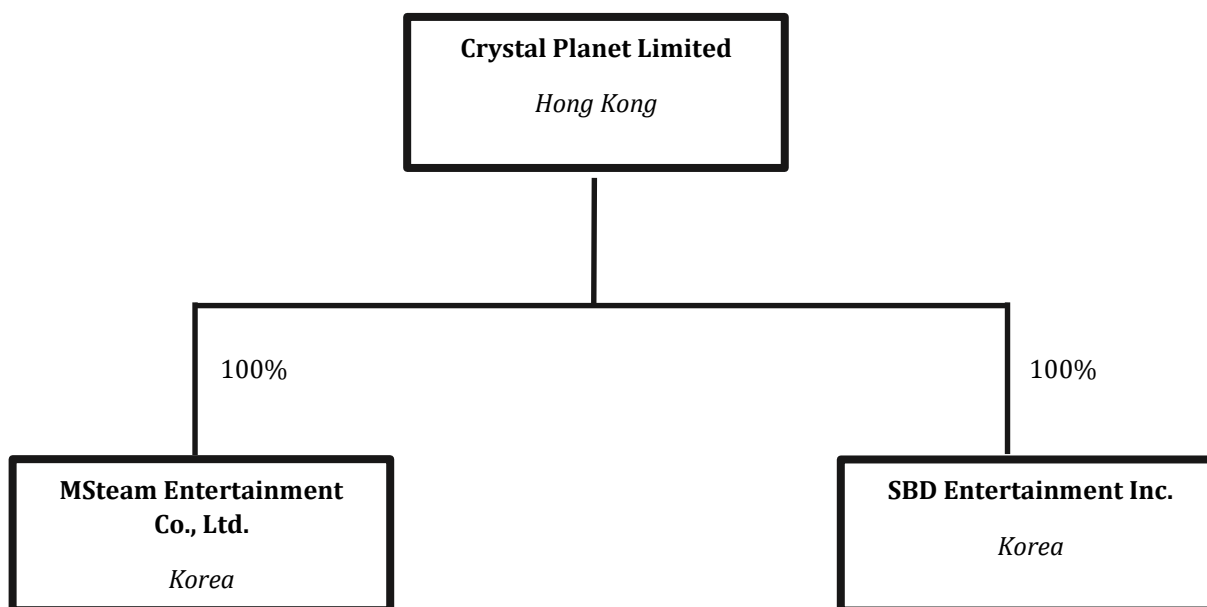
The Company, SMG and Spackman Equities Group Inc ("**SQG**") entered into a definitive share exchange agreement on February 6, 2023, and agreed to amend the agreement on August 4, 2023, pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of the Company from the shareholders of the Company. The transaction will constitute a "Reverse Takeover" ("**RTO**") transaction under the policies of the TSX Venture Exchange (the "**TSXV**").

FORWARD-LOOKING STATEMENTS

Matters may be included in this MD&A that constitute "forward-looking" information within the meaning of Hong Kong securities law. Such forward-looking statements may be identified by words such as "plans", "proposes", "estimates", "intends", "expects", "believes", "may" or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. Most of these factors are outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

Structure and Holdings

The following diagram is the group structure of the companies under Crystal Planet Limited:



Results of Operations

Revenue

The Group manages a roster of artists and revenue is derived mainly from talent management services. The talent management services comprise the artists' participation in advertisements, TV dramas, movies and other entertainment content projects. The breakdown of revenue for 9M FY2022 and 9M FY2023 is set out as below:

| | 9M FY2022 | | 9M FY2023 | |
|---------------------------|------------------|---------------|------------------|---------------|
| | US\$'000 | % | US\$'000 | % |
| Talent management service | | | | |
| - Advertisements | 5,941 | 66.57 | 7,216 | 75.55 |
| - TV dramas | 2,815 | 31.55 | 1,584 | 16.59 |
| - Movies | 104 | 1.17 | 492 | 5.15 |
| - Other appearance | 60 | 0.67 | 226 | 2.37 |
| Investment in contents | 4 | 0.04 | 2 | 0.02 |
| Others | - | - | 31 | 0.32 |
| Total | 8,924 | 100.00 | 9,551 | 100.00 |

Revenue increased by US\$0.63 million or 7.03% from US\$8.92 million to US\$9.55 million. This was mainly due to increase in revenue from artists' appearance in advertisements.

Cost of services

Cost of sales mainly comprised fees to artists based on the revenue sharing ratio between the artists and the Group. The breakdown of cost of services for 9M FY2022 and 9M FY2023 is set out as below:

| | 9M FY2022 | | 9M FY2023 | |
|---------------------------|------------------|---------------|------------------|---------------|
| | US\$'000 | % | US\$'000 | % |
| Talent management service | | | | |
| - Advertisements | 4,649 | 67.25 | 5,718 | 77.89 |
| - TV dramas | 2,143 | 31.00 | 1,047 | 14.26 |
| - Movies | 79 | 1.15 | 400 | 5.45 |
| - Other appearance | 41 | 0.60 | 176 | 2.40 |
| Total | 6,912 | 100.00 | 7,341 | 100.00 |

Cost of services increased by US\$0.43 million or 6.21% from US\$6.91 million to US\$7.34 million, mainly due to increase of fees to artists for the appearance in advertisements.

Gross profit

The key determination of gross profit is the revenue generated from talent management services. Gross profit amounted to US\$2.01 million and US\$2.21 million for 9M FY2022 and 9M FY2023, which represented 22.55% and 23.14% of revenue respectively.

Other income and gain

Other income and gain mainly comprised net foreign exchange gain and interest income. Other income and gain amounted to US\$0.67 million and US\$0.07 million for 9M FY2022 and 9M FY2023, which represented 7.54% and 0.70% of revenue respectively.

| | 9M FY2022 | | 9M FY2023 | |
|---|------------|---------------|-----------|---------------|
| | US\$'000 | % | US\$'000 | % |
| Interest income | 25 | 3.71 | 12 | 17.91 |
| Net foreign exchange gain | 141 | 20.95 | 31 | 46.27 |
| Rental income | 1 | 0.15 | 3 | 4.48 |
| Gain on disposal of property, plant and equipment | - | - | 5 | 7.46 |
| Gain on disposal of a subsidiary | 452 | 67.16 | - | - |
| Sundry income | 54 | 8.02 | 16 | 23.88 |
| Total | 673 | 100.00 | 67 | 100.00 |

Other income and gain decreased by US\$0.61 million or 90.07% from US\$0.67 million to US\$0.07 million. The decrease is mainly due to decrease in net foreign exchange gain and gain on disposal of a subsidiary.

The Group disposed a wholly-owned subsidiary, Kook Entertainment Co., Ltd., to an independent third party on June 21, 2022. Kook Entertainment Co., Ltd. was principally engaged in the talent management business.

Selling expense

Selling expense increased by US\$0.03 million or 21.54% from US\$0.14 million to US\$0.17 million, mainly due to an increase in revenue and business travel numbers from the lifting of border restrictions and the gradual reopening of air traffic.

General and administrative expenses

General and administrative expenses increased by US\$0.04 million or 3.35% from US\$1.30 million to US\$1.35 million. The increase is primarily attributable to an increase in revenue and personnel expenses resulting from the addition of new employees.

Other operating expenses

Other operating expenses increased by US\$41,107 from US\$4,706 to US\$45,813, mainly due to losses from the disposal of property, plant and equipment.

Finance costs

Finance costs decreased by US\$0.04 million or 66.69% from US\$0.06 million to US\$0.02 million, mainly due to a decrease in the interest expenses on loans from fellow subsidiaries and related companies.

Profit before tax

As a result of the above, the Group recorded a profit before tax of US\$0.70 million for 9M FY2023 compared to a profit before tax of US\$1.18 million for 9M FY2022.

Financial Position

Non-current assets

The Group's non-current assets as at 30 September 2023 was US\$2.36 million, which decreased by US\$2.28 million or 49.20% from US\$4.64 million as compared to 31 December 2022. This was mainly due to:

- i) Decrease in other financial assets by US\$2.37 million which was due to reclassification of time deposit to pledged bank deposits.
- ii) Decrease in goodwill by US\$0.09 million which was due to changes in foreign exchange rates.
- iii) Decrease in property, plant and equipment by US\$0.04 million which was mainly attributable to the depreciation and amortization charged.
- iv) Increase in intangible assets by US\$0.24 million which was mainly attributable to the extension of exclusive artist contracts.

Current assets

The Group's current assets increased by US\$3.76 million or 57.41% from US\$6.54 million to US\$10.30 million. This was mainly due to the increase in trade and other receivables of US\$0.89 million and increased in cash and cash equivalents of US\$0.64 million as explained in the consolidated statement of cash flow below.

Non-current liabilities

The Group's non-current liabilities increased by US\$0.75 million or 391.39% from US\$0.19 million to US\$0.94 million. It was mainly due to the loan extension of US\$0.80 million from a fellow subsidiary.

Current liabilities

The Group's current liabilities increased by US\$2,500 or 0.03%, which remained stable at US\$7.48 million.

Cash Flows

Consolidated statement of cash flow

As of 30 September 2023, the Group had cash and cash equivalents amounting to US\$3.32 million as compared to cash and cash equivalents amounting to US\$3.93 million as at 30 September 2022.

The significant cash movements during 9M FY2023 as compared to 9M FY2022 can be summarized as follows:

Cash flow generated from operating activities for 9M FY2023 amounted to US\$0.71 million as compared to cash flow generated from operating activities of US\$2.26 million for 9M FY2022. The cash flow generated from operating activities for 9M FY2023 was mainly attributed to the operating profit before working capital changes of US\$0.81 million and increase in trade and other payables of US\$0.97 million. This was partially offset by decrease in trade and other receivables of US\$0.75 million.

Cash flow used in investing activities for 9M FY2023 was US\$0.40 million as compared to cash flow used in investing activities of US\$0.10 million for 9M FY2022. The cash flow used in investing activities was mainly due to payments for intangible assets of US\$0.38 million and purchase of purchase of property, plant and equipment of US\$0.04 million. This was partially offset by proceeds from the disposal of property, plant and equipment of US\$0.02 million.

Cash flow generated from financing activities was US\$0.32 million for 9M FY2023 as compared to cash flow used in financing activities of US\$1.50 million for 9M FY2022. The cash flow generated from financing activities for 9M FY2023 was mainly due to proceeds from issuance of share capital of US\$0.50 million. This was partially offset by lease rental payments of US\$0.18 million.

Related Party Transactions

The following related party transactions occurred and were reflected in the consolidated financial statements for the six months ended September 30, 2023, and September 30, 2022, as follows:

| | Nine months ended 30 September | |
|--|---|-------------|
| | 2023 | 2022 |
| | US\$ | US\$ |
| Interest expenses to fellow subsidiaries | 10,002 | 10,977 |

Included in trade and other payables are interest payables to fellow subsidiaries of US\$17,679 (31 December, 2022: US\$8,005), amount due to immediate parent company of US\$ nil (31 December, 2022: US\$9,026) and amount due to a fellow subsidiary of US\$58,444 (31 December, 2022: US\$1,069,699).

Included in loans from fellow subsidiaries (current liabilities) is the loan of US\$550,012 as at 30 September 2023 (31 December, 2022: US\$554,560).

Included in loan from a fellow subsidiary (non-current liabilities) is the loan of US\$800,000 as at 30 September 2023 (31 December, 2022: US\$ nil).

SUMMARY OF SELECTED QUARTERLY INFORMATION

(unit: USD)

| | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue | 2,225,969 | 4,370,483 | 2,954,473 | 7235,768 | 4,220,667 | 2,726,777 | 1,976,316 | 3,680,107 |
| Profit after tax | 58,075 | 401,788 | 109,844 | 966,107 | 235,698 | 634,477 | 109,249 | (128,247) |
| Total comprehensive income (loss)* | (85,416) | 359,475 | (51,075) | 1,534,035 | (203,443) | 331,015 | 27,194 | (131,543) |
| Basic earning per share | 0.005 | 0.037 | 0.010 | 0.088 | 0.021 | 0.058 | 0.010 | (0.012) |
| Diluted earning per share | 0.005 | 0.037 | 0.010 | 0.088 | 0.021 | 0.058 | 0.010 | (0.012) |

* Comprehensive loss is due to exchange differences on translating foreign operations

Significant Accounting Policies

The Group's financial statements for the six months ended September 30, 2023, were prepared using accounting policies consistent with IFRS. A summary of significant accounting policies under IFRS is presented in Note 3 of the consolidated financial statements of the Group for the year ended December 31, 2022.

Risk Factors and Risk Management

CPL shareholders and potential investors in CPL should carefully consider the following risk factors and all the other information contained in this MD&A when evaluating CPL and its common shares.

An investment in the Company's shares involves a number of risks, many of which are beyond its control. The risks and uncertainties set out below are all of the known risks, which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company are currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Industry Risks

CPL's businesses are very dependent on the strength of the Korean entertainment industry. The talent management business also carries internal risks such as reputation risk, health and safety concerns, reliance on few clients, and talent development and retention. External risks include intense competition, changing audience preferences, shifts in media landscape, digital disruption, economic fluctuations, and domestic and overseas regulatory changes.

Competition

The Korean companies owned by CPL face intense competition, including competition from other companies, some of whom have greater financial and other resources. Spotting and signing emerging talent is crucial. Agencies are always on the lookout for the next big star. This leads to intense competition, especially when a particular actor starts gaining traction or attention. Moreover, once actors achieve a certain level of success, other agencies might try to poach them with promises of better opportunities or terms. Retaining top talent becomes as important and competitive as acquiring new talent. There can be no assurance that they will be able to successfully compete against their respective

competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

Currency Fluctuations

The Company is exposed to fluctuations in the value of the currencies of the Republic of Korea, the Special Administrative Region of Hong Kong, Canada and the United States. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

The Company and its investee companies may become parties to lawsuits, claims and litigation arising in the ordinary course of business. Such lawsuits could result in significant costs and the outcome of such lawsuits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Economic Conditions in Korea

The principal assets of the Company are its wholly-owned subsidiaries with operations and assets located in the Republic of Korea. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea. From early 1997 until 1999, Korea experienced a significant financial and economic downturn, from which it has now recovered.

Tensions with North Korea and China

Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly as a result of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increased uncertainty regarding North Korea's actions, particularly in light of the recent leadership change, and possible responses from the international community. Tensions have escalated on the Korean peninsula, and there can be no assurance that the level of tension will not escalate further in the future.

In 2017, the Republic of Korea installed the THAAD anti-missile defense system to better counter North Korea's evolving missile threats, and China reacted by sharply cutting trade and cultural imports with the Republic of Korea, which included Korean entertainment media. The suspension lasted nearly six years until November 2022 when China allowed the first Korean content to resume streaming.

Any further increase in tensions, which may occur, for example, if military hostilities occur or North Korea experiences a leadership or economic crisis or China reinstates a ban on Korean content, could have a material adverse effect on the Company's operations and the market value of its common shares.

Financial Instability in Other Countries

The Korean market and the Korean economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries. A loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in Korean financial markets. It is possible that the financial events of the type that occurred in emerging markets in Asia in 1997 and 1998 will happen again, which would have an adverse effect on the market value of the Company's common shares.

Covid-19

The coronavirus known as Covid-19 which spread throughout the world in the first quarter of 2022 has had a dramatic negative effect on the economies of the Republic of Korea and the United States, which will in turn negatively affected the Korean entertainment industry.

Strategy and Future Direction

TALENT REPRESENTATION

In most cases, our talent agencies will enter into a contract with an artist for a period ranging from two to five years. Top artists will typically sign for two to three years, and free agent recruits may require an incentive signing bonus, while newcomers will sign for up to five years. Our artists engage in three main areas of business:

- 1) Commercial Films/Endorsements ("CF"),
- 2) Theatrical Films, and
- 3) Television Dramas and Variety Shows.

Our talent agencies operate independently of each other. However, the Group will assist and facilitate communication and cooperation between the agencies. The Group holds periodic formal and informal CEO meetings in order to share information and to alleviate or resolve any potential conflicts between the artists and agencies.

CONTENT DEVELOPMENT AND PRODUCTION

The Company leverages its collective roster of artists to act as a platform that affords us access to, and in many cases "a first look" at production, investment and participation in a diverse array of quality content projects in film, drama, variety shows, and other entertainment content in Korea and internationally. It is common knowledge in the Korean entertainment industry, that there are significant barriers to entry in accessing investment opportunities of the top-tier entertainment content projects that have high expectations of commercial success.

Through our platform of elite artists, we have the ability to “package” our artiste clientele with quality entertainment content projects from an early stage of development. We are advantageously and competitively positioned to gain such early access to developing, producing, financing and owning the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas. In coming years, the Company believes that income derived from content production and investments involving our artists will significantly add to our growth.

COLLABORATIVE INVESTMENTS

The Company’s leading portfolio of artists also serve as a platform through which we create and derive new peripheral business and investment opportunities. Development stage businesses in a variety of industry segments, whether it be in fashion, cosmetics, dining, food & beverage, healthcare & beauty, etc., seek direct collaboration opportunities with our artists in order to increase its credibility and visibility in the market for further growth. The Group, together with our artists, will selectively participate in and invest into such businesses that can enhance its growth potential by collaborating with the “brands” of our artists, and in many cases, our entertainment content projects.

In addition, many of our artists originate their own businesses in a diverse range of sectors. The Company will also selectively participate in and invest into such opportunities in which we can work in direct partnership with our artists to develop businesses that have potential for consistent growth in value.

We seek to build a diverse investment portfolio in which we can leverage the branding of our artists, our entertainment content projects, and our network of relationships to create added value.

ADVISORY AND CONSULTING SERVICES FOR ENTERTAINMENT & MEDIA BUSINESSES

The Company also provides innovative consulting services to companies in the Entertainment and Media sector. Our strategic advisory team has collectively over 40 years of experience in advisory services for the Entertainment and Media sector, including corporate finance, merger and acquisitions, and strategic partnerships. We also provide consulting to our artists in regards to their personal investments.

Subsequent Event

The Company and Spackman Equities Group Inc (“SQG”) entered into a definitive share exchange agreement on February 6, 2023 and agreed to amend the agreement on August 4, 2023 (the “Agreement”), pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of the Company from the shareholders of the Company.

The transaction will constitute a “Reverse Takeover” (“RTO”) transaction under the policies of the TSX Venture Exchange (the “TSXV”).

SQG is a company incorporated under the Canada Business Corporations Act and its shares are publicly traded on the TSXV under the symbol SQG.

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"). 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.

As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the "SQG Concurrent Financing") by Hampton Securities Limited, of subscription receipts of SQG at a post-Consolidation price of CAD\$0.20 (US\$0.15) per Subscription Receipt; and (ii) a non-brokered private placement of ordinary shares of CPL at a price of US\$2.72 per ordinary share (the "CPL Concurrent Financing"), for aggregate gross proceeds from the sale of the Subscription Receipts and the ordinary shares of CPL of a minimum of US\$3,400,000 and a maximum of US\$20,000,000 (collectively, the "Concurrent Financing").

November 30, 2023

SCHEDULE "D" TO INFORMATION CIRCULAR OF
SQG - PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER FOR THE PERIODS ENDED DECEMBER 31,
2022 AND SEPTEMBER 30, 2023

See attached.

**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF
SPACKMAN EQUITIES GROUP INC.**

AS AT December 31, 2022

(Unaudited)

(IN US DOLLARS)

SPACKMAN EQUITIES GROUP INC.**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

| | Spackman Dec. 31, 2022 CDN\$ | Spackman Dec. 31, 2022 | Crystal Dec. 31, 2022 | Proforma Note | Pro Forma Adjustments | Pro Forma |
|--------------------------------------|------------------------------------|------------------------------|-----------------------------|------------------|--------------------------|-----------------|
| Current assets | | | | | | |
| Cash | \$7 | \$6 | \$2,677 | (2a) | \$6,550 | |
| | | | | (2b) | \$500 | |
| | | | | (2c) | \$343 | |
| | | | | (2d) | (\$195) | |
| | | | | (2i) | (\$363) | \$9,518 |
| Accounts receivable | - | - | \$3,822 | | | \$3,822 |
| Short term investments | - | - | \$4 | | | \$4 |
| Pledge bank deposits | - | - | \$39 | | | \$39 |
| | \$7 | \$6 | \$6,543 | | | \$13,384 |
| Non-current assets | | | | | | |
| Property, plant and equipment | | - | \$84 | | | \$39 |
| Right of use asset | | - | \$319 | | | \$298 |
| Intangible assets | | - | \$326 | | | \$567 |
| Goodwill | | - | \$1,505 | (2e) | \$1,014 | \$2,519 |
| Other Financial Assets | | | \$2,367 | | | \$2,367 |
| Investment in public company | \$435 | \$343 | - | (2c) | (\$343) | - |
| Investment in private company | \$155 | \$122 | - | | | \$122 |
| Other long-term receivables | | - | \$34 | | | \$34 |
| | \$590 | \$465 | \$4,636 | | | \$5,773 |
| Total assets | \$597 | \$471 | \$11,180 | | | \$19,157 |
| Current liabilities | | | | | | |
| Borrowings | \$1,018 | \$803 | \$555 | | | \$1,358 |
| Trade and other payables | \$297 | \$235 | \$6,481 | | | \$6,716 |
| Lease liabilities | - | - | \$168 | | | \$168 |
| Tax payable | - | - | \$275 | | | \$275 |
| | \$1,316 | \$1,038 | \$7,480 | | | \$8,517 |
| Non-current liabilities | | | | | | |
| Lease liabilities | - | - | \$145 | | | \$145 |
| Provisions | - | - | \$47 | | | \$47 |
| | | | \$192 | | | \$192 |
| Total liabilities | \$1,316 | \$1,038 | \$7,671 | | | \$8,709 |

See accompanying notes to pro forma consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

Shareholders' Equity

| | | | | | | |
|-------------------------------------|---------------------|---------------------|------------------------|------|-----------|------------------------|
| Share capital | \$11,601 | \$9,151 | \$2,013 | (2a) | \$6,050 | |
| | | | | (2b) | \$367 | |
| | | | | (2d) | (\$82) | |
| | | | | (2e) | (\$9,151) | |
| | | | | (2e) | \$447 | |
| | | | | (2g) | (\$16) | |
| | | | | (2h) | (\$363) | \$8,916 |
| Contributed surplus | \$1,559 | \$1,229 | (\$465) | (2e) | (\$1,229) | |
| | | | | (2b) | \$133 | |
| | | | | (2g) | 16 | (\$316) |
| Retained earnings (deficit) | (\$13,878) | (\$10,947) | \$1,960 | (2e) | \$10,947 | |
| | | | | (2d) | (\$113) | \$1,848 |
| Total shareholders' equity | <u>(\$718)</u> | <u>(\$567)</u> | <u>\$3,508</u> | | | <u>\$10,448</u> |
| Total equity and liabilities | <u>\$597</u> | <u>\$471</u> | <u>\$11,180</u> | | | <u>\$19,157</u> |

| | <i>Spackman For the year ended December 31, 2022 CDN\$</i> | <i>Spackman For the year ended December 31, 2022</i> | <i>Crystal For the year ended December 31, 2022</i> | <i>Note</i> | <i>Proforma Adjustment</i> | <i>Combined Proforma December 31, 2022</i> |
|-----------------------------------|--|--|---|-------------|--------------------------------|--|
| Revenue | | | \$16,160 | | | \$16,160 |
| Cost of Sales | | | <u>\$(12,437)</u> | | | <u>\$(12,437)</u> |
| Gross profit | | | \$3,723 | | | \$3,723 |
| Other Income (losses) | \$(92) | \$(68) | \$558 | | | \$490 |
| Expenses | <u>\$307</u> | <u>\$228</u> | <u>\$1,985</u> | | | <u>\$2,213</u> |
| Profit/(Loss) before taxes | \$(399) | \$(296) | \$(1,427) | | | \$2,000 |
| Taxation | <u>-</u> | <u>-</u> | <u>\$(350)</u> | | | <u>\$(350)</u> |
| Profit Loss after tax | \$(399) | \$(296) | \$1,946 | | | \$1,650 |
| Other Comprehensive Income (Loss) | <u>-</u> | <u>-</u> | <u>\$(253)</u> | | | <u>\$(253)</u> |
| Total Comprehensive Income (Loss) | <u>\$(399)</u> | <u>\$(296)</u> | <u>\$1,693</u> | | | <u>\$1,397</u> |

See accompanying notes to pro forma consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position of Spackman Equities Group Inc. (“Spackman”) have been prepared by management to reflect the acquisition (the “Acquisition”) of Crystal Planet Limited (“Crystal”) after giving effect to the proposed transactions as described in Note 1.

The unaudited pro forma consolidated statement of financial position has been prepared using accounting policies described in Note 3 of the annual consolidated financial statements of Crystal. In the opinion of management, the unaudited pro forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the transactions contemplated in the Acquisition agreement.

Certain significant estimates have been made by management in the preparation of the pro-forma consolidated statement of financial position, in particular, the determination of the fair value of Spackman’s assets and liabilities acquired, and the fair value of the consideration given by Crystal.

The unaudited pro forma consolidated statement of financial position as at December 31, 2022 has been compiled from:

- The audited condensed consolidated statement of financial position of Spackman as at December 31, 2022.
- The audited condensed consolidated statement of financial position of Crystal as at December 31, 2022.

Information in the proforma consolidated statement of financial position for Spackman was extracted originally in Spackman’s presentation currency (Canadian dollars) and converted to US dollars at a fixed exchange rate of 1.00 CAD to 1.2678 USD, being the exchange rate as of December 31, 2022, and an average exchange rate for the twelve-month period ending December 31, 2022, of \$1.3457.

The unaudited pro forma consolidated statement of financial position has been prepared as if the transaction had occurred as of December 31, 2022.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Acquisition been in effect at the date indicated and may not be indicative of the effects that may be expected to occur in the future. The unaudited pro forma consolidated financial statements should be read in conjunction with other information contained in the Filing Statement.

Completion of the transaction is subject to several conditions including but not limited to shareholder approval and the TSX Venture Exchange acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

1. PRO FORMA TRANSACTION

On February 6, 2023, Spackman Equity Group Inc. (“Spackman”) and Crystal Planet Inc (“Crystal”) entered into a share exchange agreement, which outlines the general terms and conditions upon which Crystal will acquire Spackman by way of reverse takeover (the “Proposed Transaction” or “RTO”) in accordance with the policies of the TSX Venture Exchange. Upon completion of the Proposed Transaction, the combined entity (“Resulting Issuer”) will continue to carry on the business of Crystal under the name of Spackman Equity Group Inc. As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the “SQG Concurrent Financing” of US\$500,000 at a post-Consolidation price of CAD\$0.20 (US\$0.15) for a Unit.) Each Unit of the SQG Concurrent Financing will be comprised of one post-Consolidation Common Share and one-half of one warrant. Each whole warrant will entitle the holder to acquire one post-Consolidation Common Share at a price of CAD\$0.30 per share for a period of three (3) years following the escrow release date, subject to adjustment in certain events ; and (ii) a non-brokered

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

private placement of ordinary shares of Crystal at a price of US\$2.72 per ordinary share (the "CPL Concurrent Financing"), of a minimum of US\$6,550,000 and a maximum of US\$20,000,000 (collectively, the "Concurrent Financing"), of which \$500,000. The SQG Concurrent Financing of CAD\$0.20 (US\$0.15) per common share is equivalent dollar value of share ownership as the Crystal price of US\$2.72 per ordinary share after completion of the RTO, other than a Unit of SQG Concurrent Financing includes a half warrant.

In addition, the Company will grant the Agent an option, exercisable in whole or in part, to arrange for the sale of such number of additional Subscription Receipts as is equal to 15.0% of the number of Subscription Receipts sold under the SQG Concurrent Financing at the same price (CAD\$0.20), for a period of up to two (2) days prior to the closing of the SQG Concurrent Financing.

Pursuant to the SQG Concurrent Financing, the Company paid the Agent a due diligence fee of CAD\$35,000. In addition, the Company will pay to the Agent a cash commission equal to six percent (6%) of the gross proceeds of the SQG Concurrent Financing.

As additional compensation, the Company will grant to the Agent, on the date the Escrow Release Conditions are satisfied, warrants exercisable to acquire such number of Common Shares as is equal to six percent (6%) of the number of Common Shares issuable under the Subscription Receipts, exercisable at a price of CAD\$0.30 per warrant for a period of 36 months from the date the Escrow Release Conditions are satisfied.

In the event that the SQG Concurrent Financing is CAD\$500,000 or more, the Agent will also be paid a CAD\$35,000 success fee, payable in cash on the date the Escrow Release Conditions are satisfied.

The proceeds of the Concurrent Financing that are derived from the sale of Subscription Receipts will be held in escrow, pending the satisfaction or waiver (where permitted) of the Escrow Release Conditions. If the Escrow Release Conditions are not fulfilled or waived, each Subscription Receipt will be cancelled, and the subscription funds will be returned to the subscribers.

The Resulting Issuer will use the proceeds of the Concurrent Financing for general working capital, entertainment content development and production, investments and acquisitions and debt repayments.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, closing conditions customary to transactions of the nature of the Proposed Transaction, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, and TSX Venture Exchange acceptance. Where applicable, the Proposed Transaction cannot close until the required shareholder approvals are obtained and there can be no assurance that the Proposed Transaction will be completed as proposed or at all.

IFRS 3.2(c) pertains to transactions under common control, where entities combining are under the same control both before and after the transaction, and this control is not transitory. In the case of the Proposed Transaction, there is a limited overlap with an individual director serving as a common director in both Spackman Entertainment Group Limited and Spackman Equities Group Inc. However, this alone does not establish common control, given the diverse ownership and board composition. Additionally, significant shifts in control dynamics occur after the RTO, with Spackman Media Group becoming a "control person." Therefore, this transaction does not align with a common control transaction as defined by IFRS 3.2(c), and the role of the common director has minimal influence on control dynamics in this context.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

2. PRO FORMA ADJUSTMENTS

The proposed Acquisition of the outstanding common shares of Crystal by the Company pursuant to the arrangement agreement constitutes a business combination in accordance with IFRS 3, Business Combinations ("IFRS 3"), with Crystal as the acquirer. Accordingly, the Company has applied the principles of IFRS 3 in the pro forma accounting for the acquisition of Spackman, which requires the Company to recognize Spackman's identifiable assets acquired and liabilities assumed at fair value, recognize consideration transferred in the acquisition at fair value and recognize goodwill, if any, as the excess of consideration transferred over the net of the acquisition date fair value of identifiable assets acquired and liabilities assumed. As of the date of this Information Circular, the Company has not completed a detailed valuation study necessary to arrive at the required final estimates of the fair value of Spackman's assets to be acquired and liabilities to be assumed. A final determination of the fair value of Spackman's assets and liabilities will be based on the actual assets and liabilities of Spackman that exist as of the effective date of the Acquisition and, therefore, cannot be made prior to the effective date. The pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma financial information. The Company has estimated the fair value of Spackman's assets and liabilities based on discussions with Spackman's management, preliminary valuation information, due diligence and information presented in Spackman's public filings. Until the arrangement is completed, Spackman and Crystal are limited in their ability to share certain information. Upon completion of the Acquisition, a final determination of fair value of Spackman's assets and liabilities will be performed. Any increases or decreases in the fair value of assets acquired and liabilities assumed upon completion of the final valuations will result in adjustments to the unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statements of loss and comprehensive loss. The final purchase price allocation may be materially different than that reflected in the preliminary pro forma purchase price allocation presented below. The estimated purchase consideration and the preliminary fair values of the assets acquired, and liabilities assumed for the purposes of these unaudited pro forma consolidated financial statements is summarized in the tables below.

The Transaction is a reverse takeover of Spackman Equities Group Inc. by Crystal Planet Inc. The Transaction is equivalent to the issuance of shares by CPL for the net assets and the public listing status of the company, Spackman. The fair value of the share issued was determined based on the fair value of the common shares issued by Spackman.

The unaudited pro forma consolidated financial statements as at December 31, 2022 gives effect to the following assumptions and adjustments:

- a. Minimum offering proceeds of US\$6,550,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of Crystal common shares.
- b. Minimum offering proceeds of US\$ 500,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of Spackman units, including a warrant charge of \$133,000.
- c. To record the sale of investment in Public Company shares ("Spackman Entertainment Group Inc.") for US\$314,000. In this scenario, where a private sale of shares is anticipated but not yet finalized, the market value is currently based on the last closing price as of December 31, 2022. This approach is a practical method to estimate value in the absence of a completed transaction. However, it's important to note that the final sale price in a private deal could significantly diverge from this reference point due to various influencing factors. The dynamics of the prevailing market, including supply and demand pressures, will play a critical role. Moreover, the ability to effectively negotiate with a private buyer can greatly impact the final price, potentially leading to either a discount or a premium compared to the public market value. Other relevant factors might include the strategic value of the shares to the buyer, the financial condition of the seller, and broader economic conditions. The amount presented in the financial statements as the estimated value of the shares is thus management's best estimate, acknowledging the inherent uncertainties and potential for change as the private sale process unfolds. This estimate should be seen as a provisional figure, subject to adjustment based on actual sale conditions and outcomes.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

- d. To record SQG's broker fees and commissions of US\$82,000 in cash payments, inclusive of the due diligence fee of US\$26,000, a finder's fee of US\$30,000 and success fee of US\$26,000 for raising more than US\$500,000 and legal fees of US\$110,000.
- e. Elimination of Spackman accumulated share capital of US\$9,151,000, accumulated deficit of US\$10,947,000, and contributed surplus of US\$1,229,000. Goodwill of US\$1,014,000 on acquisition, including US\$447,000 for the 14,899,972 common shares issued by Spackman to the shareholders of Crystal, using the exchange rate as of the date of the agreement (\$CAD/\$US - 1.3407) and the price per common share of SQG immediately before the date of the Agreement.
- f. The number of shares issued by SQG to the Vendors will be based on the share exchange indexing formula contained in the Acquisition Agreement which is reproduced below:

$$\begin{array}{rcl} \text{Number of Common Shares} & & (\text{US\$ } 29,886,943 + \text{US\$ amount of CPL Concurrent} \\ \text{of SQG issued} = & & \text{Financing}) \times 1.3407 \text{ CAD/USD} \\ & & \hline & & \text{CAD\$0.20}^4 \end{array}$$

*4 Price per Common Share of SQG immediately before the date of the Agreement, on a post-Consolidation (as defined below) basis

*5 CAD/USD exchange rate as at the date of the Agreement

This includes minimum offering proceeds of US\$6,550,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of CPL common shares and minimum offering proceeds of US\$500,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of Spackman units.

- g. To record valuation of Spackman broker warrants of US\$16,000, issued as part of the SQG concurrent financing at a rate of 6% of the SQG concurrent financing.
- h. To record CPL's US\$363,000 brokers fees of 6% of the total raise of US\$6,550,000.

SPACKMAN EQUITIES GROUP INC.**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

CONSIDERATION

** prior to the Transaction there will be a share consolidation on the basis of five (5) pre-consolidation common shares for every one (1) post-consolidation common share*

| | |
|----------------------------|--------------|
| Common shares | \$447 |
| Warrants | |
| Transaction costs | |
| Total Consideration | \$447 |

Identifiable net assets acquired

| | |
|---|----------------|
| Cash and cash equivalents | \$349 |
| Investment in SMGL, private company | \$122 |
| Borrowings | (\$803) |
| Trade and other payables | (\$235) |
| Due to related party | \$0 |
| Total identifiable net assets acquired | (\$567) |

Unidentifiable assets acquired

| | |
|---|--------------|
| Goodwill | \$1,014 |
| Total net identifiable assets and transaction cost | \$447 |

Valuation of common shares

| | | |
|----------------------------------|-------|---------------------|
| Common shares of Spackman issued | A | \$14,899,972 |
| Share consolidation 5-1 | B | \$5 |
| FV of shares | C | \$0 |
| | a/b*c | \$447 |

SPACKMAN EQUITIES GROUP INC.**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

AS AT December 31, 2022

(Expressed in thousands of US Dollars, except where specified otherwise)

3. PRO FORMA SHARE CAPITAL

a) Pro forma share capital as at December 31, 2022 has been determined as follows:

| Common shares | | Number of shares | Value |
|---|------|-------------------------|----------------|
| Spackman's shares issued and outstanding at December 30, 2022 | | 14,899,972 | \$9,151 |
| Effect of pro Forma transactions: | | | |
| - shares to be issued in private placement (Crystal) | 2(a) | 219,539,625 | \$6,550 |
| - shares to be issued in private placement (Spackman) | 2(b) | 16,758,750 | \$367 |
| - elimination of Spackman's capital stock | 2(e) | (14,899,972) | (\$9,151) |
| - broker fees - Spackman | 2(d) | | (\$82) |
| - deemed shares to be issued to Spackman on acquisition | 2(e) | 14,899,972 | \$447 |
| - shares to be issued in acquisition | 2(f) | 1,001,735,624 | \$2,013 |
| - value assigned to broker warrants (Spackman) | 2(g) | | (\$16) |
| - broker fees - Crystal | 2(h) | | (\$363) |
| | | <u>1,252,933,971</u> | <u>\$8,916</u> |
| post consolidation of 5:1 | | <u>250,586,794</u> | <u>\$8,916</u> |

b) Options There is a total of Nil options of Spackman

c) Pro Forma Earnings Per Share (EPS)

The pro forma EPS is \$0.00. The weighted average shares outstanding for the pro forma is 207,724,626 shares.

**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF
SPACKMAN EQUITIES GROUP INC.**

AS AT SEPTEMBER 30, 2023

(Unaudited)

(IN US DOLLARS)

SPACKMAN EQUITIES GROUP INC.**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)**

AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

| | Spackman 30-Sep-23 CDN\$ | Spackman 30-Sep-23 | Crystal 30-Sep-23 | Proforma Note | Pro Forma Adjustments | Pro Forma |
|---------------------------------------|--------------------------------|-----------------------|----------------------|------------------|--------------------------|-----------------|
| <i>Current assets</i> | | | | | | |
| Cash | \$16 | \$12 | \$3,317 | (2a) | \$6,050 | |
| | | | | (2b) | \$500 | |
| | | | | (2c) | \$314 | |
| | | | | (2d) | (\$192) | |
| | | | | (2i) | (\$363) | \$9,637 |
| Accounts receivable | | - | \$4,711 | | | \$4,711 |
| Short term investments | | - | \$3 | | | \$3 |
| Pledge bank deposits | | | \$2,268 | | | \$2,268 |
| | \$16 | \$12 | \$10,299 | | | \$16,619 |
| <i>Non-current assets</i> | | | | | | |
| Property, plant and equipment | | - | \$39 | | | \$39 |
| Right of use asset | | - | \$298 | | | \$298 |
| Intangible assets | | - | \$567 | | | \$567 |
| Goodwill | | - | \$1,419 | (2e) | \$1,192 | \$2,611 |
| Investment in public company | \$426 | \$314 | - | (2c) | (\$314) | - |
| Investment in private company | \$155 | \$114 | - | | | \$114 |
| Other long-term receivables | | - | \$22 | | | \$22 |
| Deposits | | - | \$10 | | | \$10 |
| | \$581 | \$428 | \$2,355 | | | \$3,661 |
| Total assets | \$597 | \$440 | \$12,654 | | | \$20,280 |
| <i>Current liabilities</i> | | | | | | |
| Borrowings | \$1,288 | \$949 | - | | | \$949 |
| Trade and other payables | \$302 | \$222 | \$6,720 | | | \$6,942 |
| Lease liabilities | - | - | \$166 | | | \$166 |
| Due to related party | \$18 | \$13 | \$550 | | | \$563 |
| Tax payable | - | - | \$46 | | | \$46 |
| | \$1,608 | \$1,184 | \$7,482 | | | \$8,666 |
| <i>Non-current liabilities</i> | | | | | | |
| Loan from a fellow subsidiary | - | - | \$800 | | | \$800 |
| Lease liabilities | - | - | \$139 | | | \$139 |
| Provisions | - | - | \$2 | | | \$2 |
| | - | - | \$941 | | | \$941 |
| Total liabilities | \$1,608 | \$1,184 | \$8,423 | | | \$9,607 |

See accompanying notes to pro forma consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

Shareholders' Equity

| | | | | | | |
|-------------------------------------|--------------|--------------|-----------------|------|-----------|-----------------|
| Share capital | \$11,601 | \$8,544 | \$2,513 | (2a) | \$6,050 | |
| | | | | (2b) | \$367 | |
| | | | | (2d) | (\$82) | |
| | | | | (2e) | (\$8,544) | |
| | | | | (2e) | \$447 | |
| | | | | (2g) | (\$16) | |
| | | | | (2h) | (\$363) | \$8,916 |
| | | | | (2e) | (\$1,147) | |
| Contributed surplus | \$1,559 | \$1,148 | (\$812) | (2b) | 133 | |
| | | | | (2g) | 16 | -663 |
| Retained earnings (deficit) | (\$14,171) | (\$10,437) | \$2,530 | (2e) | \$10,437 | |
| | | | | (2d) | (\$110) | 2,420 |
| Total shareholders' equity | (\$1,011) | (\$745) | \$4,231 | | | \$10,673 |
| Total equity and liabilities | \$597 | \$440 | \$12,654 | | | \$20,280 |

See accompanying notes to pro forma consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

| | <i>Spackman</i> | <i>Spackman</i> | <i>Crystal</i> | | |
|---|----------------------------------|----------------------------------|----------------------------------|--------------|--|
| | <i>For the nine months ended</i> | <i>For the nine months ended</i> | <i>For the nine months ended</i> | | <i>Pro Forma for the nine months ended</i> |
| | <i>30-Sep-23</i> | <i>September 30, 2023</i> | <i>September 30, 2023</i> | | <i>September 30, 2023</i> |
| | <i>CDN\$</i> | | | <i>Notes</i> | <i>Pro Forma Adjustments</i> |
| Revenue | - | - | \$9,551 | | \$9,551 |
| Cost of sales | - | - | (\$7,341) | | (\$7,341) |
| Gross profit | - | - | \$2,210 | | \$2,210 |
| Other Income | | | \$67 | | \$67 |
| Expenses | (\$293) | (\$218) | (\$1,578) | | (\$1,796) |
| Profit (loss) before tax | (\$293) | (\$218) | \$699 | | \$481 |
| Taxation | - | | (\$129) | | (\$129) |
| Profit (loss) after tax | (\$293) | (\$218) | \$503 | | \$286 |
| Other comprehensive income (loss) | - | | (\$347) | | (\$347) |
| Total Other comprehensive income (loss) | (\$293) | (\$218) | \$156 | | \$62 |

| | <i>Spackman</i> | <i>Spackman</i> | <i>Crystal</i> | <i>Note</i> | <i>Pro Forma Adjustments</i> | <i>Pro Forma For the year ended</i> |
|---|---------------------------|---------------------------|---------------------------|-------------|------------------------------|-------------------------------------|
| | <i>For the year ended</i> | <i>For the year ended</i> | <i>For the year ended</i> | | | <i>December 31, 2022</i> |
| | <i>December 31, 2022</i> | <i>December 31, 2022</i> | <i>December 31, 2022</i> | | | |
| | <i>CDN\$</i> | | | | | |
| Revenue | - | - | \$16,160 | | | \$16,160 |
| Cost of sales | - | - | (\$12,437) | | | (\$12,437) |
| Gross profit | | | \$3,723 | | | \$3,723 |
| Other income | (\$126) | (\$93) | \$558 | | | \$465 |
| Expenses | (\$307) | (\$227) | (\$1,985) | | | (\$2,212) |
| Profit (Loss) before tax | (\$433) | (\$320) | \$2,296 | | | \$1,976 |
| Taxation | - | - | (\$350) | | | (\$350) |
| Profit (loss) after tax | (\$433) | (\$320) | \$1,946 | | | \$1,626 |
| Other comprehensive income (loss) | \$34 | \$25 | (\$253) | | | (\$228) |
| Total Other comprehensive income (loss) | (\$399) | (\$295) | \$1,693 | | | \$1,398 |

See accompanying notes to pro forma consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statement of financial position of Spackman Equities Group Inc. (“Spackman”) have been prepared by management to reflect the acquisition (the “Acquisition”) of Crystal Planet Limited (“Crystal”) after giving effect to the proposed transactions as described in Note 1.

The unaudited pro forma consolidated statement of financial position has been prepared using accounting policies described in Note 3 of the annual consolidated financial statements of Crystal. In the opinion of management, the unaudited pro forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the transactions contemplated in the Acquisition agreement.

Certain significant estimates have been made by management in the preparation of the pro-forma consolidated statement of financial position, in particular, the determination of the fair value of Spackman’s assets and liabilities acquired, and the fair value of the consideration given by Crystal.

The unaudited pro forma consolidated statement of financial position as at September 30, 2023 has been compiled from:

- The unaudited interim condensed consolidated statement of financial position of Spackman as at September 30, 2023.
- The unaudited interim condensed consolidated statement of financial position of Crystal as at September 30, 2023.

Information in the proforma consolidated statement of financial position for Spackman was extracted originally in Spackman’s presentation currency (Canadian dollars) and converted to US dollars at a fixed exchange rate of 1.00 CAD to 1.3578 USD, being the exchange rate as of September 30, 2023, and an average exchange rate for the nine-month period ending September 30, 2023 of \$1.3457.

The unaudited pro forma consolidated statement of financial position has been prepared as if the transaction had occurred as of September 30, 2023.

The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Acquisition been in effect at the date indicated and may not be indicative of the effects that may be expected to occur in the future. The unaudited pro forma consolidated financial statements should be read in conjunction with other information contained in the Filing Statement.

Completion of the transaction is subject to a number of conditions including but not limited to shareholder approval and the TSX Venture Exchange acceptance. There can be no assurance that the transaction will be completed as proposed or at all.

1. PRO FORMA TRANSACTION

On February 6, 2023, Spackman Equity Group Inc. (“Spackman”) and Crystal Planet Inc (“Crystal”) entered into a share exchange agreement, which outlines the general terms and conditions upon which Crystal will acquire Spackman by way of reverse takeover (the “Proposed Transaction” or “RTO”) in accordance with the policies of the TSX Venture Exchange. Upon completion of the Proposed Transaction, the combined entity (“Resulting Issuer”) will continue to carry on the business of Crystal under the name of Spackman Equity Group Inc. As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the “SQG Concurrent Financing” of US\$500,000 at a post-Consolidation price of CAD\$0.20 (US\$0.15) for a Unit.) Each Unit of the SQG Concurrent Financing will be comprised of one post-Consolidation Common Share and one-half of one warrant. Each whole warrant will entitle the holder to acquire one post-Consolidation Common Share at a price of CAD\$0.30 per share for a period of three (3) years following the escrow release date, subject to adjustment in certain events ; and (ii) a non-brokered

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

private placement of ordinary shares of Crystal at a price of US\$2.72 per ordinary share (the “CPL Concurrent Financing”), of a minimum of US\$6,550,000 and a maximum of US\$20,000,000 (collectively, the “Concurrent Financing”), of which \$500,000 has been raised by CPL and is reflected in the proforma’s. The SQG Concurrent Financing of CAD\$0.20 (US\$0.15) per common share is equivalent dollar value of share ownership as the Crystal price of US\$2.72 per ordinary share after completion of the RTO, other than a Unit of SQG Concurrent Financing includes a half warrant.

In addition, the Company will grant the Agent an option, exercisable in whole or in part, to arrange for the sale of such number of additional Subscription Receipts as is equal to 15.0% of the number of Subscription Receipts sold under the SQG Concurrent Financing at the same price (CAD\$0.20), for a period of up to two (2) days prior to the closing of the SQG Concurrent Financing.

Pursuant to the SQG Concurrent Financing, the Company paid the Agent a due diligence fee of CAD\$35,000. In addition, the Company will pay to the Agent a cash commission equal to six percent (6%) of the gross proceeds of the SQG Concurrent Financing.

As additional compensation, the Company will grant to the Agent, on the date the Escrow Release Conditions are satisfied, warrants exercisable to acquire such number of Common Shares as is equal to six percent (6%) of the number of Common Shares issuable under the Subscription Receipts, exercisable at a price of CAD\$0.30 per warrant for a period of 36 months from the date the Escrow Release Conditions are satisfied.

In the event that the SQG Concurrent Financing is CAD\$500,000 or more, the Agent will also be paid a CAD\$35,000 success fee, payable in cash on the date the Escrow Release Conditions are satisfied.

The proceeds of the Concurrent Financing that are derived from the sale of Subscription Receipts will be held in escrow, pending the satisfaction or waiver (where permitted) of the Escrow Release Conditions. In the event that the Escrow Release Conditions are not fulfilled or waived, each Subscription Receipt will be cancelled, and the subscription funds will be returned to the subscribers.

The Resulting Issuer will use the proceeds of the Concurrent Financing for general working capital, entertainment content development and production, investments and acquisitions and debt repayments.

Completion of the Proposed Transaction is subject to a number of conditions including, but not limited to, closing conditions customary to transactions of the nature of the Proposed Transaction, approvals of all regulatory bodies having jurisdiction in connection with the Proposed Transaction, and TSX Venture Exchange acceptance. Where applicable, the Proposed Transaction cannot close until the required shareholder approvals are obtained and there can be no assurance that the Proposed Transaction will be completed as proposed or at all.

IFRS 3.2(c) pertains to transactions under common control, where entities combining are under the same control both before and after the transaction, and this control is not transitory. In the case of the Proposed Transaction, there is a limited overlap with an individual director serving as a common director in both Spackman Entertainment Group Limited and Spackman Equities Group Inc. However, this alone does not establish common control, given the diverse ownership and board composition. Additionally, significant shifts in control dynamics occur after the RTO, with Spackman Media Group becoming a “control person.” Therefore, this transaction does not align with a common control transaction as defined by IFRS 3.2(c), and the role of the common director has minimal influence on control dynamics in this context.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

2. PRO FORMA ADJUSTMENTS

The proposed Acquisition of the outstanding common shares of Crystal by the Company pursuant to the arrangement agreement constitutes a business combination in accordance with IFRS 3, Business Combinations ("IFRS 3"), with Crystal as the acquirer. Accordingly, the Company has applied the principles of IFRS 3 in the pro forma accounting for the acquisition of Spackman, which requires the Company to recognize Spackman's identifiable assets acquired and liabilities assumed at fair value, recognize consideration transferred in the acquisition at fair value and recognize goodwill, if any, as the excess of consideration transferred over the net of the acquisition date fair value of identifiable assets acquired and liabilities assumed. As of the date of this Information Circular, the Company has not completed a detailed valuation study necessary to arrive at the required final estimates of the fair value of Spackman's assets to be acquired and liabilities to be assumed. A final determination of the fair value of Spackman's assets and liabilities will be based on the actual assets and liabilities of Spackman that exist as of the effective date of the Acquisition and, therefore, cannot be made prior to the effective date. The pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma financial information. The Company has estimated the fair value of Spackman's assets and liabilities based on discussions with Spackman's management, preliminary valuation information, due diligence and information presented in Spackman's public filings. Until the arrangement is completed, Spackman and Crystal are limited in their ability to share certain information. Upon completion of the Acquisition, a final determination of fair value of Spackman's assets and liabilities will be performed. Any increases or decreases in the fair value of assets acquired and liabilities assumed upon completion of the final valuations will result in adjustments to the unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statements of loss and comprehensive loss. The final purchase price allocation may be materially different than that reflected in the preliminary pro forma purchase price allocation presented below. The estimated purchase consideration and the preliminary fair values of the assets acquired, and liabilities assumed for the purposes of these unaudited pro forma consolidated financial statements is summarized in the tables below.

The Transaction is considered to be a reverse takeover of Spackman Equities Group Inc. by Crystal Planet Inc. The Transaction is equivalent to the issuance of shares by CPL for the net assets and the public listing status of the company, Spackman. The fair value of the share issued was determined based on the fair value of the common shares issued by Spackman.

The unaudited pro forma consolidated financial statements as at September 30, 2023 gives effect to the following assumptions and adjustments:

- a. Minimum offering proceeds of US\$ 6,550,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of Crystal common shares, of which \$500,000 has been raised and is reflected in CPL interim condensed consolidated financial statements as at September 30, 2023..
- b. Minimum offering proceeds of US\$ 500,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of Spackman units, including a warrant charge of \$133,000.
- c. To record the sale of investment in Public Company shares ("Spackman Entertainment Group Inc.") for US\$314,000. In this scenario, where a private sale of shares is anticipated but not yet finalized, the market value is currently based on the last closing price as of September 30, 2023. This approach is a practical method to estimate value in the absence of a completed transaction. However, it's important to note that the final sale price in a private deal could significantly diverge from this reference point due to various influencing factors. The dynamics of the prevailing market, including supply and demand pressures, will play a critical role. Moreover, the ability to effectively negotiate with a private buyer can greatly impact the final price, potentially leading to either a discount or a premium compared to the public market value. Other relevant factors might include the strategic value of the shares to the buyer, the financial condition of the seller, and broader economic conditions. The amount presented in the financial statements as the estimated value of the shares is thus management's best estimate, acknowledging the

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

inherent uncertainties and potential for change as the private sale process unfolds. This estimate should be seen as a provisional figure, subject to adjustment based on actual sale conditions and outcomes.

- d. To record SQG's broker fees and commissions of US\$ 82,000 in cash payments, inclusive of the due diligence fee of US\$26,000, a finder's fee of US\$30,000 and success fee of US\$26,000 for raising more than US\$500,000 and legal fees of US \$110,000.
- e. Elimination of Spackman accumulated share capital of US\$ 8,544,000, accumulated deficit of US\$ 10,437,000, and contributed surplus of US\$ 1,147,000. Goodwill of US\$ 1,192,000 on acquisition, including US\$ 447,000 for the 14,899,972 common shares issued by Spackman to the shareholders of Crystal, using the exchange rate as of the date of the agreement (\$CAD/\$US - 1.3407) and the price per common share of SQG immediately before the date of the Agreement.
- f. The number of shares issued by SQG to the Vendors will be based on the share exchange indexing formula contained in the Acquisition Agreement which is reproduced below:

$$\begin{array}{rcl} \text{Number of Common Shares} & & (\text{US\$ } 29,886,943 + \text{US\$ amount of CPL Concurrent} \\ \text{of SQG issued} = & & \text{Financing}) \times 1.3407 \text{ CAD/USD} \\ & & \hline & & \text{CAD\$0.20}^4 \end{array}$$

*4 Price per Common Share of SQG immediately before the date of the Agreement, on a post-Consolidation (as defined below) basis

*5 CAD/USD exchange rate as at the date of the Agreement

This includes minimum offering proceeds of US\$6,550,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of CPL common shares, of which \$500,000 has been raised and reflected in the Balance sheet of CPL as of September 30, 2023, and minimum offering proceeds of US\$500,000 assumed from the Concurrent Financing as described in Note 1, through the issuance of Spackman units.

- g. To record valuation of Spackman broker warrants of US\$ 16,000, issued as part of the SQG concurrent financing at a rate of 6% of the SQG concurrent financing
- h. To record CPL's US\$363,000 brokers fees of 6% of the total raise of US\$6,550,000 of which US\$500,000 has been raised and reflected in the Balance sheet of CPL as of September 30, 2023.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

CONSIDERATION

** prior to the Transaction there will be a share consolidation on the basis of five (5) pre-consolidation common shares for every one (1) post-consolidation common share*

| | |
|----------------------------|--------------|
| Common shares | \$447 |
| Warrants | |
| Transaction costs | |
| Total Consideration | \$447 |

Identifiable net assets acquired

| | |
|---|----------------|
| Cash and cash equivalents | \$327 |
| Investment in SMGL, private company | \$115 |
| Borrowings | (\$954) |
| Trade and other payables | (\$224) |
| Due to related party | (\$13) |
| Total identifiable net assets acquired | (\$749) |

Unidentifiable assets acquired

| | |
|---|--------------|
| Goodwill | \$1,196 |
| Total net identifiable assets and transaction cost | \$447 |

Valuation of common shares

| | | |
|----------------------------------|-------|-------------------|
| Common shares of Spackman issued | A | 14,899,972 |
| Share consolidation 5-1 | B | 5 |
| FV of shares | C | 0.1500 |
| | a/b*c | \$447 |

See accompanying notes to pro forma consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

3. PRO FORMA SHARE CAPITAL

a) Pro forma share capital as at September 30, 2023 has been determined as follows:

| Common shares | | Number of shares | Value |
|---|------|-------------------------|----------------|
| Spackman's shares issued and outstanding at June 30, 2023 | | 14,899,972 | \$8,593 |
| Effect of pro Forma transactions: | | | |
| - shares to be issued in private placement (Crystal) | 2(a) | 219,539,625 | \$6,050 |
| - shares to be issued in private placement (Spackman) | 2(b) | 16,758,750 | \$367 |
| - elimination of Spackman's capital stock | 2(e) | (14,899,972) | (\$8,593) |
| - broker fees - Spackman | 2(d) | | (\$82) |
| - deemed shares to be issued to Spackman on acquisition | 2(e) | 14,899,972 | \$447 |
| - shares to be issued in acquisition | 2(f) | 1,001,735,624 | \$2,513 |
| - value assigned to broker warrants (Spackman) | 2(g) | | (\$16) |
| - broker fees - Crystal | 2(h) | | (\$363) |
| | | <u>1,252,933,971</u> | <u>\$8,916</u> |
| post consolidation of 5:1 | | <u>250,586,794</u> | <u>\$8,916</u> |

b) Options There is a total of Nil options of Spackman

c) Pro Forma Earnings Per Share (EPS)

SPACKMAN EQUITIES GROUP INC.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)
AS AT SEPTEMBER 30, 2023

(Expressed in thousands of US Dollars, except where specified otherwise)

The pro forma EPS is \$0.00. The weighted average shares outstanding for the pro forma is 207,724,626 shares.

SCHEDULE "E" TO INFORMATION CIRCULAR OF
SQG - AUDIT COMMITTEE CHARTER

See attached

AUDIT COMMITTEE CHARTER

1. PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee (the “**Committee**”) is a standing committee of the board of directors (the “**Board**”) of Spackman Equities Group Inc. (“**the Company**”). Its primary function is to assist the Board in fulfilling its oversight responsibilities by evaluating and making recommendations to the Board as appropriate with respect to:

- the Company’s financial reporting, internal controls, disclosure controls and financial risk management;
- the Company’s external auditor (the “**Auditor**”), including the Auditor’s performance, qualifications, independence, and its audit of the Company’s financial statements;
- the performance of the Company’s internal audit function; and
- related party transactions.

It is, however, the Company’s management which is responsible for preparing the Company’s financial statements and the Auditor who is responsible for auditing those financial statements.

2. COMPOSITION AND TERM OF OFFICE

The Committee will be composed of a minimum of three directors. Each member of the Committee must be independent as determined by the Board in accordance with all applicable corporate and securities laws and stock exchange listing standards and policies (collectively, “**Applicable Laws**”). Each member of the Committee must be “financially literate” and at least one member of the Audit Committee must be a “financial expert”, as such terms are defined in National Instrument 52-110 *Audit Committees* (“**NI 52-110**”).

No member of the Committee may serve simultaneously on the audit committee of more than two other public companies.

Members of the Committee will be appointed by the Board for a one-year term. Any member of the Committee may be removed by the Board, in its discretion, at any time, with or without cause. A member of the Committee will automatically cease to be a member of the Committee upon either ceasing to be a director or, if applicable, ceasing to be independent as required in this Charter. Vacancies on the Committee will be filled by the Board.

3. AUTHORITY

The authority of the Committee is subject to the provisions of this Charter, the constating documents of the Company, such limitations as may be imposed by the Board from time to time, and Applicable Laws.

The Committee will have the authority, in its discretion, to: (i) retain (at the Company's expense) its own legal counsel and such other advisors as the Committee believes are needed to carry out its duties and responsibilities; (ii) conduct investigations that it believes are necessary to carry out its responsibilities; and (iii) take whatever actions it deems appropriate to foster an internal culture that is committed to maintaining quality financial reporting, sound business risk practices and ethical behavior within the Company.

The Committee will have the authority to request any officer, director or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, such as members of the Company's management or the Company's outside legal counsel and the Auditor, to meet with the Committee or any of its advisors and to respond to their inquiries. The Committee will have full access to the books, records and facilities of the Company in carrying out its responsibilities.

4. CHAIR

The Board may appoint one member of the Committee to serve as chair of the Committee (the "**Chair**"), but if it fails to do so, the members of the Committee will designate a Chair by majority vote of the Committee. If the Chair is not present at any meeting of the Committee and the meeting has a quorum, an acting Chair for the meeting will be chosen by majority vote of the Committee from among the members present.

The Chair will: (i) be responsible for the management and effective performance of the Committee; (ii) provide leadership to the Committee in fulfilling this Charter and any other matters delegated to the Committee by the Board; (iii) work with the Board Chair, the CEO and the Corporate Secretary to establish the frequency of Committee meetings and the agenda for such meetings; (iv) chair each meeting of the Committee and foster an environment in which the Committee members may ask questions and express their viewpoints; (v) facilitate the flow of information to and from the Committee; (vi) report to the Board with respect to the significant activities of the Committee and any recommendations made by the Committee; (vii) promote honest and ethical decision making in all aspects of the Committee's business; and (viii) take such other steps as are reasonably required to ensure that the Committee carries out this Charter.

5. OPERATIONS

The Committee will meet at least quarterly, and more frequently as circumstances dictate. If the meeting is to consider whether to recommend that the Board approve the annual audited financial statements, the Committee will meet in a separate session with the Auditor and, if desired, with management. In addition, the Committee or the Chair will meet with management quarterly to review the Company's financial statements, and may meet with the Auditor to review the Company's financial statements on a regular basis as the Committee deems appropriate.

Except as otherwise required by the Company's constituting documents, a majority of the members of the Committee will constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which there is a quorum will be the act of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting. In the case of a deadlock on any matter or vote, the Chair will refer the matter to the Board. The Committee may appoint a secretary who need not be a member of the Committee.

Notice of the time and place of a Committee meeting will be given by the Committee to the Auditor in the same manner that notice is provided to Committee members. The Committee will provide the Auditor with all meeting materials in advance of the meeting.

The Committee will maintain written minutes or other records of its meetings, which will be duly filed in the Company's minute book. The Chair will report to the Board following meetings of the Committee and as otherwise requested by the Board.

The Committee's performance will be evaluated annually, in accordance with a process developed by the Nominating and Corporate Governance Committee.

6. RESPONSIBILITIES AND DUTIES

The Committee's duties and responsibilities are to:

General

- (a) review and assess the adequacy and effectiveness of, and compliance with, this Charter and the Company's Whistleblower Policy on an annual basis and, where necessary or desirable, recommend changes to the Board;
- (b) report to the Board regularly at such times as the Chair deems appropriate, but not less than four times per year;
- (c) follow the process established for all committees of the Board for assessing the Committee's performance;

Review of Financial Statements, MD&A and other Documents

- (d) review and discuss with the Auditor and management the Company's annual audited financial statements and the accompanying Auditor's report and management discussion and analysis ("MD&A"). The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on: (i) significant accounting policies, including any changes made to them and the effect this may have on the Company, (ii) significant estimates and assumptions, (iii) significant adjustments resulting from the audit, (iv) the going concern assumption, (v) compliance with accounting standards, (vi) investigations and litigation undertaken by regulatory authorities, (vii) the impact of unusual transactions, and (viii) off-balance sheet and contingent asset and liabilities, and related disclosures;

- (e) assess: (i) the quality of the accounting principles applied to the financial statements, (ii) the clarity of disclosure in the financial statements, and (iii) whether the audited annual financial statements present fairly, in all material respects, the Company's financial condition, operational results and cash flows;
- (f) review any other annual reports or other financial information to be submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the Auditor, before they are approved by the Board and publicly disclosed;
- (g) review with the Company's management and, if applicable, the Auditor, the Company's quarterly financial statements and related MD&A before they are released;
- (h) review the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;
- (i) review with the Company's management any press release of the Company which contains financial information before release to the public;
- (j) review analyses prepared by management and/or the Auditor setting forth significant reporting issues and judgments made in connection with the preparation of the Company's financial statements;
- (k) upon satisfactory completion of its review, recommend the annual audited and interim financial statements, Auditor's report (if applicable) and annual and interim MD&A for Board approval;

External Auditor

- (l) recommend the Auditor's nomination to the Board to be put before the shareholders for appointment and, as necessary, the removal of any Auditor in office from time to time;
- (m) recommend to the Board the fees and other compensation to be paid to the Auditor and otherwise set the terms of the Auditor's engagement (including reviewing and negotiating the Auditor's engagement letter);
- (n) pre-approve all significant non-audit services to be provided to the Company with the Auditor;
- (o) require the Auditor to submit to the Committee, on a regular basis (at least annually), a formal written statement delineating all relationships between the Auditor and the Company, and discuss with the Auditor any relationships that might affect the Auditor's objectivity and independence;
- (p) require the Auditor to report directly to the Committee;
- (q) oversee the work of the Auditor or any other external auditor engaged for the purpose of preparing or issuing an auditor's report or performing any other audit, review or

attestation services for the Company, including resolving any disagreements between management and the external auditor regarding financial reporting;

- (r) at least once per fiscal year, evaluate the qualifications, performance and independence of the Auditor, including: (i) reviewing and evaluating the lead partner on the Auditor's engagement with the Company, (ii) considering whether the Auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the Auditor's independence, (iii) determining the rotation of the lead audit partner, and (iv) considering and deciding if the Company should adopt or maintain a policy of rotating the accounting firm serving as the Auditor;
- (s) present the Committee's conclusions with respect to its evaluation of the Auditor to the Board and take such additional action to satisfy itself of the qualifications, performance and independence of the Auditor and make further recommendations to the Board as it considers necessary;
- (t) obtain and review a report from the Auditor at least annually regarding: (i) the Auditor's internal quality control procedures, (ii) material issues raised by the most recent internal quality control review or peer review of the Auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more external audits carried out by the Auditor, (iii) any steps taken to deal with any such issues, and (iv) all relationships between the Auditor and the Company;
- (u) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and the former external auditor of the Company;
- (v) monitor the relationship between management and the Auditor, including reviewing any management letters or other reports of the Auditor and discussing any material differences of opinion between management and the Auditor;

Financial Reporting Process

- (w) periodically discuss the integrity, completeness and accuracy of the Company's internal controls and financial statements with the Auditor in the absence of the Company's management;
- (x) in consultation with the Auditor, review the integrity of the Company's internal and external reporting processes;
- (y) discuss with the Auditor: (i) before an audit commences, the nature and scope of the audit, the Auditor's responsibilities in relation to the audit, the overall audit strategy, the timing of the audit, and the processes used by the Auditor to identify risks and reporting such risks to the Committee, and (ii) any other matters relevant to the audit;

- (z) review and discuss with the Auditor all critical accounting policies and practices to be used in the audit, all alternative treatments of financial information within generally accepted accounting principles as set out in the *CPA Canada Handbook – Accounting (International Financial Reporting Standards)*, as amended from time to time (“**IFRS**”), that have been discussed with management, the ramifications of the use of such alternative treatments, and the treatment preferred by the Auditor;
- (aa) review any major issues regarding accounting principles, including IFRS, and financial statement presentation with the Auditor and Company’s management, including any significant changes in the Company’s selection or application of accounting principles, and any significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company’s financial statements;
- (bb) establish regular and separate systems of reporting to the Committee by management and the Auditor of any significant decision made in management’s preparation of the financial statements, including the reporting of the view of management and the Auditor as to the appropriateness of such decisions;
- (cc) discuss during the annual audit, and review separately with each of management and the Auditor, any significant matters arising from the course of any audit, including any restrictions on the scope of work or access to required information, and any significant disagreements between the Auditor and management, whether raised by management or the Auditor;
- (dd) resolve any disagreements between management and the Auditor regarding financial reporting;
- (ee) review with the Auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented at an appropriate time subsequent to the implementation of such changes or improvements;
- (ff) discuss any management or internal control letters or proposals to be issued by the Auditor;

Internal Controls and Procedures

- (gg) monitor and review the effectiveness of the Company’s internal audit function, including ensuring that management has adequate monetary and other resources to complete their work;
- (hh) oversee an effective system of internal controls and procedures for the Company relating to the financial reporting process and disclosure of the Company’s financial results (“**Internal Controls**”);

- (ii) review with management the adequacy and effectiveness of the Internal Controls, including any significant deficiencies or material weaknesses in the design or operation of the Internal Controls, and determine if any special steps must be adopted by the Auditor during its audit in light of any such deficiencies or weaknesses;
- (jj) review management's roles, responsibilities and performance in relation to the Internal Controls;
- (kk) review, discuss and investigate: (i) any alleged fraud involving the Company's management or employees in relation to the Internal Controls, including management's response to any allegations of fraud, (ii) implement corrective and disciplinary action in cases of proven fraud, and (iii) determine if any special steps must be adopted by the Auditor during its audit in light of any proven fraud or any allegations of fraud;
- (ll) establish, monitor and, where applicable, implement the procedures for: (i) the receipt, retention and treatment of complaints that the Company receives relating to accounting or auditing matters, its Internal Controls or in connection with the Company's Whistleblower Policy, (ii) the confidential, anonymous submission of employees' concerns relating to questionable accounting or auditing matters engaged in by the Company, and (iii) the independent investigation of the matters set out in (i) and (ii), including appropriate follow up actions;
- (mm) review and discuss with the Chief Executive Officer ("CEO") and the Chief Financial Officer (the "CFO") the procedures undertaken in connection with the CEO and CFO certifications for the Company's interim and annual filings with applicable securities regulatory authorities;
- (nn) review disclosures made by the CEO and CFO during their certification process for the annual and interim filings about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees who have a significant role in the Company's internal controls;
- (oo) on an annual basis, the Issuer's CEO and CFO must evaluate, or cause to be evaluated under their supervision, the effectiveness of the Issuer's DC&P and ICFR as at the Issuer's financial year end date and report the results of their evaluation to the audit committee prior to the audit committee approving the Issuer's annual financial statements.

Disclosure of Other Financial Information

- (pp) review and discuss with management the Committee's review of the design, implementation and maintenance of effective procedures relating to the Company's public disclosure of financial information extracted or derived from the Company's financial statements ("**Disclosure Procedures**");

- (qq) ensure that the Disclosure Procedures are followed by the Company's management and employees, and periodically assess the adequacy of the Disclosure Procedures;
- (rr) receive confirmation from the CEO and CFO that they have concluded that the Disclosure Procedures are effective as of the end of the period covered by such reports, and discuss with the CEO and CFO any reasons for which any such confirmation cannot be given by the CEO and CFO;
- (ss) review the nature of any financial information and ratings information provided to agencies and analysts;
- (tt) monitor and review the Company's Disclosure Policy on a yearly basis;
- (uu) review any report of the Disclosure Committee to the Committee pertaining to the Disclosure Committee's activities, and review, on an annual basis, the Disclosure Committee's assessment of the Disclosure Procedures, including any control deficiencies, and the Disclosure Committee's recommendations on corrective measures to be taken to correct these deficiencies;

Risk Management

- (vv) review management's assessment and management of financial risk, including insurance coverage, and the processes by which major Company risks are identified and reviewed by either the Committee, another Board committee or the full Board, and the steps management has taken to monitor and control such exposures;

Legal Compliance

- (ww) review with legal counsel any legal matters, including inquiries received from regulators and governmental agencies, that may have a significant effect on the Company's financial statements, cash flows or operations;
- (xx) conduct or authorize investigations into matters within the Committee's scope of responsibilities;
- (yy) perform any other activities, in accordance with the Charter, the Company's constating documents and Applicable Laws, that the Committee or the Board deems necessary or appropriate;
- (zz) engage, select, retain, terminate and determine the compensation of any special or independent counsel, accountants or other advisors as it deems necessary to carry out its duties, and obtain appropriate funding to pay, or approve the payment of, any such compensation at the expense of the Company;

Related Party Transactions

- (aaa) review the financial reporting of any transaction between the Company and any officer, director or other “related party” (including any shareholder holding an interest greater than 10% in the Company) or any entity in which any such person has a financial interest;
- (bbb) review directors’ and officers’ expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures (or any policies and procedures with respect thereto);

Reporting and Powers

- (ccc) report to the Board following each meeting of the Committee and at such other times as the Board may consider appropriate; and
- (ddd) exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Committee by the Board.

The foregoing list is not exhaustive. The Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

7. LIMITATION OF RESPONSIBILITY

While the Committee has the responsibilities and powers provided by this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with the *International Financial Reporting Standards*. This is the responsibility of management (with respect to whom the Committee performs an oversight function) and the Auditor.