

Spackman Equities Group Inc. Provides Update on Reverse Take-over with Crystal Planet Limited

TORONTO, ONTARIO (August 4, 2023) - Spackman Equities Group Inc. (TSX VENTURE: SQG) (“**SQG**” or the “**Company**”) wishes to provide an update on the reverse take-over (the “**RTO**”) with Crystal Planet Limited (“**CPL**”) described in the press release of the Company dated February 6, 2023.

Share Exchange Agreement

The Company and CPL have agreed to amend the share exchange agreement (the “**Agreement**”) pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of CPL from the shareholders of CPL (collectively, the “**Vendors**”). The amended Agreement will be available on the Company’s SEDAR profile and the disclosure in this press release reflect the current Agreement. In addition to the details noted below, the Company wishes to note that the outside date for completion of the RTO has been extended from June 30, 2023 to October 31, 2023.

CPL

CPL is a private company incorporated under the laws of Hong Kong with two wholly-owned subsidiaries, SBD Entertainment Inc. and MSteam Entertainment Co., Ltd. that operate full-service talent agencies, representing some of the top artists in the Korean entertainment industry. CPL leverages its portfolio of artists as a platform to develop, produce, finance, and own the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas. This platform also creates and derives opportunities to provide entertainment media consulting services as well as to make strategic investments in development stage businesses that can collaborate with represented artists. 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.

The following table sets out certain selected audited financial information of CPL for the year ended December 31, 2022. All figures below are presented in US\$.

Revenue	\$16,159,528
Total expenses	\$(13,864,366)
Net income (loss) before income taxes	\$2,295,162
Comprehensive income (loss)	\$1,692,801
Earnings (loss) per share – basic and diluted	\$0.209

Weighted average number of shares outstanding	11,000,000
Total assets	\$11,179,510
Total liabilities	\$7,671,103
Working capital ^{*1}	(\$936,538)
Adjusted working capital ^{*2}	\$1,430,699
Shareholder's equity	\$3,508,407

*1 current assets – current liabilities

*2 current assets – current liabilities + time deposits^{*3}

*3 time deposits refer to funds placed in a financial institution for a specified period, with the intention of earning interest income. These deposits can be withdrawn at any point, if necessary.

The Company

SQG is a Canadian-based investment holding company that invests into and develops small/medium-sized growth companies that possess industry-specific know-how or proprietary technologies, primarily in Asia. SQG also makes investments in selected publicly-traded companies that SQG believes are attractive investment propositions. The objectives of SQG are to (i) invest in or acquire businesses with compelling growth potential at attractive valuations, (ii) build a diversified and balanced portfolio of investments and (iii) deliver the collective value derived from the performance of its portfolio of investments to its shareholders. SQG is currently a reporting issuer in each of the provinces of Canada and its common shares (the “**Common Shares**”) trade on the TSX Venture Exchange (“**TSXV**”) under the symbol “SQG”.

The RTO

The RTO will be completed pursuant to the terms of the Agreement, which will result in CPL becoming a wholly-owned subsidiary of SQG. Upon completion of the RTO, SQG will own all of the issued and outstanding shares of CPL (the “**Resulting Issuer**”) and the Vendors will receive such number of Common Shares to be determined based on the following formula:

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

*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

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 Resulting Issuer

After completion of the RTO, the Resulting Issuer will carry on the business currently carried on by CPL, as described above. On completion of the RTO, it is anticipated, subject to TSXV

approval, that the Resulting Issuer's Board of Directors and management team will be reconstituted to include the individuals listed below.

Richard Lee – Chairman and Chief Executive Officer

Mr. Lee is the current Chairman and Interim Chief Executive Officer of the Company. 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.

Alex Falconer – Chief Financial Officer

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

Kyoungwon Na – Director

Kyoungwon Na is currently the 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 is a current member of the Board of Directors of the Company. Mr. Hale also currently serves as the 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, and holds a B.Sc. in Mechanical Engineering from the University of Waterloo and an MBA from the University of Oxford.

Yim Kun Hyok – Director

Mr. Yim Kun Hyok 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.

Concurrent Financing

As a condition to completing the RTO, the Agreement contemplates: (i) a brokered private placement financing (the “**SQG Concurrent Financing**”) by Hampton Securities Limited (the “**Agent**”), of subscription receipts of SQG (the “**Subscription Receipts**”) 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 the Target 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 the Target of a minimum of US\$3,400,000 and a maximum of US\$20,000,000 (collectively, the “**Concurrent Financing**”).

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.

Each Subscription Receipt shall entitle the holder thereof to receive, upon automatic exchange, without payment of additional consideration or further action on the part of the holder thereof, and subject to adjustment, one (1) Unit upon the satisfaction or waiver (to the extent such waiver is permitted) of certain conditions (the “**Escrow Release Conditions**”), including (i) completion of the RTO being satisfied to the satisfaction of, or waived by, the Agent, and (ii) the receipt of all required shareholder, regulatory and third party approvals including, without limitation, the conditional approval of the TSXV for the RTO and the Concurrent Financing, at or before the date that is 120 days after the closing date of the SQG Concurrent Financing (the “**Escrow Release Deadline**”). Each Unit 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. The expiry date of the warrants may be accelerated by the Company at any time following the four (4) month anniversary of the escrow release date and prior to the expiry date of the warrants in the event the volume weighted average price of the post-Consolidation Common Shares on the TSXV being greater than CAD\$0.50 for any 30 consecutive trading days.

The proceeds of the SQG Concurrent Financing 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 at or before the Escrow Release Deadline, each Subscription Receipt will be cancelled, and the subscription funds will be returned to the subscribers. The Company will be responsible and liable to the holders of Subscription Receipts for any shortfall between the aggregate subscription price and the escrowed funds.

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, 50% of which shall be payable to the Agent on the closing date of the SQG Concurrent Financing and 50% shall be deposited in escrow and form part of the escrowed funds.

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.

In regard to the CPL Concurrent Financing, 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 the Escrow Release Conditions.

On a case-by-case basis, the Target plans to pay success-based agency fees of up to six percent (6%) of the gross proceeds of the CPL Concurrent Financing to certain arms-length third parties who have advised the Target on successfully identifying investors.

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.

Sponsorship

Sponsorship of an RTO is required by the TSXV unless an exemption or waiver from the sponsorship requirements in accordance with TSXV policies is granted. The Company intends to apply for an exemption from the sponsorship requirements of the TSXV. There is no assurance that the Company will be able to obtain such an exemption.

RTO Process and Next Steps

The full particulars of the RTO, the transferred assets and the Resulting Issuer will be described in the information circular to be prepared in accordance with the policies of the TSXV for the purpose of the meeting of the shareholders of SQG at which approval for the RTO will be sought. A copy of the circular will be available electronically on SEDAR (www.sedar.com) under SQG's issuer profile in due course.

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 and CPL. Completion of the RTO is subject to a number of conditions in addition to those described elsewhere in this press release, including but not limited to, TSXV acceptance and, if applicable, disinterested shareholder approval. Where applicable, the RTO cannot close until the required shareholder approval is obtained, in addition to required regulatory and other approvals. There can be no assurance that the RTO will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the RTO, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the securities of SQG should be considered highly speculative.

The TSXV has in no way passed upon the merits of the RTO and has neither approved nor disapproved the contents of this news release.

Trading in the common shares of SQG is currently halted and it is not anticipated that trading in the common shares of SQG will resume prior to the completion of the RTO.

On behalf of the Board of Directors of Spackman Equities Group Inc.:

Richard Lee, Chief Executive Officer and Director
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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this news release.

Forward-Looking Statements

Except for statements of historical fact, this news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. In particular, forward-looking information in this press release includes, but is not limited to, statements with respect to the timing and completion of the RTO, the Concurrent Financing and the Consolidation; the use of proceeds of the Concurrent Financing; satisfaction of the conditions precedent to the completion of the RTO and the anticipated business, management and board of directors of the Resulting Issuer following the completion of the RTO.

Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance, or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors could cause results to differ materially from those expressed in the forward-looking statements which include, but are not limited to risks relating to: general economic conditions in Canada, the United States and globally; the Covid-19 pandemic; industry conditions; the need to obtain all third party consents and corporate approvals necessary to complete the RTO, the Concurrent Financing and the Consolidation, as well as shareholder approval if required; the need to fulfil, or obtain the approval of the TSXV for an exemption from, the sponsorship requirement; the potential occurrence of changes described in the Agreement relating to the business, affairs, financial condition or operations of SQG or CPL; unanticipated operating events; competition for and/or inability to retain services and inputs; the potential that capital may not be available on acceptable terms; the need to obtain required

approvals from regulatory authorities and the TSXV relating to the RTO; stock market volatility; volatility in market prices for commodities; changes in tax laws and incentive programs; and the other factors described in our public filings available at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

There can be no assurance that the RTO will be completed as proposed or at all.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed RTO and has neither approved nor disapproved the contents of this press release.