

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

**AMENDMENT AGREEMENT IN RELATION TO THE PROPOSED RESTRUCTURING OF LOSS MAKING ASSETS IN CONNECTION WITH THE COMPANY'S ENTIRE EQUITY INTEREST IN ITS INDIRECT WHOLLY-OWNED SUBSIDIARY, OPUS PICTURES LIMITED LIABILITY COMPANY, AND INDIRECT 51.50% SUBSIDIARY, UAA KOREA CO., LTD.**

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*Unless otherwise defined, all capitalised terms used herein bear the same meaning as in the Company's announcement dated 19 April 2016 (the "Announcement").*

The Board wishes to announce that the Company and the Company's wholly-owned subsidiaries, Spackman Entertainment Group (HK) Limited ("**SEGHK**") and Spackman Equities Limited ("**SEL**") (SEGHK and SEL being collectively, the "**Vendors**"), have, on 8 July 2016, entered into an amendment agreement with Tae Hun Lee (the "**Purchaser**") (the "**Amendment Agreement**"), pursuant to the proposed disposal of the Vendors' entire shareholding interest in Opus Pictures Limited Liability Company ("**Opus Pictures**") and UAA Korea Co., Ltd. ("**UAA**") to the Purchaser.

**1. AMENDMENTS TO THE ORIGINAL SPA**

The Board refers to the Announcement on the conditional share sale and purchase agreement (the "**Original SPA**") in relation to the sale of the Vendors' entire shareholding interest in Opus Pictures and UAA (the "**Sale Shares**") to the Purchaser (the "**Proposed Restructuring**"). Under the Amendment Agreement, the Vendors and the Purchaser have agreed to amend the Original SPA on the following terms:

**1.1 CHANGE IN THE PURCHASE CONSIDERATION**

Under the Original SPA, the consideration for the Proposed Restructuring ("**Purchase Consideration**") was US\$1.86 million, to be satisfied by way of a selective share buyback of 14,180,000 Shares ("**Consideration Shares**") from the Purchaser.

Pursuant to the Amendment Agreement, the above term shall be removed in its entirety and the Purchase Consideration for the Sale Shares shall be S\$1,347,100 (equivalent to approximately US\$998,592 based on the exchange rate of US\$1:S\$1.349 as at the date of this announcement) in cash (the "**Revised Purchase Consideration**") instead, and was arrived at on a willing buyer and willing seller basis after arm's length negotiations, after taking into account the higher aggregated unaudited net liabilities position attributable to the Sale Shares of US\$1.44 million as at 31 March 2016 as compared to the aggregated audited net liabilities position attributable to the Sale Shares of US\$0.61 million as at 31 December 2015. The purchase consideration is to be satisfied in full upon satisfaction of the conditions precedent in the Original SPA save for those amended in the Amendment Agreement.

The Revised Purchase Consideration represents an excess over the aggregated unaudited net liabilities value of Opus Pictures and 51.36% of UAA of US\$1.44 million as at 31 March 2016, and is expected to be recorded as a net gain on disposal upon completion of the Proposed Restructuring.

The Company intends to use the net sale proceeds from the Proposed Restructuring for its working capital purposes and/or to fund business growth and investment opportunities as and when they arise.

Save for the abovementioned revision to the purchase consideration and the deletion of all references and clauses in relation to the Consideration Shares in the Original SPA, the other salient terms of the Original SPA shall continue to be in full force and effect binding on the parties.

## 2. REVISED RELATIVE FIGURES FOR THE PROPOSED RESTRUCTURING FOLLOWING THE AMENDMENT AGREEMENT

The revised relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Restructuring following the Amendment Agreement and based on the on the unaudited financial statements of the Group for the three months ended 31 March 2016 ("1QFY2016 ") are as follows:

<b>Rule 1006</b>	<b>Base</b>	<b>Relative figure</b>
(a)	The net asset value ("NAV") of the assets to be disposed of, compared with the Group's NAV.	(9.1)% <sup>(1)</sup>
(b)	The net loss attributable to the assets disposed of, compared with the Group's net loss.	92.3% <sup>(2)</sup>
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	3.4% <sup>(3)</sup>
(d)	The number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of compared with the aggregate of the group's proved probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

**Notes:**

- (1) Based on (a) the aggregated unaudited net liabilities of approximately US\$1.44 million attributable to the Company's 100% stake in Opus Pictures and the Company's 51.36% stake in UAA and (b) the unaudited net asset value of the Group of approximately US\$15.93 million as at 31 March 2016.
- (2) Based on (a) the aggregated unaudited loss before income tax, non-controlling interests and extraordinary items of approximately US\$0.76 million attributable to the Company's 100% stake in Opus Pictures and the Company's 51.36% stake in UAA and (b) the Group's unaudited loss before tax from continuing and discontinued operations for 1QFY2016 of approximately US\$0.82 million.
- (3) Based on the Revised Purchase Consideration of approximately S\$1.35 million and the Company's market capitalisation of approximately S\$40.16 million (computed based on the VWAP of S\$0.1007 on 7 July 2016 (being the last full market day preceding the date of the Amendment Agreement) and the Company's share capital of 398,770,209 ordinary shares)).

As the relative figure computed on the bases set out in Rule 1006(b) of the Catalist Rules above exceed 50%, the Proposed Restructuring constitutes a "Major Transaction" under Chapter 10 of the Catalist Rules and is subject to the approval of the Company's shareholders.

**3. REVISED FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING FOLLOWING THE AMENDMENT AGREEMENT**

The revised financial effects of the Proposed Restructuring on the Group following the Amendment Agreement as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Restructuring. The financial effects of the Proposed Restructuring set out below have been prepared based on the audited consolidated financial statements of the Group for FY2015.

**Loss per Share ("LPS")**

Assuming that the Proposed Restructuring had been completed at the beginning of FY2015, the effect of the Proposed Restructuring on the Group's LPS for FY2015 will be as follows:

	<b>Before the Proposed Restructuring</b>	<b>After the Proposed Restructuring</b>
Loss attributable to shareholders of the Company (US\$'000)	(1,114)	982
Weighted average number of ordinary shares in issue	398,694,369	398,694,369
(LPS)/Earnings per Share (US cents)	(0.28)	0.25

### **Net tangible assets ("NTA")**

Assuming that the Proposed Restructuring had been completed at the end of FY2015, the effect of the Proposed Restructuring on the Group's NTA as at 31 December 2015 will be as follows:

	<b>Before the Proposed Restructuring</b>	<b>After the Proposed Restructuring</b>
NTA attributable to the shareholders of the Company (US\$'000) <sup>(1)</sup>	4,171	12,565
Number of ordinary shares in issue	398,770,209	398,770,209
NTA per share (US cents)	1.05	3.15
Adjusted NTA attributable to the shareholders of the Company (US\$'000) <sup>(2)</sup>	12,605	15,834
Adjusted NTA per share (US cents)	3.16	3.97

**Notes:**

(1) Computed based on the Group's net assets less non-controlling interests and intangible assets and taking into account the Revised Purchase Consideration of S\$1,347,100 (equivalent to approximately US\$998,592) in cash. The Group's intangible assets include film production inventories of US\$8.4 million.

(2) Computed based on the Group's net assets less non-controlling interests and intangible assets but adjusted to exclude film production inventories of US\$8.4 million from intangible assets, and taking into account the Revised Purchase Consideration of S\$1,347,100 (equivalent to approximately US\$998,592) in cash.

#### **4. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Restructuring (other than through their shareholdings in the Company, if any). None of the Directors or the controlling shareholders of the Company are related to the Purchaser.

#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Restructuring, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and

correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

## **6. CIRCULAR TO SHAREHOLDERS**

A circular to Shareholders, together with the notice of the EGM to be convened, to seek Shareholders' approval for the Proposed Restructuring will be despatched to Shareholders in due course.

## **7. DOCUMENTS FOR INSPECTION**

A copy of the Original SPA and Amendment Agreement of the Company will be available for inspection during normal business hours at 16 Collyer Quay, #17-00, Singapore 049318 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Charles Choi Spackman

Executive Chairman

8 July 2016

*The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

*The contact person for the Sponsor is Ms. Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*