

# spackmanentertainmentgroup

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

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(A) INTERNAL RESTRUCTURING OF SUBSIDIARIES  
(B) PROPOSED DISPOSAL OF THE ENTIRE SHAREHOLDING INTEREST IN SPACKMAN EQUITIES LIMITED

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## 1. INTRODUCTION

### 1.1 Background of the Transaction

The Board of Directors (each, a "Director" and collectively, the "Board") of Spackman Entertainment Group Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that on 20 December 2024, as part of an internal restructuring exercise (the "Proposed Restructuring"), the Company has entered into a sale and purchase agreement (the "SPA") with Kim Tae Han (the "Purchaser" and together with the Company, the "Parties"), for the disposal of all of the shares held by the Company (the "Sale Shares") in Spackman Equities Limited ("SEL"), representing 100% of the total outstanding common voting shares of SEL, for an aggregate consideration of US\$1 (or equivalent to approximately S\$1.36 based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the Monetary Authority of Singapore's ("MAS") website) (the "Proposed Disposal"). Upon the completion of the Proposed Disposal ("Completion"), SEL will cease to be a subsidiary of the Group.

#### 1.1.1 *Transaction Classification of the Proposed Disposal*

The Proposed Disposal is considered a "Disclosable Transaction" of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). In determining the classification of the Proposed Disposal, consideration was given to the specific circumstances outlined in Practice Note 10A of the Catalist Rules. For detailed information on the relative figures for the Proposed Disposal, computed under Rule 1006, please refer to Paragraph 8 of this announcement.

### 1.2 Information on the Proposed Restructuring

The Proposed Restructuring aims to streamline the Group's corporate structure so as to enhance operational efficiency. Pursuant to the Proposed Restructuring, the shares of the following subsidiaries of the Company will be transferred from the Company to SEL prior to Completion, which constitutes a condition precedent under the terms of the SPA.

- (i) 1,020 shares representing 51.0% equity interest in the share capital of Novus Mediacorp Co., Ltd. ("Transfer 1") to SEL;
- (ii) 165,000,000 shares representing 100.0% equity interest in the share capital of Simplex Films Limited ("Transfer 2") to SEL;
- (iii) 20,000 shares representing 60.2% equity interest in the share capital of Noon Pictures Co., Ltd. ("Transfer 3") to SEL;
- (iv) 4,400,000 shares representing 100.0% equity interest in the share capital of Constellation Agency Pte. Ltd. ("Transfer 4") to SEL; and
- (v) 84,000 shares representing 94.4% equity interest in the share capital of Upper West Inc. ("Transfer 5") to The P Factory Co., Ltd, a wholly-owned subsidiary of Constellation Agency Pte. Ltd.

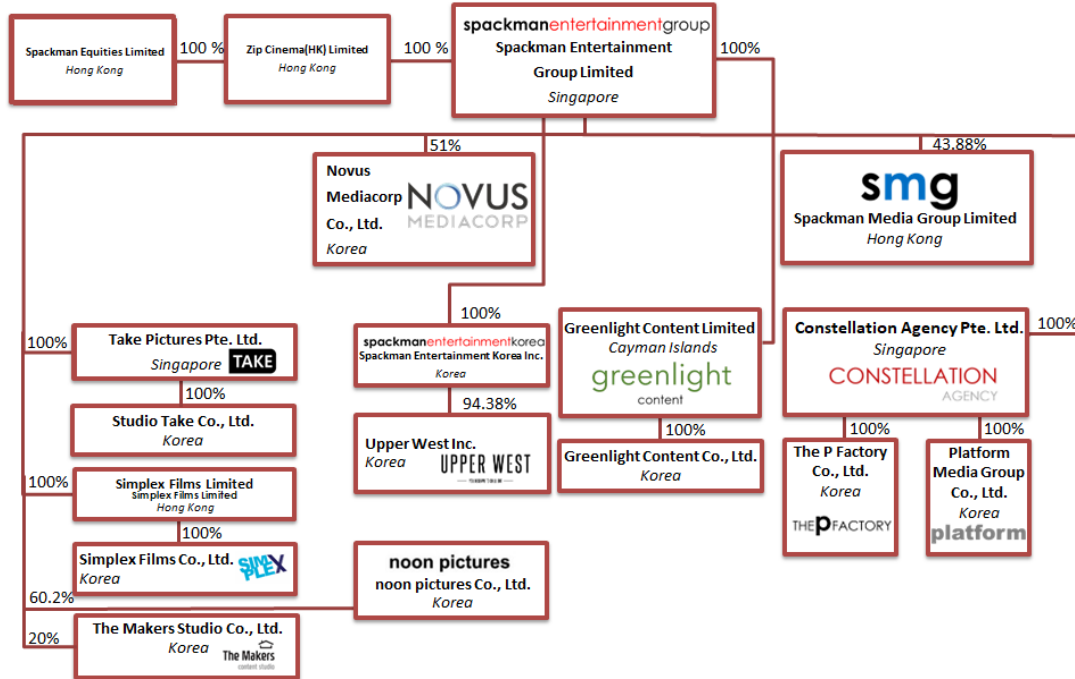
The Proposed Restructuring will be funded through the Company's internally generated cash and is not expected to have any material financial impact on the Group.

Transfer(s)	Consideration
Transfer 1	Nominal consideration of US\$1 (or equivalent to approximately S\$1.36)
Transfer 2	Nominal consideration of US\$1 (or equivalent to approximately S\$1.36)
Transfer 3	Nominal consideration of US\$1 (or equivalent to approximately S\$1.36)
Transfer 4	Nominal consideration of US\$1 (or equivalent to approximately S\$1.36)
Transfer 5	Nominal consideration of US\$1 (or equivalent to approximately S\$1.36)

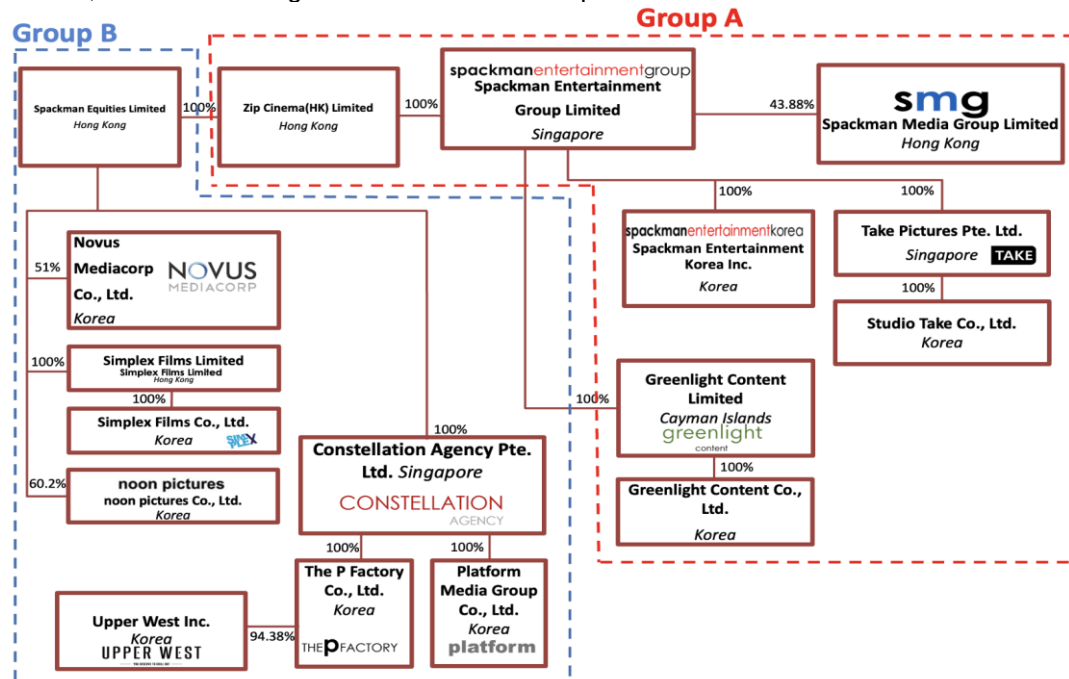
\*Based on the exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website.

### 1.2.1 Organisation Structure – Prior and Post Proposed Restructuring

The organisational structure of the Group prior to the Proposed Restructuring is as follows:



Following the Proposed Restructuring, the organisational structure of the Group will be as follows, with SEL holding the entities under Group B as outlined below:



\*For the avoidance of doubt, The Makers Studio Co., Ltd., in which the Company owns a 20% equity interest, remains under Group A.

## 2. INFORMATION ON THE PURCHASER AND SEL

### 2.1 The Purchaser

The Purchaser, Kim Tae Han ("**Mr Kim**"), is an independent third-party who is a Korean actor and businessman based in Korea. Mr Kim has business interests in various entertainment-related sectors across Korea and other parts of Asia. He intends to capitalise on SEL and its overseas subsidiaries for his personal business ventures.

As at the date of this announcement, neither the Purchaser nor their respective associates have any direct or indirect interest in the Company and are not related to any of the Company's directors, key management personnel, substantial shareholders, or their respective associates.

### 2.2 SEL

SEL is a private company limited by shares, incorporated under the laws of Hong Kong on 24 October 2007 with an issued and paid-up share capital of HKD\$100, comprising 100 common voting shares. As at the date of this announcement, the Company is the 100% legal and beneficial owner of all the common voting shares in SEL. The principal business of SEL is that of an investment holding company.

## 3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

### 3.1 Proposed Disposal of the Sale Shares

The Company shall, in accordance with the terms and conditions of the SPA, on Completion, sell to the Purchaser the Sale Shares (and not part thereof only), and the Purchaser shall purchase the Sale Shares (and not part thereof only) free from all encumbrances and with the benefit of all rights, benefits and entitlements attaching thereto as at the date of Completion (the "**Completion Date**") and thereafter (including the right to any dividends or other distributions declared and payable thereon on or after such date). The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

### 3.2 Consideration

The aggregate consideration for the sale of the Sale Shares to the Purchaser (the "**Consideration**") shall be US\$1 (or equivalent to approximately S\$1.36 based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website), payable in cash.

The Parties have agreed that the Completion Date for the Proposed Disposal shall be on or before 31 December 2024. Accordingly, SEL ceases to be the Group's subsidiary as of the Completion Date.

The Consideration was determined through commercial negotiations between the Parties conducted at arm's length and on a willing-buyer, willing-seller basis, taking into account the following factors:

- (i) the Purchaser's due diligence findings on all subsidiaries to be held by SEL following the Proposed Restructuring;
- (ii) the independent valuation of all subsidiaries to be held by SEL following the Proposed Restructuring;
- (iii) other commercial considerations, including but not limited to, the historical performance and business prospects of the subsidiaries subject to the Proposed Restructuring in light of prevailing market conditions; and
- (iv) the rationale for, and benefits to, the Group arising from the Proposed Disposal, as further detailed in Paragraph 6 of this announcement.

### 3.3 Payment Schedule

On the Completion Date of the Proposed Disposal, in accordance with the terms and conditions of the SPA and upon satisfaction of the Conditions Precedent outlined in Paragraph 3.4, the Purchaser shall remit payment to the Company either in cash or via wire/telegraphic transfer to the Company's bank account or to a bank account designated in writing by the Company.

### 3.4 Conditions Precedent

The Completion shall be subject to the fulfilment of all of the following conditions (collectively, the "**Conditions Precedent**"):

- (a) Veracity of Warranty. that, at and as of the Completion Date, all the warranties set forth in Article 3 of the SPA having been true when made and being true in all respects as if all of the same were made at and then renewed/repeated as of the Completion Date and Parties to the SPA having performed their individual and corporate actions and complied with all agreements as required by the SPA to be performed or complied by them.
- (b) Completion of Proposed Restructuring & Satisfactory Due Diligence. the completion of the Proposed Restructuring and the Purchaser's due diligence exercise (including legal, accounting, financial and tax due diligence) in relation to SEL and its subsidiaries (the "**Due Diligence Exercise**") to the satisfaction of the Purchaser. The Company agrees to provide the Purchaser full and free access to the relevant information in a timely manner for the purpose of the Due Diligence Exercise.
- (c) Regulatory Approvals. each party to the SPA having obtained all necessary regulatory approvals and consents in their respective jurisdictions, as well as all other necessary approvals and consents from all relevant government, regulatory and other authorities and other relevant jurisdictions to effect and complete the Proposed Disposal, and where such approvals or consents are subject to conditions pertaining to and are to be complied with by the Purchaser, such conditions being reasonably acceptable to the Purchaser.
- (d) Other Approvals. the consents of the Board and shareholders of each party to the SPA, if such consents are required.

### 3.5 Indemnity

The Company and the Purchaser shall indemnify and hold harmless each other, along with their respective officers, directors, employees, agents, and associates, from and against, any and all damages, losses, or liabilities suffered, incurred, or sustained by any of them, or to which any of them may become subject, arising out of, resulting from, or relating to any breach of warranty on the part of either party under the terms of the SPA.

## 4. **VALUE OF THE SALE SHARES**

Based on the latest consolidated financial statements of SEL for the financial period ending 30 June 2024 post the Proposed Restructuring:

- (i) the net asset value ("**NAV**") of SEL is US\$122,720 (or equivalent to approximately S\$166,948 based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website);
- (ii) the net tangible assets ("**NTA**") / net tangible liabilities ("**NTL**") of SEL is an NTL of US\$(487,485) (or equivalent to approximately S\$(663,175) based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website);
- (iii) the net profit/(loss) (including discontinued operations that have not been disposed and before income tax and non-controlling interests) is US\$(434,111) or equivalent to approximately S\$(590,564) based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website); and

- (iv) the open market value of the Sale Shares is not available as the shares of SEL are not publicly traded.

For the purposes of the Proposed Disposal, the Company commissioned Hanul LLC (Crowe Horwath Korea) (the "**Independent Valuer**") to conduct an independent valuation of SEL following the Proposed Restructuring and to assess and determine the value of the Sale Shares. Based on the valuation report issued by the Independent Valuer dated 9 December 2024 (the "**Valuation Report**"), SEL was assessed to have a negative net asset value of US\$(680,472) (or equivalent to approximately S\$(925,714) based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website). The Independent Valuer observed that utilising the income approach and market approach valuation methods to value SEL was inapplicable, given its significant ongoing operational losses over the years and the challenges in projecting future profit generation. Consequently, the adjusted net asset method was adopted for the valuation.

## 5. USE OF PROCEEDS AND GAIN/(LOSS) ON PROPOSED DISPOSAL

As the Consideration is US\$1 (or equivalent to approximately S\$1.36 based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website), it is not meaningful to discuss the use of proceeds from the Proposed Disposal.

The gain/(loss) on disposal from the Proposed Disposal amounts to approximately US\$(122,719) (or equivalent to approximately S\$(166,947) based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website) which is computed based on the excess of the Consideration over the net book value of SEL as at 30 June 2024.

## 6. RATIONALE OF THE PROPOSED DISPOSAL

Aligned with the Group's strategic objective to improve overall business performance, the Board has undertaken a comprehensive restructuring of the Group aimed at reducing operating losses and expenses and plans to proceed with the disposal of its loss-making entities. SEL has experienced a substantial increase in net losses and a significant depletion of cash reserves over the past five years, indicating a marked deterioration in the overall business performance of SEL Group between FY2019 and FY2023. Accordingly, the Proposed Disposal is intended to enable the Group to streamline its operations for greater efficiency and productivity while mitigating further unnecessary operating losses. Post the Proposed Disposal, the Group's financial position is anticipated to improve, potentially providing the flexibility to explore new business opportunities, whether related or unrelated to its primary business of film and drama production.

Looking forward, the Group remains committed to leveraging the film production capabilities of its indirect wholly-owned subsidiary, Studio Take Co., Ltd. ("**Studio Take**"). Studio Take recently premiered its Korean adaptation of the Taiwanese hit *YOU ARE THE APPLE OF MY EYE* at the 29<sup>th</sup> Busan International Film Festival in October 2024. The premiere was highly successful, selling out all seats within ten minutes of opening advance ticket reservations. The remake of this romance film is scheduled for release in the first half of 2025. Additionally, Studio Take is in the post-production phase for its upcoming film, *THE GUEST*, scheduled for release in the second half of 2025. This film is based on a short film of the same title, directed by Yeon Je-gwang, which was invited to the 2016 Cannes Film Festival. The Group is confident that Studio Take's steady slate of film projects, consistently recognised by prestigious local and international film festivals, underscores its capability to produce high-quality content and contribute positively to the Group's film production performance.

On 6 December 2024, the Group announced the completion of the reverse takeover transaction ("**RTO**") of its associated company, Spackman Media Group Limited ("**SMGL**"). In addition to focusing on Studio Take's production pipeline, the Group plans to leverage SMGL's talent management platform. The RTO positions SMGL's artists to enter the North American film market more effectively, benefiting from the geographical advantage of Spackman Equities Group Inc. ("**SQG**") being listed on the TSX Venture Exchange. This listing is expected to offer

enhanced opportunities for accessing growth financing through the Canadian capital market, strengthening the Group's performance through its collaboration with SMGL.

## 7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 7.1 Bases and Assumptions

The following are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after Completion. The financial effects of the Proposed Disposal on the Company, as set out below, are based on the Group's latest audited consolidated financial statements for the financial year ending 31 December 2023 ("FY2023") and the following assumptions:

- (a) the financial effects on the Group's NTA per ordinary share in the capital of the Company ("Share") have been computed assuming the Proposed Disposal had been effected at the end of FY2023; and
- (b) the financial effects on the Group's earnings/(loss) per Share have been computed assuming the Proposed Disposal had been effected at the beginning of FY2023.

### 7.2 Share Capital

As the Company will issue no new Shares in connection with the Proposed Disposal, the Proposed Disposal will have no impact on the Company's issued share capital.

### 7.3 NTA per Share

	Before the Proposed Disposal	After Completion
NTA (US\$)	13,901,734	13,583,318
NTA (S\$) <sup>(1)</sup>	18,911,918	18,478,745
Number of Shares excluding treasury shares	1,836,391,319	1,836,391,319
NTA per Share (US\$ cents)	0.76	0.74
NTA per Share (S\$ cents) <sup>(1)</sup>	1.03	1.01

Notes:-

(1) Based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website.

### 7.4 Earnings/(Loss) per Share ("LPS")

	Before the Proposed Disposal	After Completion
Earning/(Loss) attributable to equity holders of the Company (US\$)	(8,051,405)	(8,369,821)
Earning/(Loss) attributable to equity holders of the Company (S\$) <sup>(2)</sup>	(10,953,131)	(11,386,304)
Weighted average number of Shares excluding treasury shares	1,836,391,319	1,836,391,319
Earning/(Loss) per Share <sup>(1)</sup> (US\$ cents)	(0.44)	(0.46)
Earning/(Loss) per Share <sup>(1)</sup> (S\$ cents) <sup>(2)</sup>	(0.60)	(0.62)

Notes:-

- (1) *The earnings/(loss) per Share is calculated by dividing the earnings/(loss) for the relevant financial period attributable to equity holders of the Company by the weighted average number of ordinary shares.*
- (2) *Based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website.*

## 8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures of the Proposed Disposal computed on the bases as set out in Catalist Rule 1006 and based on the Group's latest announced consolidated financial statements for the half-year ended 30 June 2024 ("1H2024") are as set out as follows:

	<b>Bases Under Rule 1006</b>	<b>Relative Figure (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	0.75 <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	19.30 <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.00 <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable <sup>(5)</sup>

Notes:-

- (1) *Based on the NAV of the Sale Shares of approximately US\$122,720 as at 30 June 2024 and the NAV of the Group of approximately US\$16,452,190 as at 30 June 2024.*
- (2) *Based on the net profit/(loss) of approximately US\$(434,111) of SEL (before income tax and non-controlling interests) as at 30 June 2024, and the net profit of the Group of approximately US\$(2,248,721) (before income tax and non-controlling interests) as at 30 June 2024.*
- (3) *Based on the Consideration of US\$1 (or equivalent to approximately S\$1.36 based on an exchange rate of US\$1 : S\$1.3604 as at 20 December 2024, extracted from the MAS website) and the market capitalisation of the Company of S\$3,672,783. The market capitalisation of the Company is calculated on the basis of 1,836,391,319 Shares (excluding treasury shares) and the volume-weighted average price of S\$0.002 per Share transacted on 13 December 2024, being the last full market day on which the Company's Shares were traded preceding the date of the SPA.*
- (4) *Catalist Rule 1006(d) is not applicable to the disposal of assets.*
- (5) *Catalist Rule 1006(e) is not applicable as the Company is not a mineral, oil and gas company.*

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A (Acquisitions and Realisations) of the Catalist Rules ("**Practice Note 10A**"). In respect to the

Proposed Disposal, the transaction involves the disposal of an asset that is loss-making, and the relative figure computed pursuant to 1006(b) of the Catalist Rules involves negative figures.

Having regard to the above:

- (a) as the absolute relative figure computed on the basis of each of Rule 1006(a), 1006(c) does not exceed 50%; and
- (b) the Proposed Disposal will result in a loss on disposal exceeding 5% but does not exceed 10% of the consolidated net loss of the Group (taking into account only the absolute values),

the Disposal falls within the situation of paragraph 4.4(e) of Practice Note 10A, and the Company is required to immediately announce the information specified under Catalist Rules 1010, 1011, 1012, and Rule 1013 (i.e. Disclosable Transaction), where applicable, in relation to the Proposed Disposal.

#### **9. PROFIT GUARANTEE OR PROFIT FORECAST**

No profit guarantee or profit forecast (or any covenant which quantifies the anticipated level of future profits) was granted by the Company under the SPA.

#### **10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As of the date of this announcement, save for their shareholding interests in the Company, none of the Directors or substantial shareholders or their respective associates have any interest, direct or indirect, in the Proposed Disposal.

#### **11. SERVICE CONTRACTS**

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

#### **12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA and the Valuation Report will be made available for inspection during normal business hours, on any weekday (public holidays excepted), at the Company's registered office at 16 Collyer Quay, #17-00 Income at Raffles, Singapore 049318, for a period of three (3) months from the date of this announcement.

#### **13. 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 and Proposed Disposal, 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.

#### **14. FURTHER ANNOUNCEMENTS**

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments with respect to the Proposed Restructuring, Proposed Disposal, the SPA, and other matters contemplated in this announcement.



## 15. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading the Shares in the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will proceed to Completion.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

### BY ORDER OF THE BOARD

Na Kyoungwon  
Executive Director and Chief Executive Officer  
20 December 2024

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*This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**"), and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

*The contact person for the Sponsor is Mr Jerry Chua (Tel: (65) 6241 6626), at 160 Robinson Road, #20-01/02, SBF Center, Singapore 068914.*