

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

**ENTRY INTO NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE
PROPOSED DIVESTMENT OF THE COMPANY'S SHARES IN SPACKMAN MEDIA GROUP LIMITED
TO SPACKMAN EQUITIES GROUP INC**

The Board of Directors ("**Board**") of Spackman Entertainment Group Limited ("**Company**" and together with its subsidiaries, the "**Group**") wishes to inform shareholders that the Company has today entered into a non-binding memorandum of understanding ("**MOU**") with Spackman Equities Group Inc ("**SQG**" or the "**Purchaser**"), a company listed on the TSX Venture Exchange in Canada, pursuant to which the Company intends to sell the its entire interest in Spackman Media Group Limited ("**Spackman Media Group**") (the "**Proposed Divestment**") to the Purchaser.

The Purchaser is an investment company that selectively invests into growth companies that possess proprietary know-how or technologies. The common shares of SQG are traded on the TSX Venture Exchange under the symbol 'SQG'. As of the date of this announcement, SQG is a substantial shareholder of the Company, holding 7.55% of the total issued shares of the Company. Richard Lee, the Non-Executive Director of the Company, and Na Kyoungwon, the Executive Director, President and Chief Operating Officer of the Company, are also directors of SQG.

Under the MOU, the Company intends to sell all its 13,968,038 common voting shares of Spackman Media Group ("**Sale Shares**"), representing 43.88% of the Company's interest in Spackman Media Group. The purchase consideration will be fully satisfied by newly issued common shares of the Purchaser ("**Consideration**"). Accordingly, following the completion of the Proposed Divestment, SQG will be a subsidiary of the Company.

The Company envisage the Proposed Divestment to be classified as a major transaction under Chapter 10 of the Catalist Rules and may also constitute an interested person transaction under Chapter 9 of the Catalist Rules. The Company will, through its Sponsor, consult the SGX-ST on the applicability of Chapter 9 of the Catalist Rules, and if necessary, on the applicability of Chapter 10 of the Catalist Rules.

The Parties further acknowledge and understand that the Proposed Divestment may constitute a reverse-takeover for SQG pursuant to the relevant regulations of the TSX Venture Exchange.

The MOU does not constitute any legally binding obligations on the Company and the Purchaser (collectively, the "**Parties**"). It is intended to be a basis for further negotiations between the Parties.

Rationale

Upon the completion of the Proposed Divestment, the Parties plans to develop, produce and finance motion pictures and entertainment content targeted for the North American market, as well as develop other entertainment-related businesses in North America.

The rationale mentioned above is in line with the Group's strategy to diversify into the production and financing of US Hollywood movies, a major initiative that the Group plans to unveil in the near future.

Consideration

The Consideration for the Proposed Divestment is as follows:

(1) The price per share of the Sale Shares shall be no less than KRW 2,000 (equivalent to S\$2.30) which is equivalent to the most recent significant transaction of the shares of Spackman Media Group that has been documented in public records. Accordingly, the Consideration shall be no less than KRW 27,936,076,000 (equivalent to S\$32,126,487).

(2) The issue price of the shares of the Purchaser to satisfy the Consideration will be discussed and agreed upon by the Parties, in accordance with TSX Venture Exchange regulations.

The Consideration shall be further negotiated and agreed upon between the Purchaser and the Company.

Conditions Precedent

The key conditions precedent to the Proposed Divestment include, but not limited to, the following:

- (a) Completion of the respective Parties' due diligence exercise;
- (b) The Purchaser shall not own any shares in the Company prior to or at the time of the execution of the Proposed Divestment;
- (c) The Purchaser shall consolidate its common shares on a 10:1 basis;
- (d) Completion of independent valuation on Spackman Media Group commissioned by each of the Company and Purchaser, if required;
- (e) Receipt of approval from the shareholders of the Company in relation to the Proposed Divestment, if needed;
- (f) Receipt of approval from the shareholders of the Purchaser in relation to the acquisition of the Sale Shares and the issuance of its common shares, if needed;
- (g) All other necessary approvals and consents from all relevant government, regulatory and other authorities and third parties in Singapore, Canada, and other relevant jurisdictions to effect and complete the Proposed Divestment being obtained, 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.

Further Information

Negotiations between the Parties are ongoing, and no binding agreement has been entered into between the Parties in respect of the Proposed Divestment. Pursuant to the MOU, the Parties agree that the MOU shall terminate if definitive agreement(s) are not executed by 30 September 2020, unless extended mutually.

The Company shall make the necessary announcements as and when there are further material developments on the Proposed Divestment.

Caution in Trading

Shareholders and potential investors should exercise caution when trading in the shares of the Company. The Proposed Divestment is subject to the execution of definitive agreement(s) by the Parties and conditions precedent to be fulfilled, and there is no certainty or assurance that the definitive agreement will be entered into, or that the Proposed Divestment will be completed.

BY ORDER OF THE BOARD

Na Kyoungwon
Chief Operating Officer, President and Executive Director
18 August 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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: -
Name: Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd.
Address: 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619
Tel: 6381 6966*