

CIRCULAR DATED 4 OCTOBER 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Circular (as defined herein) or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Spackman Entertainment Group Limited (the "**Company**"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been made available on SGXNET and the Company's website at the URL <https://spackmanentertainmentgroup.com/corporate-filings>. A printed copy of this Circular will NOT be despatched to Shareholders (as defined herein).

Due to the current COVID-19 outbreak in Singapore, Shareholders will not be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (i) watching the EGM proceedings via "live" webcast or listening to the EGM proceedings via "live" audio feed, (ii) submitting questions in advance of the EGM, and/or (iii) voting by proxy at the EGM. Please see paragraph 13 of this Circular for these alternative arrangements.

This Circular 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 (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

The contact person for the Sponsor is Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd. at 6 Raffles Quay #24-02, Singapore 048580, sponsor@rhtgoc.com.

Shook Lin & Bok LLP has been appointed as the legal adviser to the Company as to compliance with Singapore law in relation to the Proposed Disposal.

spackmanentertainmentgroup

SPACKMAN ENTERTAINMENT GROUP LIMITED

(Company Registration No.: 201401201N)

(Incorporated in the Republic of Singapore on 10 January 2014)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED DISPOSAL BY THE COMPANY'S SUBSIDIARIES OF THEIR ENTIRE SHAREHOLDING INTEREST IN ZIP CINEMA CO., LTD. AS A MAJOR TRANSACTION

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form : 17 October 2021 at 10:30 a.m.
Date and time of Extraordinary General Meeting : 19 October 2021 at 10:30 a.m. via live streaming
Place of Extraordinary General Meeting : The EGM will be held via live streaming

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

Companies within the Group

- "Company"** : Spackman Entertainment Group Limited.
- "Group"** : The Company and its subsidiaries collectively.
- "SEL"** : Spackman Equities Limited, a corporation incorporated under the laws of the Hong Kong Special Administrative Region, with the registered office address at Rooms 1009-1012, 10th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.
- "Zip HK"** : ZIP Cinema (HK) Limited (formerly known as Spackman Entertainment Group (HK) Limited), a corporation incorporated under the laws of Hong Kong, with the registered office address at Rooms 1009-1012, 10th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.
- "Zip Korea"** : ZIP Cinema Co., Ltd., a corporation incorporated under the laws of Korea, with the registered office address at 508, Hoedong-gil, Paju-si, Gyeonggi-do, Republic of Korea.

Other Corporations and Agencies

- "CDP"** : The Central Depository (Pte) Limited.
- "Independent Valuer"** : Echon Accounting Corporation, Morison KSi Korea, the competent and independent valuer in respect of the Valuation Report.
- "Purchaser"** : Kakao Entertainment Corp., a corporation incorporated under the laws of the Republic of Korea, with the registered office address at 6F, Twosun Building, 221, Pangyoyeok-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea.
- "SGX-ST"** : Singapore Exchange Securities Trading Limited.

General

- "Act"** : The Companies Act, Chapter 50 of Singapore.
- "Affiliate"** : With respect to any Person, any other Person that (a) directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person, (b) is an officer, director, general partner, trustee, manager or shareholder of such Person, or of a Person described in clause (a) of this sentence, or (c) is a Relative of such Person or of an individual described in clause (a) or (b) of this sentence. As used in this definition, "Relative" means with respect to any individual, (x) such individual's spouse, (y) any direct descendent, parent, grandparent or great grandparent (in each case, whether by

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blood or adoption) of such individual or such individual's spouse, and (z) any spouse of an individual described in clause (y) of this sentence. As used herein, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

- "Announcement"** : The announcement by the Company dated 14 September 2021 that the Company, the Sellers and Zip Korea had entered into the SPA with the Purchaser in respect of the Proposed Disposal on the SGXNET.
- "Announcement Date"** : 14 September 2021.
- "Assets"** : Of any Persons means all assets and properties (both real or personal and tangible or intangible) used by it, or purported to be owned or leased by it, and all of its rights and benefits under any of the Contracts to which such Person is a party.
- "Authority"** : Any nation or government or any province, state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality, of any other jurisdiction in which a party to this Agreement is resident, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange, including the SGX-ST.
- "Board"** : The board of Directors of the Company as at the date of this Circular.
- "Business Day"** : Any day that is not a Saturday, Sunday, national holiday or other day on which commercial banks are authorized by law to close in, Korea and Singapore.
- "Catalist Rules"** : Section B: Rules of Catalist of the Listing Manual of the SGX-ST as amended, supplemented or modified from time to time.
- "Circular"** : This circular dated 4 October 2021 issued by the Company.
- "Claim"** : Any claim, action, cause of action, investigation, proceeding, charge, suit, or any other similar right or claim.
- "Closing"** : The completion of the Proposed Disposal in accordance with the terms of the SPA.
- "Closing Date"** : The date that Closing occurs.
- "Consideration"** : The sum of KRW 17,999,988,140 in cash (approximately S\$ 19,799,987 based on the exchange rate of KRW1: S\$0.0011 as of

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- 13 September 2021), being the aggregate consideration for the Sale Shares.
- “Contract”** : Any contract, agreement, understanding, arrangement, or other instrument, whether written or oral, including all amendments and modifications thereto.
- “Deposit”** : The USD equivalent of Korea Won Two Billion Seven Hundred Million (KRW 2,700,000,000) to be paid by the Purchaser to Zip HK in accordance with the terms of the SPA.
- "Directors"** : The directors of the Company as at the date of this Circular.
- "EGM"** : The extraordinary general meeting to be convened for the approval by the Shareholders of the Proposed Disposal to be held by way of electronic means on 19 October 2021 at 10:30 a.m., notice of which is set out on pages N-1 to N-3 of this Circular.
- "FY"** : The financial year ended or ending 31 December.
- “FY 2020 Financial Statements”** : The audited consolidated financial statements of the Group for FY 2020.
- “Holdback Amount”** : The Zip HK Holdback Amount and the SEL Holdback Amount, collectively.
- “Holdback Release Conditions”** : Has the meaning ascribed to it in Section 3.2.2 of this Circular.
- “HY 2021 Financial Statements”** : The unaudited half year financial statements of the Group for FY 2021.
- “Intellectual Property”** : All rights, title, and interests in and to all intellectual property rights of every kind and nature however denominated, throughout the world, including (i) patents and patent applications and all rights therein and registrations or applications for registration thereof, (ii) trademarks, service marks, trade names, domain names, and social media accounts and handles, and all rights therein, all registrations or applications for registration thereof, and all goodwill associated therewith, (iii) copyrights, (iv) all intellectual, industrial, software, data, database, or other proprietary rights, trade secrets and confidential business information, inventions or designs, whether patentable or non-patentable and whether or not reduced to practice, know-how, and techniques, research and development information, teaching materials, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer information, (v) all other forms of technology and business materials, whether tangible or intangible, embodied in any form, whether or not protectable or protected by patent, trademark, copyright, mask work right, software right, database right, trade secret law, or otherwise, and all documents and other

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- materials recording any of the foregoing, and (vi) all other proprietary rights in any of the foregoing.
- “K-IFRS”** : The Korean International Financial Reporting Standards, consistently applied.
- “Korea”** : Has the meaning ascribed to it in Section 2.1 of this Circular.
- "Latest Practicable Date"** : The latest practicable date prior to the publication of this Circular, being 3 October 2021.
- “Liabilities”** : Collectively, any and all debts, indebtedness, liabilities, commitments and obligations of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, asserted or not asserted, known or unknown, determined, determinable or otherwise, whenever or however arising (including, whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by K-IFRS to be reflected in the financial statements.
- "Listing Manual"** : The listing manual of the SGX-ST.
- “Long Stop Date”** : The Business Day that is three (3) months immediately following the date of the SPA, provided that the Long Stop Date may be extended by written consent of the Purchaser and the Sellers.
- "Law"** : Any law, statute, regulation, order, judgment or ruling of an Authority (including the rules of any applicable stock exchange), in Korea, Singapore or any other applicable jurisdiction.
- "LPS"** : Has the meaning ascribed to it in Section 6.1 of this Circular.
- “Material Adverse Change”** : Means (a) any material adverse change in or effect on (or any development that results or would reasonably be expected to result in any material adverse change in or effect on) the business, operations, management, capital, liquidity, Assets and Liabilities, condition (financial or otherwise), results of operations or prospects of the Company and/or ; or (b) any material adverse change in or effect on (or any development, including, without limitation, any change in the Law, that results or would reasonably be expected to result in any material adverse change in or effect on) the ability of the Company or the Sellers to consummate the Transactions.
- "NAV"** : Has the meaning ascribed to it in Section 8 of this Circular.
- “Net Proceeds”** : Has the meaning ascribed to it in Section 5 of this Circular.
- "NTA"** : Net tangible assets.
- "Notice of EGM"** : The notice of the EGM set out on pages N-1 to N-3 of this Circular.

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- “Order”** : An order, injunction, judgment, decree or demand issued by a court or any other Authority.
- “OTT”** : Has the meaning ascribed to it in Section 4.2(d) of this Circular.
- “Paju Office Building”** : An office building located at 627-3, Munbal-dong, Paju-si, Gyeonggi-do, Korea which is owned by Zip Korea.
- “Person”** : Any individual, entity, corporation, company, association, joint venture, joint stock company, partnership, trust, organization, nation, state, government (including agencies, departments, bureaus, boards, divisions and instrumentalities thereof), trustee, receiver or liquidator.
- “Proceeding”** : Any Claim, suit, action, arbitration, investigation or legal, administrative or other proceeding of any nature, domestic or foreign, civil or criminal, commenced, brought, conducted or heard by or before, or that otherwise involves or may involve any Authority, arbitrator, mediator, or arbitral or mediation panel pending against a Person.
- "Proposed Disposal"** : Has the meaning ascribed to it in Section 1.1 of this Circular.
- "Proposed Disposal Resolution"** : The ordinary resolution relating to the Proposed Disposal in the Notice of EGM, to be proposed at the EGM.
- "Proxy Form"** : The proxy form in respect of the EGM as set out in this Circular.
- “Purchase Price”** : In relation to each Seller, the cash consideration payable for the Sale Shares as contemplated under Section 3.2 of this Circular.
- “Regulatory Approvals”** : The Korean Regulatory Approvals, approval from the Shareholders (as may be required under the relevant rules of the SGX-ST) and all other necessary regulatory approvals, consents, exemptions, waivers, authorizations, clearances and Orders required to be made or obtained from any Authority in connection with the Transactions (including the execution of the SPA or any other Transaction Document or the consummation thereof).
- “Related Party Transactions”** : Transactions between Zip Korea, on the one hand, and (i) any of its employees (whether regular or non-regular, whether salaried or hourly and whether full or part-time), directors and officers, shareholders or Affiliates thereof; (ii) any director, executive officer, shareholder or Affiliate of any of such shareholders; or (iii) any director or executive officer of any entity in which any director or executive officer of Zip Korea is a manager or holds more than 5% of its outstanding equity securities or its respective assets, on the other hand.
- "Sale Shares"** : Has the meaning ascribed to it in Section 1.1 of this Circular.

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- “Securities Account”** : The securities account maintained by a Depositor with CDP (but does not include a securities sub-account maintained with a Depository Agent).
- “SEL Holdback Amount”** : An amount of KRW 1,260,749,616 to be withheld by the Purchaser from the relevant Purchase Price payable to SEL.
- “Sellers”** : Has the meaning ascribed to it in Section 1.1 of this Circular.
- “Seller Accounts”** : The bank account(s) opened in the name of Zip HK, as notified in writing by Zip HK to the Purchaser in advance.
- “Securities and Futures Act” or “SFA”** : The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time or re-enactment thereof for the time being in force.
- “SGXNET”** : The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies.
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Shareholders”** : The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares.
- “Shares”** : Ordinary shares in the issued share capital of the Company.
- “SMGL”** : Has the meaning ascribed to it in Section 4.2(f) of this Circular.
- “SPA”** : The sale and purchase agreement dated 14 September 2021 entered into between the Company, the Sellers, Zip Korea and the Purchaser.
- “Taxes”** : Any and all taxes, payroll taxes, charges, fees, duties, levies, penalties or other assessments imposed by any national, federal, state, local or foreign tax-related Authority, including, without limitation, corporate taxes, income taxes, gross receipts taxes, value added taxes, capital gain taxes, excises, withholding taxes, stamp duty, comprehensive land taxes, securities transaction taxes, education taxes, business office taxes, acquisition taxes, sales taxes, gain taxes, use taxes, license taxes, registration taxes, gift taxes, inheritance taxes, custom duties, capital stock taxes and health insurance, unemployment insurance, severance, disability, national pension, workers’ compensation insurance, and all other social security tax, premium, due or charge and other similar taxes, imposed by any tax-related Authority, including any surtax, interest, fines, penalties or additions to tax that may become payable in respect of such taxes.

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- “Transactions”** : Collectively, any and all of the transactions contemplated by the Transaction Documents.
- “Transaction Documents”** : Collectively, the SPA and any other ancillary documents or agreements entered into in connection with any of the foregoing, including any financing documents of the Purchaser.
- “Valuation Report”** : The valuation report dated 9 May 2021 issued by the Independent Valuer in respect of the valuation of Zip Korea, as set out in Appendix A to this Circular.
- “Zip HK Holdback Amount”** : An amount of KRW 739,250,384 to be withheld by the Purchaser from the relevant Purchase Price payable to Zip HK on Closing.
- “Zip Korea Shares”** : Has the meaning ascribed to it in Section 1.1 of this Circular.

Currencies, Units and Others

- “KRW” or “Won”** : Korean Won, being the lawful currency of Korea.
- “S\$” and “cents”** : Singapore dollars and cents respectively, being the lawful currency of Singapore.
- “USD”, “US\$”, or “US cents”** : United States dollars and cents, respectively, being the lawful currency of the United States of America.
- “%” or “per cent.”** : Percentage or per centum.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term **“treasury shares”** and **“subsidiary”** shall have the meanings ascribed to it under Section 4 and Section 5 of the Act respectively.

The terms **“associate”** and **“controlling shareholders”** shall have the meanings ascribed to them respectively in the Listing Manual.

The terms **“subsidiaries”**, **“Substantial Shareholders”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Act.

Except where specifically defined, the terms **“we”**, **“us”** and **“our”** in this Circular refer to the Group.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, Securities and Futures Act and the Catalyst

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Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, Securities and Futures Act and the Catalist Rules or modification as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes no obligation to update publicly or revise any forward-looking statements.

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LETTER TO SHAREHOLDERS

spackmanentertainmentgroup

SPACKMAN ENTERTAINMENT GROUP LIMITED

(Company Registration No.: 201401201N)

(Incorporated in the Republic of Singapore on 10 January 2014)

Directors:

Anthony Wei Kit Wong (Non-Executive and Independent Chairman)

Yoo Jin Lee (Executive Director and Chief Producer)

Na Kyoungwon (Executive Director, President and Chief Operating Officer)

Richard Lee (Non-Executive Director)

Thong Yuen Siew Jessie (Lead Independent Director)

Ng Hong Whee (Independent Director)

Registered Office:

16 Collyer Quay, #17-00
Income at Raffles, Singapore
049318

4 October 2021

To: The Shareholders of Spackman Entertainment Group Limited

Dear Sir / Madam

THE PROPOSED DISPOSAL BY THE COMPANY'S SUBSIDIARIES OF THEIR ENTIRE SHAREHOLDING INTEREST IN ZIP CINEMA CO., LTD. AS A MAJOR TRANSACTION

1. INTRODUCTION

1.1 Proposed Disposal

On the Announcement Date, the Board announced that on 14 September 2021, the Company, Zip HK, SEL (Zip HK and SEL collectively, the “**Sellers**”) and Zip Korea have entered into the SPA with the Purchaser, for the disposal by the Sellers of an aggregate of 16,790 shares of common stock in Zip Korea (the “**Sale Shares**”), representing 100% of the total issued and outstanding capital stock of Zip Korea (the “**Zip Korea Shares**”), on the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).

1.2 Major Transaction

The Proposed Disposal is considered a “major transaction” of the Company as defined under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal will be subject to, amongst others, the approval of the Shareholders for the Proposed Disposal at an extraordinary general meeting to be convened. Please refer to Section 8 of this Circular for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules.

1.3 Purpose of the Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal and to seek Shareholders' approval at the EGM for the Proposed Disposal Resolution, the notice of which is set out on pages N-1 to N-3 of this Circular. This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

LETTER TO SHAREHOLDERS

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements made, opinions expressed or reports contained in this Circular.

2. INFORMATION RELATING TO THE GROUP AND THE PURCHASER

2.1 Information relating to Zip Korea

Zip Korea is a corporation incorporated under the laws of the Republic of Korea ("Korea") on 16 December 2005. Zip Korea is a recognised film production label in Korea and has originated and produced commercially successful theatrical films in Korea. More information on Zip Korea can be found at <http://zipcine.com>.

The Company's wholly-owned subsidiary, Zip HK, is the legal and beneficial owner of 15,614 shares of common stock in Zip Korea, representing 92.996% of the Zip Korea Shares. The other shareholder of Zip Korea is SEL, a wholly-owned subsidiary of Zip HK, which owns 1,176 shares of common stock of Zip Korea, representing 7.004% of the Zip Korea Shares.

Below is the summary of the latest audited key financials of Zip Korea:

FY2020	KRW
Revenue	2,399,852,240
Gross Profit	203,411,424
Net Profit	(794,275,678)

2.2 Information relating to the Purchaser

Shareholders should note that information relating to the Purchaser in this paragraph and elsewhere in this Circular has been provided by the Purchaser. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this Circular in its proper form and context.

The Purchaser is a corporation incorporated under the laws of Korea on 20 July 2020 and is a subsidiary of Kakao Corp. Kakao Corp. is a South Korean internet company listed on the KOSDAQ as KRX: 035720, and provides an array of services in the communications, entertainment, fashion, finance and transportation sectors.

The Purchaser does not have any shareholding interest, direct or indirect, in the Company, and the directors and/or substantial shareholders of the Purchaser are not related to any of the directors, the chief executive officer, or substantial shareholders of the Company, or their respective associates.

3. MATERIAL TERMS OF THE PROPOSED DISPOSAL

A summary of the material terms and conditions of the Proposed Disposal as set out in the SPA is as follows.

LETTER TO SHAREHOLDERS

3.1 Disposal of the Sale Shares

- 3.1.1 The Sellers shall sell and transfer the Sale Shares to the Purchaser, and the Purchaser shall purchase the Sale Shares from the Sellers, free and clear of any encumbrances subject to the terms and conditions of the SPA, for an aggregate Consideration of KRW 17,999,988,140.
- 3.1.2 At Closing, the Purchaser shall pay to Zip HK the relevant Purchase Price allocated to it (being the aggregate of KRW 16,739,238,524 as set out in Section 3.2 below) less (i) the Deposit; (ii) the Zip HK Holdback Amount; and (iii) if applicable, the applicable capital gains tax and securities transaction tax for the Sale Shares, by wire transfer of immediately available funds in USD, to the relevant Seller Accounts.
- 3.1.3 The Company unconditionally and irrevocably guarantees to the Purchaser, the full payment and compliance with all payment obligations assumed by each or any of the Sellers arising out of or in connection with the SPA (whether principal, ordinary interest, late interest, fees, indemnities, expenses or any other item).

3.2 Consideration and Holdback Amount

- 3.2.1 The aggregate Consideration was arrived at after arms' length negotiations and on a willing-buyer willing-seller basis, after taking into consideration the Purchaser's due diligence results on Zip Korea and other commercial factors including, *inter alia*, the historical performance and business prospects of the Group and Zip Korea, prevailing market conditions, the valuation of the Sale Shares pursuant to the Valuation Report and the rationale for and benefits to the Group arising from the Proposed Disposal as further described in Section 4 of this Circular.
- 3.2.2 The Zip HK Holdback Amount and the SEL Holdback Amount shall be withheld from the relevant Purchase Price payable to each of the Sellers. The Holdback Amount shall only be released to each of Zip HK and SEL upon the occurrence of the following:
- (a) the due change of the designated use of the Paju Office Building to a knowledge asset centre;
 - (b) the entry into a real property sale and purchase agreement with a prospective buyer with respect to the Paju Office Building to the satisfaction of the Purchaser;
 - (c) payment by the prospective buyer of the relevant deposit to Zip Korea; and
 - (d) the delivery of any and all documents, including but not limited to the real property sale and purchase agreement to the Purchaser.

LETTER TO SHAREHOLDERS

<u>Shareholder</u>	<u>No. of Shares</u>	<u>Purchase Price Allocation</u>			
		<u>Deposit</u>	<u>Balance Payment (minus Holdback Amount)</u>	<u>Holdback Amount</u>	<u>Total</u>
ZIP HK	15,614	KRW 2,700,000,000	KRW 13,299,988,140	KRW 739,250,384 (the "Zip HK Holdback Amount")	KRW 16,739,238,524
SEL	1,176	-	-	KRW 1,260,749,616 (the "SEL Holdback Amount")	KRW 1,260,749,616
Total:	16,790	KRW 2,700,000,000	KRW 13,299,988,140	KRW 2,000,000,000	KRW 17,999,988,140

3.3 Deposit

In accordance with the terms of the SPA, the Purchaser shall pay the Deposit to Zip HK, by wire transfer of immediately available funds to the Seller Accounts within five (5) Business Days from written notice duly given to the Purchaser by the Sellers and the Company (in the prescribed form as set out in the SPA, confirming that the Circular may be despatched to the Shareholders to convene the EGM). Such written notice will be given to the Purchaser by the Sellers and the Company on 5 October 2021. It is expected that the Deposit will be paid by the Purchaser to Zip HK on 12 October 2021.

If the SPA is terminated prior to Closing, and such termination is not due to any cause attributable to any of the Sellers, the Company or Zip Korea (including the failure to obtain Regulatory Approvals or approval of the Shareholders at the EGM to be convened in respect of the Proposed Disposal notwithstanding that the Company, acting in good faith, has used best endeavours to convene the EGM), the Sellers and the Company shall, on a joint and several basis, return the Deposit to the Purchaser within five (5) days of the date of termination. The Sellers and the Company shall not be required to return the Deposit where the SPA has been terminated if the Purchaser shall have breached, in any material respect, any of its representations, warranties, covenants or other obligations under the SPA and such breach shall be incapable of cure or has not been cured within ten (10) Business Days following the giving of written notice of such breach to the Purchaser.

In the event that the SPA is terminated by reason of any cause attributable to any of the Sellers or the Company, the Sellers and the Company shall, on a joint and several basis (i) return the Deposit to the Purchaser within five (5) days from the date of termination and (ii) additionally pay to the Purchaser an amount equal to the Deposit as a penalty.

LETTER TO SHAREHOLDERS

None of the Sellers and the Company shall be deemed to be in breach of the SPA by reason that the Shareholders voted not to approve the Proposed Disposal at the EGM, and no penalty shall be payable by reason thereof.

3.4 Conditions Precedent

The obligation of the Sellers to consummate the Closing shall be subject to the fulfilment (or valid waiver by the Sellers if applicable), on or prior to the Long Stop Date, of all of the following conditions:

- (a) Transactions Not Restrained. No Order shall have been issued by any Authority that restrains, restricts, enjoins, prevents, delays, prohibits, imposes substantial damages or penalties or otherwise makes illegal the consummation of the Proposed Disposal, and no law having such effect shall have been proposed, promulgated, adopted, enacted or otherwise made effective by any Authority, nor shall there be any pending proceeding that questions the validity of, or seeks to enjoin, unwind or otherwise restrict or delay, the Proposed Disposal.
- (b) Representations and Warranties. All representations and warranties of the Purchaser contained in Article 5.2 of the SPA shall be true and accurate as of the date of the SPA and as of the Closing Date.
- (c) Performance. The Purchaser shall have, duly performed and complied with all agreements, covenants and conditions required by the SPA to be performed or complied with by the Purchaser at or prior to the Closing.
- (d) Regulatory Approvals. All Regulatory Approvals shall have been obtained or made and not revoked as of the Closing Date (including but not limited to the approval of the Shareholders to be obtained in accordance with the requirements of the SGX-ST), and all waiting periods specified under any applicable Law, the expiration of which is necessary for the consummation of the Proposed Disposal, shall have expired or been terminated.

The obligation of the Purchaser to consummate the Closing shall be subject to the fulfilment (or valid waiver by the Purchaser if applicable), on or prior to the Long Stop Date, of all of the following conditions:

- (a) Proceedings Not Restrained. No Order shall have been issued by any Authority that restrains, restricts, enjoins, prevents, delays, prohibits, imposes substantial damages or penalties or otherwise makes illegal the consummation of the Proposed Disposal, and no Law having such effect shall have been proposed, promulgated, adopted, enacted or otherwise made effective by any Authority, nor there shall be any pending Proceeding that questions the validity of, or seeks to enjoin, unwind or otherwise restrict or materially delay, the Proposed Disposal.
- (b) Representations and Warranties. All representations and warranties of each of the Sellers contained in Article 5.1 of the SPA shall be true and accurate as of the date of the SPA

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and as of the Closing Date.

- (c) Performance. Each of the Sellers shall have, duly performed and complied with all agreements, covenants and conditions required by the SPA to be performed or complied with by the Sellers or Zip Korea, at or prior to the Closing.
- (d) Regulatory Approvals. All Regulatory Approvals shall have been obtained or made and not revoked as of the Closing Date, and all waiting periods specified under any applicable Law, the expiration of which is necessary for the consummation of the Proposed Disposal, shall have expired or been terminated.
- (e) Consents. Each of the Sellers, Zip Korea and the Company shall have obtained and effected, any and all consents, approvals and notices of or to its shareholders, lenders, landlords or any other third parties that are required, under any Contract or Law, to be obtained or effected in connection with the consummation of the Proposed Disposal, including the Regulatory Approvals (such approvals including approval from the Shareholders being obtained in accordance with the requirements of the SGX-ST).
- (f) Resignation. The Sellers shall have procured the existing directors (including Yoo Jin Lee as the current representative director) and statutory auditor of Zip Korea to duly and voluntarily resign and to confirm in writing such resignation and that they shall have no Claim against Zip Korea, in accordance with the provisions of the SPA.
- (g) Material Adverse Change. No Material Adverse Change shall have occurred since the date of the SPA.
- (h) Board of Directors. The Sellers shall have procured Zip Korea to convene a meeting of the board of directors for purposes of convening a general meeting of shareholders, and replace the directors and the statutory auditor of Zip Korea with such persons nominated by the Purchaser in accordance with the provisions of the SPA.
- (i) Amendment to Business Registration Certificate. The Sellers shall, and shall cause Zip Korea to, have amended the business registration certificate to modify the correct business address of Zip Korea.
- (j) Termination of Insurance Policies. The Sellers shall, and shall cause Zip Korea to, have terminated the long-term financial products (i.e., saving insurance policies) taken out with Hanwha Life Insurance Co., Ltd. and Samsung Life Insurance Co., Ltd. to which Yoo Jin Lee (representative director of Zip Korea) is named as the insured, and shall have received the insurance premium the said insurance companies upon termination.
- (k) Distribution of Dividends. Zip Korea shall have duly distributed to Zip HK the dividends in the amount of KRW 500,000,000 (before tax).
- (l) Intellectual Property. Zip Korea shall have registered, or submitted an application for registration of, the Intellectual Property and take any and all measure necessary therefor.

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- (m) Articles of Incorporation; Other Internal Rules. Zip Korea shall have amended its articles of incorporation to the satisfaction of the Purchaser and have established other bylaws and internal regulations (including the severance pay rules) of Zip Korea as may be required by the Purchaser. Zip Korea shall have repealed the existing executive bonus rules.
- (n) Existing Debts and Receivables. The Sellers shall, and the Sellers shall cause Zip Korea to, have repaid certain outstanding and unpaid debts owed by Zip Korea to its Affiliates (such Affiliates including the Company), and to have been repaid with certain outstanding receivables owed by its Affiliates to Zip Korea. Please refer to Section 3.5 for more details on these outstanding debts.

At any time on or prior to Closing, either party to the SPA may immediately terminate the SPA by giving written notice of termination to such other party if, *inter alia*, Closing does not occur by the Long Stop Date (as may be extended by written consent of the Purchaser and the Sellers), which is not due to a reason attributable to such party.

3.5 Indebtedness between Zip Korea and its Affiliates

As at the Latest Practicable Date, the amounts owing to and owing from Zip Korea are set out in the table below:

Description	Approximate Amount Owing From Zip Korea (KRW)
Related party loan payable to the Company	223,000,000
Dividend to Zip HK	500,000,000

Description	Approximate Amount Owing To Zip Korea (KRW)
Advance received payable by Studio Take Co., Ltd.	250,000,000
Related party loan payable by Spackman Entertainment Korea Inc.	871,000,000

As disclosed under Section 3.4, the repayment of outstanding debts owed by Zip Korea to the Company is a condition precedent to Closing. The Company agrees to waive, discharge and release any and all existing debts owed by Zip Korea to the Company and shall not raise any action, Claim or Proceedings against Zip Korea or the Purchaser with respect to any such existing debts.

3.6 Salient Undertakings

In addition to customary indemnities to be given by the Sellers and the Company in favour of the Purchaser in relation to a breach of representations, warranties and undertakings under the SPA, the Sellers and the Company are also required to indemnify the Purchaser for:

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- (a) Taxes imposed on Zip Korea or the Purchaser, or any Tax investigations conducted by the Authority, in respect of any Tax period (or portion thereof) ending on or prior to the Closing Date;
- (b) any amendment to Tax filings previously made in respect of Zip Korea for any Tax period (or portion thereof) ending on or prior to the Closing Date, or any changes in tax and accounting principles and procedures in respect of Zip Korea; and
- (c) any Related Party Transactions conducted between any of the Sellers and its Affiliates prior to the Closing Date.

If there is a breach the Sellers' representations and warranties concerning Intellectual Property, the Sellers and the Company shall on a joint and several basis pay to the Purchaser KRW 50,000,000 per movie (which is the subject of such breach or inaccuracy), as a penalty.

4. RATIONALE FOR THE PROPOSED DISPOSAL

Against the backdrop of uncertainty of the entertainment sector brought about by the COVID-19 pandemic, particularly in relation to the theatrical film industry, the Board is of the view that the Proposed Disposal is in the best interests of the Company and Shareholders as it will benefit the Group in the following quantitative and qualitative aspects:

4.1 Quantitative Aspects

- (a) Financial improvements: the Proposed Disposal will result in an increase in the NTA (as defined below) and reduction in the loss per share.
- (b) Enhancement in current ratio and liquidity: the Consideration is higher than the Company's current market capitalization of S\$7,606,629. As the Consideration is paid in cash, it will enhance the Group's current ratio and liquidity.

The Group's improved financial position and greater liquidity would allow it to execute its business plans going forward, to focus more on content production for Over-The-Top business and the US Hollywood film sector, as further elaborated in section 4.2 below.

4.2 Qualitative Aspects

- (c) Funds for working capital and diversification of business into the United States of America's ("US") film sector

Other than producing and investing in Korean films directly, the Company will also tap on its subsidiaries, including Take Pictures Pte. Ltd., Simplex Films Limited, Greenlight Content Limited and Novus Mediacorp Co., Ltd. to produce and invest in Korean films.

Against the backdrop of uncertainty of the entertainment sector brought about by the COVID-19 pandemic, particularly in relation to the theatrical film industry, the Group intends to strategically diversify into the production and financing of US movies and to

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overhaul the overall direction of the Group's business. Based on the Company's review, US films are more profitable than Korean films as the US and Canada market is larger than Korea. The past five-year average box office revenue of the US and Canadian market stands at US\$9.4 billion compared to US\$1.3 billion for the Korea market. Additionally, the market share of international films in 2021 is larger than local Korean films for the online market of IPTV and Cable TV, as well as the theatrical market in Korea: (i) in 2021, this online market share of international films stands at 68% as compared to 32% for Korean films, and (ii) the theatrical market share of international films took up 64% as compared to 36% for Korean films, according to statistics from the Korean Film Council. Based on the foregoing, the Proposed Disposal will provide the Group with working capital for business diversification and to expand into other businesses, in particular, co-producing and financing US films which are potentially more profitable than Korean films due to a wider international audience base.

The Group has experience in the US film market, and has co-produced critically-acclaimed Hollywood sci-fi action film *SNOWPIERCER* headlined by Chris Evans, Song Kang-ho, Tilda Swinton, Jamie Bell, Octavia Spencer, Go Ah-sung, John Hurt, and Ed Harris, and directed by Bong Joon-ho of Oscar-winning *PARASITE*. The Group's pipeline of US Hollywood projects include four potential new films, which will be announced once definitive agreements have been signed for these projects, as and when necessary. Moving forward, the Group intends to leverage on the appeal of Hollywood A-listers and the Group's capability to deliver quality films on a competitive budget. Finally, as the Company is familiar with the Korean film market, it would be in an advantageous position to market its US films in Korea as well.

(d) Over-The-Top ("OTT") business

The Board is of the view that as consumers grow more accustomed to online viewing and social distancing, the film and drama sector will likely evolve towards distributing on OTT platforms to cater to the demands of consumers. It has become increasingly popular to watch film and drama on OTT platforms at home as compared to going to the cinema. This change in market trend has led to a decline of the theatrical film business.

As Zip Cinema is only one of the film production subsidiaries of the Group and its revenue is derived mainly from theatrical sales, the Proposed Disposal provides the Group with the opportunity to expand its content production for OTT business by increasing the Group's capacity to invest in content development and to enter into partnerships with popular OTT platforms, and acquiring or setting up OTT platforms for content distribution. This creates more opportunities for the Group to expand its content production for OTT business.

(e) Investments or acquisitions

The Proposed Disposal provides the Group with greater capital to explore further

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investment opportunities, or to undertake acquisitions in other entertainment-related businesses which are complementary to the Group's overall business strategy of focusing on US films, as well as Korean content production. Notwithstanding the Group's diversification of its business to co-produce and finance US films, the Group will continue producing Korean films through its film production subsidiaries, Studio Take Co. Ltd, Simplex Films Co. Ltd and Greenlight Co. Ltd.

(f) Collaboration business by leveraging on the platform of artists of Spackman Media Group Limited ("SMGL")

The Group's production of US film projects will create opportunities for top Korean artists in the Group's associated company, SMGL, to participate in top quality content production, and collaborate with international brands for advertisements and endorsements. SMGL intends to leverage on potential strategic partnerships between Korean and Chinese content productions and artists, stemming from the striking of a deal between two state-owned TV groups, China Central Television (CCTV) and South Korean public broadcaster, KBS.

5. USE OF PROCEEDS

The estimated net proceeds from the Proposed Disposal, after deducting estimated expenses to be incurred in connection with the Proposed Disposal of approximately KRW 180,207,071, is approximately KRW 17,819,781,069 (the "**Net Proceeds**").

The Company intends to utilise the Net Proceeds for *inter alia*, general working capital purposes, the production of film projects, repayment of borrowings and working capital loans of the Group, share buybacks to be undertaken by the Company, payment of tax-related expenses in relation to the Proposed Disposal and to fund future business expansions, investments and acquisitions when suitable opportunities arise. The breakdown for the utilisation of the Net Proceeds is as set out in the table below.

Use of Proceeds	KRW (Million)	%
Production/investments of film projects	4,500	25
Acquisition/investment of new business	5,500	31
Repayment of borrowings	1,800	10
Share Buyback	1,000	6
Payment of tax related to disposal of Zip Korea	2,000	11
Working Capital	3,020	17
Total Net Proceeds (approximate)	17,820	100

The Group has a cash management policy in place which shall also apply to the net proceeds. The finance team will seek approval from the Audit & Risk Management Committee and the

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Board, as and when, there are significant utilisation of the net proceeds as guided by the Company's procedures set in the cash management policy.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 NTA, Book Value and Net Profit Figures

Based on the FY2020 Financial Statements, the NTA value of Zip Korea as at 31 December 2020 is US\$6,595,042, and the book value of Zip Korea as at 31 December 2020 is US\$7,305,475.

Based on the FY2020 Financial Statements and the Net Proceeds, the Group would expect to realise an attributable net disposal gain of US\$9,355,512 and an excess of the Net Proceeds over the book value of approximately US\$8,732,328.

The *pro forma* financial effects of the Proposed Disposal as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Company and the Group following the completion of the Proposed Disposal. The *pro forma* financial effects have been prepared based on the Group's FY2020 Financial Statements, subject to the following assumptions:

- (a) the financial effects of the Proposed Disposal on the NTA per share of the Company for FY2020 are computed assuming that the Proposed Disposal had been completed on 31 December 2020; and
- (b) the financial effects of the Proposed Disposal on the loss per share ("LPS") of the Company for FY2020 are computed assuming that the Proposed Disposal had been completed on 1 January 2020.

6.2 Effects on NTA per share

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$)	22,564,986	32,169,933
Number of shares	1,901,657,319	1,901,657,319
NTA per share (US\$)	0.012	0.017

6.3 Effects on LPS

	Before the Proposed Disposal	After the Proposed Disposal
Net loss ⁽¹⁾ attributable to equity holders of the Company (US\$)	22,910,025	13,554,513
Number of shares	1,901,657,319	1,901,657,319
LPS ⁽²⁾ (US\$ cents)	1.205	0.713

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Notes:

- (1) Net profits means profit or loss including discontinued operations that have not been disposed and before non-controlling interest.
- (2) LPS has been calculated based on the 1,901,657,319 shares in issue as at the Latest Practicable Date.

7. VALUATION REPORT

For the purposes of the Proposed Disposal, the Company has commissioned the Independent Valuer to perform a valuation on Zip Korea and to assess and determine the value of the Sale Shares. The Independent Valuer was established in 2001 and is registered as an independent member of Morison KSi, with experience and track record in the valuation work for listed entertainment-related companies in Korea such as CJ CGV, Longtu Korea Inc, JYP Entertainment Corp and Ein's M&M Co. Ltd.

Based on the Valuation Report, the valuation of the Sale Shares as at 31 December 2020 is approximately KRW 15,106 million to KRW 17,703 million. In arriving at these figures, the Independent Valuer has adopted the income approach as the primary approach. The Gordon Growth Model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long term growth rate.

A copy of the Valuation Report is set out in **Appendix A** of this Circular. Shareholders are advised to read and consider the Valuation Report, in particular the key assumptions and factors used therein.

8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

Rule 1014(1) of the Catalist Rules states that where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 50% for a disposal or the provision of financial assistance, a transaction is classified as a "major transaction". Rule 1014(2) of the Catalist Rules further states that such a "major transaction" must be made conditional upon approval by Shareholders at a general meeting to be convened.

Based on the HY 2021 Financial Statements, the relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule	Bases of computation	Relative figures (%)
Rule 1006(a)	Net asset value ("NAV") ⁽¹⁾ of the assets to be disposed of US\$6,875,752 compared with the Group's NAV of US\$28,868,922. This basis is not applicable to an acquisition of assets.	23.82

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Rule 1006(b)	Net loss ⁽²⁾ attributable to the Sale Shares to be disposed of US\$159,932, compared with the Group's net loss of US\$2,630,731	6.08
Rule 1006(c)	Aggregate value of the consideration received of S\$19,799,987, compared with the Company's market capitalisation ⁽³⁾ of approximately S\$7,606,629.	260.3
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as the transaction is not an acquisition.
Rule 1006(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 and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as this transaction is not a disposal of mineral, oil and gas assets.

Notes:

- (1) Under Rule 1002(3)(a) of the Catalist Rules, "net assets" means total assets less total liabilities.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Under Rule 1002(5) of the Catalist Rules, "market capitalisation" of the Company is determined by multiplying the 1,901,657,319 shares in issue by the weighted average price of such shares transacted on 13 September 2021, being the market day immediately preceding the date of the SPA, of S\$0.004 per share.

Notwithstanding the negative relative figure computed under Rule 1006(b) of the Catalist Rules, the absolute relative figure computed under Rule 1006(c) of the Catalist Rules exceeds 50%. Accordingly, the Proposed Disposal is classified as a "major transaction" under Rule 1014 of the Catalist Rules and is accordingly subject to the approval of the Shareholders at the EGM to be held in due course.

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9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of director's shareholdings and the register of substantial shareholders kept by the Company, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	%
Directors				
Anthony Wei Kit Wong	-	-	-	-
Yoo Jin Lee	23,160,000	1.22	-	-
Na Kyoungwon	1,026,800	0.05	-	-
Richard Lee	1,013,900	0.05	-	-
Thong Yuen Siew Jessie	-	-	-	-
Ng Hong Whee	-	-	-	-
Substantial Shareholders				
Spackman Equities Group Inc.	143,521,000	7.55	-	-
Bigfoot Content Limited	143,055,556	7.52	-	-

As at the date of this Circular, none of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the Proposed Disposal, other than through their respective shareholding interests in the Company (if any).

10. DIRECTORS' 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.

11. DIRECTORS' RECOMMENDATIONS

Having considered the terms of and the rationale for the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the best interest of the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Disposal Resolution set out in the Notice of EGM.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is given on pages N-1 to N-3 of this Circular, will be held by way of electronic means on 19 October 2021 at 10:30 a.m., for the purpose of considering and, if thought fit, passing with or without any modifications, the Proposed Disposal Resolution as set out in the Notice of EGM.

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13. ACTIONS TO BE TAKEN BY SHAREHOLDERS

13.1 Alternative arrangements to hold general meetings

13.1.1 The Extraordinary General Meeting (“**EGM**”) of the Company will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and shareholders will NOT be allowed to attend the EGM in person. Printed copies of this Notice will NOT be sent to members. This Notice will be available to members by electronic means via publication on the Company’s corporate website www.spackmanentertainmentgroup.com and made available on the SGXNet.

13.1.2 Alternative arrangements are instead put in place to allow shareholders to participate in the EGM by: (a) observing and listening to the EGM proceedings via a live streaming. Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraphs 13.2.1 and 13.2.2 below; (b) voting by proxy at the EGM in the manner outlined in paragraph 13.3 below; and (c) submitting questions prior to the date of the EGM in the manner outlined in paragraphs 13.4 below.

13.2 Participate in the EGM via live streaming

13.2.1 All shareholders or their corporate representatives (in the case of corporate shareholders) will be able to observe and listen to the EGM proceedings through a live streaming via their mobile phones, tablets or computers upon pre-registration. To do so, they will need to complete the attached pre-registration form and email the signed and completed pre-registration form to the email address provided by the Company for verification of their status as shareholders (or the corporate representatives of such shareholders). All completed pre-registration forms must be received by the Company no later than 5 p.m. on 12 October 2021.

Email address: info@spackmanentertainment.com

13.2.2 Upon successful pre-registration, each such shareholder or its corporate representative will receive an email by 17 October 2021. The email will contain a link to access the live streaming of the EGM proceedings, together with the relevant log in details and instructions. Shareholders (or corporate representatives) who do not receive an email by 17 October 2021, but have pre-registered in accordance with paragraph 13.2.1 above should email the Company at info@spackmanentertainment.com.

13.2.3 Shareholders are reminded that the EGM proceedings are private. Instructions on access to the live streaming of the EGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise not authorised to attend the EGM. Recording of the live streaming in whatever form is also strictly prohibited.

13.2.4 Shareholders will not be able to vote through the live streaming and can only vote with their proxy forms which are required to be submitted in advance.

13.3 Voting by proxy

13.3.1 The only way for Shareholders to exercise their voting rights at the EGM is via proxy voting. Shareholders would have to submit the attached proxy form to the Company in accordance

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with the instructions set out in such proxy form and appoint “Chairman of the Meeting” as their proxy. All votes in the EGM will be taken on a poll.

13.3.2 Shareholders (whether individuals or corporates) appointing the “Chairman of the Meeting” as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.

13.3.3 The proxy form must be received by the Company’s share registrar no later than 10:30 a.m. on 17 October 2021 (being 48 hours before the time appointed for the EGM) by submitting the proxy form to the following:

Mailing address : **Spackman Entertainment Group Limited**
C/o Tricor Barbinder Share Registration Services
80 Robinson Road #11-02, Singapore 068898

or

E-mail address : sg.is.proxy@sg.tricorglobal.com

13.3.4 Shareholders who hold their shares through relevant intermediaries and who wish to exercise their votes by appointing the “Chairman of the Meeting” as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days prior to the date of the EGM. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit the proxy form to the Company’s share registrar by the deadline set out in paragraph 13.3.3 above.

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13.4 Submission of questions prior to EGM

- 13.4.1 Shareholders may submit in advance any questions they wish for the Company to consider addressing during the live streaming of the EGM proceedings by emailing such questions to info@spackmanentertainment.com.
- 13.4.2 All questions must be received by the Company no later than 5 p.m. on 12 October 2021. Shareholders are also reminded to provide their full names and identification numbers when writing in, along with their email addresses and mobile contact numbers.
- 13.4.3 Please note that shareholders will not be able to ask questions at the EGM and accordingly, it is important for shareholders to submit their questions by the deadline set out in paragraph 13.4.2 above.
- 13.4.4 Due to the time limit of the EGM, the Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from shareholders prior to the date of the EGM.
- 13.4.5 The Company will publish the minutes of the EGM on SGXNet and the Company's website within one (1) month after the date of EGM, including responses from the Board and Management in relation to substantial and relevant questions from shareholders relating to the resolution to be tabled for approval at the EGM, if any.

Notes:

- (1) A member of the Company who is entitled to attend and vote at the EGM is entitled to appoint the "Chairman of the Meeting" as a proxy to vote in his/her stead.
- (2) The instrument appointing the "Chairman of the Meeting" as proxy must be duly sent to the Company's share registrar's office by mail or email (see paragraph 13.3.3 above for the address and email address) not less than forty-eight (48) hours before the time appointed for holding the EGM of the Company.

14. CONSENTS

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the Valuation Report as set out in **Appendix A** of this Circular, and all references thereto, in the form and context in which they appear in this Circular.

Shook Lin & Bok LLP, named as the legal adviser to the Company in respect of Singapore law compliance matters in respect of the Proposed Disposal, has given and has not withdrawn its consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

MC Partners Co., Ltd., the financial adviser to the Company in respect of the Proposed Disposal, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which they appear in this Circular.

15. RESPONSIBILITY STATEMENTS BY THE DIRECTORS AND FINANCIAL ADVISER

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, as at the Latest Practicable Date, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group and the

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Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

To the best of the financial adviser, MC Partners Co., Ltd., knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal and the Group, and the financial adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's registered office at 16 Collyer Quay, #17-00 Income at Raffles, Singapore 049318 for a period of three (3) months commencing from the date of this Circular up to and including the date of the EGM:

- (a) the SPA;
- (b) the Valuation Report; and
- (c) the letters of consent referred to in Section 14 of this Circular.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the registered office of the Company may not be possible during this period. Shareholders who wish to inspect the above documents should contact the Company so that arrangements can be made.

Yours faithfully
For and on behalf of the Board of Directors
Spackman Entertainment Group Limited

Na Kyoungwon
Chief Operating Officer, President and Executive Director

VALUATION REPORT

APPENDIX A - VALUATION REPORT

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



Executive Summary

Date of Valuation: 31 Dec 2020

Purpose: Public disclosure purpose

Situation: Zip Cinema Co., Ltd. ("Target" or "Company") was established in December 2005 in accordance with Korean law. The business purpose is mainly film production and investment. The summary of the company is as follows.

Company name	Zip Cinema Co., Ltd.
Representative	Yoo Jin Lee
Incorporation date	23 Dec 2005
Business Type	Corporation (Mid-sized)
Business Industry	Movie and related contents production
Registered Company Address	508, Hoedong-gil, Paju-si, Gyeonggi-do, Korea

Echon accounting corporation (hereinafter, "Echon" or "we") has undertaken the valuation service for the Company to assist the Management of Spackman Entertainment Group Ltd. (hereinafter "SEGL" or the "Company") in its decision making as delineated in the contract between Echon and SEGL dated February 2021.

Subject Matter: 100% equity interest in the capital of the Company

Basis of Valuation: Market value (Income approach – Discounted cash flow method)

Other Details: The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global markets. Travel restrictions have been implemented by many countries. The market that the Company is valued in is being impacted by the uncertainty that COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is prepared as at the Valuation Date only. As there is no precedent, we cannot just rely on experience and draw conclusions that the value assessed herein shall be negatively affected by the economic impacts of the COVID-19 crisis. The global development of the current situation cannot be anticipated accurately, hence it cannot be assumed that there shall be negative effects on cash flows from the COVID-19 crisis as it also depends on a company's business model to define its robustness and resilience. In that view, we do not consider the effects of the COVID-19 crisis in this valuation. The value assessed herein may change

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer (as defined herein) could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

Result of Valuation

Having regard to the foregoing and the market conditions as at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in the capital of the Company as at Valuation Date, subject to the assumptions stated herein, is in the region of:

KRW 15,106 Million to KRW 17,703 Million

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



Valuation Report

To: Spackman Entertainment Group Ltd.
Subject Matter: 100% equity interest in the capital of the Company
Valuation Date: 31 Dec 2020
Report Date: 9 May 2021

Terms of Reference: Our work was conducted in a manner and scope agreed upon previously only for internal use to assist in management decision. Therefore, SEGL is responsible for the sufficiency of financial data. There may be additional findings or changes not stated in this report, if other verification or audit procedures are performed. Therefore, the scope and limitations stated in this report must be sufficiently and clearly considered when this report is used.

The result of value in this report is dependent upon the industry information, management information and financial information provided by SEGL and Zip Cinema (the "Group"). We are not responsible for the completeness of the presented information. Sales forecasts and plans for estimating future cash flows are entirely under the responsibility of the Group. Without independent verification, we have relied upon these data as accurately reflecting the operating results and financial position of the Company. Therefore, if there are any changes in the data presented by the Group, or if there are changes in the assumptions or economic environment, such as the future estimated business performance, exchange rate, economic growth rate, inflation rate, market environment and other important events, it can have a material effect and the conclusion in this report can be different.

The outbreak of the Novel Coronavirus ("COVID-19"), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global markets. Travel restrictions have been implemented by many countries. The market that the Company is valued in is being impacted by the uncertainty that COVID-19 outbreak has caused. Market conditions are changing daily at present. This valuation is prepared as at the Valuation Date only. As there is no precedent, we cannot just rely on experience and draw conclusions that the value assessed herein shall be negatively affected by the economic impacts of the COVID-19 crisis. The global development of the current situation cannot be anticipated accurately, hence it cannot be assumed that there shall be negative effects on cash flows from the COVID-19 crisis as it also depends on a company's business model to define its robustness and resilience. In that view, we do not consider the effects of the COVID-19 crisis in this valuation. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer (as defined herein) could not reasonably have

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. As such, we recommend that the user(s) of this report review this valuation periodically.

During the course of our valuation, we do not perform any types of verification or audit procedures on the historical and financial data provided by the Company. Thus, the conclusion of value arrived at herein can be different under the circumstances where material events may be found by verification or assurance. In addition, we express no opinion or any other form of assurance regarding their accuracy and achievability on the financial data. We do not warrant or confirm the value arrived in this report because estimates for future periods may be significantly affected by changes in various factors and forecasted events and circumstances frequently do not occur as expected. If valuation methods or assumptions different from those used in this report are applied, the results may be significantly different from the value in this report.

We have the right to revise the report but shall be released from the obligation to modify the report due to subsequent events, transactions or changes in the business environment after reporting dates, which may have a material effect on the results of financial due diligence and valuation. Any events subsequent to this Report may modify or render this Report inapplicable.

Basis of Valuation:

The valuation and Report have been prepared in accordance with International Valuation Standards.

Assumptions and Reservations

Assumptions

In preparing our assessment, we have made the following key assumptions in our valuation and these apply throughout unless otherwise stated:

- The financial information provided accurately reflects the Company's financial and operating position and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Company shall continue to operate as a going concern and it has sufficient liquidity to achieve the financial forecasts and projections.
- There will not be any material changes in the political and/or economic conditions under which the Company operates that may adversely affect the future prospects of the Company.
- There are no other liabilities, including any contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Company.
- The current owners of the Company have clear and unencumbered title of ownership over all assets included in this assessment.

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



- There are no material changes in existing political, legal or regulatory (including changes in legislation, laws, regulations, government policies or rules), fiscal, market or economic conditions in the Company's countries of operations.
- There will be no material change in interest rates or exchange rates from those prevailing as at the Valuation Date.
- There will be no material changes in the bases or rates of taxation or duties.
- The Company's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the Report. It should be noted that the valuation of the Company critical upon the following key value drivers:

- The Company is able to meet all its financial obligations.
- The Company has sufficient operational resources to support the projected turnover and profitability;
- The Company continues to maintain costs in accordance with the forecast;

Any deviation from the above key drivers and forecasts may significantly vary the valuation of the Company.

The valuation is largely based on information provided to us by the Management who are solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit or due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this Report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viability opinion on the Proposed Corporate Action. We have also not verified or confirmed information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to the comparable companies on Korea stock exchanges. We are not responsible as to their content and accuracy in deriving parameters such as country risk rate for purposes of valuation. Such information was obtained from Bloomberg and other sources, where applicable.

Reservations

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



The value conclusions reflect all information known by the valuers of E-Chon who worked on the valuation in respect of the equity interest in the capital of the Company, market conditions and available data.

Valuation

Methodology

We have adopted Income Approach as our primary approach.

The rationale for adopting Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised.

Under Market Approach, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Further, the Target Group is still at its growth stage and the current earnings are not normalised.

The Cost Approach is not adopted because it does not directly incorporate information about the future economic benefits contributed by the Target Group, business or business interest.

Income Approach - Discounted Cash Flow Analysis Discounted Cash Flow ("DCF") Method is one application of Income Approach. We have used free cash flow to firm ("FCFF") to assess the overall enterprise value of the companies. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash and cash equivalents as well as non-operating assets/liabilities. FCFF is defined as follows:

$$\text{FCFF} = \text{EBIT}(1 - \text{Tax rate}) + \text{Depreciation and Amortization} - \text{Capital Spending} - \text{Change in Working Capital}$$

In applying the DCF method there are three critical inputs:

- A supportable cash flow forecasts;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate by which to revert the cash flows to present value.

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



Based on the above-mentioned assumptions, the expected FCFF of the Company from FY2021 to FY2025 is as follows:

(KRW in millions)	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	13,057	12,049	14,569	8,629	13,784
Cost	11,500	10,300	9,918	6,750	9,617
SG&A	1,481	1,481	1,481	1,481	1,481
Operating Income	76	268	3,170	398	2,686
EBIT	191	381	3,291	531	2,826
Income tax	8	37	697	66	569
NOPLAT	68	231	2,473	333	2,117
Investment in movie production	0	(693)	(667)	(454)	(647)
Returned invested capital	-	693	667	454	647
Profit-sharing	-	138	456	176	407
Inventories_scenario, etc.	(150)	(152)	(155)	(157)	(159)
Depreciation	115	114	121	133	140
CAPEX	(63)	(63)	(63)	(63)	(63)
Free cash flow	(31)	267	2,831	421	2,441

Capital expenditure (CAPEX)

In order to maintain the assets currently held, the Company expects and plans to re-invest 63 million won per year in consideration of the acquisition amount of tangible assets over the past three years and this was reflected in the evaluation.

Terminal value

To estimate the terminal value of the Company at the end of the projection period in FY2025, we have used the Gordon Growth Model. This model is used to assess terminal value of firms that are growing at a stable growth rate and relates the value to its expected cash flow in the next time period, the required rate of return and the expected long term growth rate. We have assumed that the earnings of the Company would reach a stable perpetual growth rate of 1.31% after FY2025 based on the expected long term GDP growth rate.

Discount rate

Income Approach requires the application of an appropriate discount rate that reflects the inherent risks relating to the cash flows. The present value of the cash flows is the expected future net cash flows discounted by an appropriate discount rate. We have adopted Weighted Average Cost of Capital ("WACC") ranging from 12.47% to 13.47%.

Summary of Zip Cinema Valuation Report

Valuation of 100% equity interest in the capital of Zip Cinema Co., Ltd.



Debt & non-operating payables and excess cash & other surplus

In order to arrive at 100% equity value of the Target Group from the enterprise value, the existing debt & non-operating payables are subtracted and excess cash & other surplus are added. As at the Valuation Date, the Company had approximately KRW 1,507 million of debt and had KRW 2,694 million of non-operating assets.

Valuation Result

Having regard to the foregoing and the market conditions as at the Valuation Date, we are of the opinion that the Market Value of 100% equity interest in the capital of the Company as at Valuation Date, subject to the assumptions stated herein, is in the region of:

KRW 15,106 Million to KRW 17,703 Million

Prepared by:

Echon Accounting Corporation

A handwritten signature in black ink, appearing to read "In-Beom Hwang".

In-Beom Hwang

Engagement Partner

Valuation and Advisory Services

NOTICE OF EXTRAORDINARY GENERAL MEETING

SPACKMAN ENTERTAINMENT GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201401201N)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Spackman Entertainment Group Limited (the “**Company**”) will be streamed live on Tuesday, 19 October 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolution:

ORDINARY RESOLUTION

Approval of the Proposed Disposal by the Company’s Subsidiaries of their Entire Shareholding Interest in Zip Cinema Co., Ltd. as a Major Transaction

That:-

- (a) the entry by the Company into the SPA with the Purchaser in connection with the Proposed Disposal be approved, confirmed and ratified, and adopted as the act and deed of the Company;
- (b) the sale of Sale Shares by the Company to the Purchaser pursuant to, and in accordance with, the terms of the SPA be and is hereby approved; and
- (c) the Directors of the Company and/or each of them be and is hereby authorised to complete and do all such acts and things (including executing all such documents and ancillary agreements and to make all such amendments thereto as may be required in connection with the Proposed Disposal) as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this Ordinary Resolution and to the SPA as they or he may in their or each of their absolute discretion deem fit.

By Order of the Board

Na Kyoungwon
Chief Operating Officer, President and Executive Director
Singapore
4 October 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

MEASURES TO MINIMISE RISK OF COMMUNITY SPREAD OF COVID-19

Alternative arrangements to hold general meetings

1. The Extraordinary General Meeting (“EGM”) of the Company will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and shareholders will NOT be allowed to attend the EGM in person. Printed copies of this Notice will NOT be sent to members. This Notice will be available to members by electronic means via publication on the Company’s corporate website www.spackmanentertainmentgroup.com and made available on the SGXNet.
2. Alternative arrangements are instead put in place to allow shareholders to participate in the EGM by: (a) observing and listening to the EGM proceedings via a live streaming. Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraphs 3 and 4 below; (b) voting by proxy at the EGM in the manner outlined in paragraphs 7 to 10 below; and (c) submitting questions prior to the date of the EGM in the manner outlined in paragraphs 11 to 15 below.

Participate in the EGM via live streaming

3. All shareholders or their corporate representatives (in the case of corporate shareholders) will be able to observe and listen to the EGM proceedings through a live streaming via their mobile phones, tablets or computers upon pre-registration. To do so, they will need to complete the attached pre-registration form and email the signed and completed pre-registration form to the email address provided by the Company for verification of their status as shareholders (or the corporate representatives of such shareholders). All completed pre-registration forms must be received by the Company no later than 5 p.m. on 12 October 2021.

Email address: info@spackmanentertainment.com

4. Upon successful pre-registration, each such shareholder or its corporate representative will receive an email by 17 October 2021. The email will contain a link to access the live streaming of the EGM proceedings, together with the relevant log in details and instructions. Shareholders (or corporate representatives) who do not receive an email by 17 October 2021, but have pre-registered in accordance with paragraph 3 above should email the Company at info@spackmanentertainment.com.
5. Shareholders are reminded that the EGM proceedings are private. Instructions on access to the live streaming of the EGM proceedings should therefore not be shared with anyone who is not a shareholder of the Company or otherwise not authorised to attend the EGM. Recording of the live streaming in whatever form is also strictly prohibited.
6. Shareholders will not be able to vote through the live streaming and can only vote with their proxy forms which are required to be submitted in advance.

Voting by proxy

7. The only way for Shareholders to exercise their voting rights at the EGM is via proxy voting. Shareholders would have to submit the attached proxy form to the Company in accordance with the instructions set out in such proxy form and appoint “Chairman of the Meeting” as their proxy. All votes in the EGM will be taken on a poll.
8. Shareholders (whether individuals or corporates) appointing the “Chairman of the Meeting” as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment and votes will be treated as invalid.
9. The proxy form must be received by the Company’s share registrar no later than 10:30 a.m. on 17 October 2021 (being 48 hours before the time appointed for the EGM) by submitting the proxy form to the following:

Mailing address : Spackman Entertainment Group Limited
C/o Tricor Barbinder Share Registration Services
80 Robinson Road #11-02, Singapore 068898

or

E-mail address : sg.is.proxy@sg.tricorglobal.com

10. Shareholders who hold their shares through relevant intermediaries and who wish to exercise their votes by appointing the “Chairman of the Meeting” as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Approved Banks) to submit their voting instructions at least seven (7) working days prior to the date of the EGM. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit the proxy form to the Company’s share registrar by the deadline set out in paragraph 9 above.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Submission of questions prior to EGM

11. Shareholders may submit in advance any questions they wish for the Company to consider addressing during the live streaming of the EGM proceedings by emailing such questions to info@spackmanentertainment.com.
12. All questions must be received by the Company no later than 5 p.m. on 12 October 2021. Shareholders are also reminded to provide their full names and identification numbers when writing in, along with their email addresses and mobile contact numbers.
13. Please note that shareholders will not be able to ask questions at the EGM and accordingly, it is important for shareholders to submit their questions by the deadline set out in paragraph 12 above.
14. Due to the time limit of the EGM, the Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from shareholders prior to the date of the EGM.
15. The Company will publish the minutes of the EGM on SGXNet and the Company's website within one month after the date of EGM, including responses from the Board and Management in relation to substantial and relevant questions from shareholders relating to the resolution to be tabled for approval at the EGM, if any.

Notes:

- (1) A member of the Company who is entitled to attend and vote at the EGM is entitled to appoint the "Chairman of the Meeting" as a proxy to vote in his/her stead.
- (2) The instrument appointing the "Chairman of the Meeting" as proxy must be duly sent to the Company's share registrar's office by mail or email (see paragraph 9 above for the address and email address) not less than forty-eight (48) hours before the time appointed for holding the EGM of the Company.

PERSONAL DATA PRIVACY

By (a) submitting the pre-registration form in accordance with paragraph 3 and 4 of section "Measures to Minimise Risk of Community Spread of COVID-19" ("**COVID-19 Notice**") above, or (b) submitting an instrument appointing the "Chairman of the Meeting" as proxy to vote at the EGM and/or any adjournment thereof in accordance with paragraphs 7 to 10 of the COVID-19 Notice or (c) submitting any question prior to the EGM in accordance with paragraphs 11 to 15 of the COVID-19 Notice above, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the "Chairman of the Meeting" as proxy for the EGM (including any adjournment thereof);
- (ii) processing the pre-registration forms for purposes of granting access to members (or their corporate representatives in the case of members who are corporate entities) to view the live streaming of the EGM proceedings and providing viewers with any technical assistance where necessary;
- (iii) addressing selected questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

The Company will continue to comply with precautionary measures recommended and imposed by the authorities and will make further announcement should there be further changes to the EGM arrangements.

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

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

The contact person for the Sponsor is Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd., 6 Raffles Quay #24-02, Singapore 048580, sponsor@rhtqoc.com.

SPACKMAN ENTERTAINMENT GROUP LIMITED

(Company Registration No.: 201401201N)
(Incorporated in the Republic of Singapore)

IMPORTANT

For CPF/SRS investors who have used their CPF monies to buy the Company's shares, and who wish to appoint the "Chairman of the Meeting" as proxy should approach their respective agents to submit their votes at least seven (7) working days before the Extraordinary General Meeting.

PROXY FORM EXTRAORDINARY GENERAL MEETING

*I/We _____

NRIC/Passport/Company Registration No.: _____ of _____

_____ (Address),

being a member/members of Spackman Entertainment Group Limited (the "Company"), hereby appoint:

Name
Chairman of the Meeting

as my/our* proxy to attend and vote for me/us* on my/our* behalf, at the EGM of the Company to be streamed live on Tuesday, 19 October 2021 at 10:30 a.m., and at any adjournment hereof. I/We* have indicated against the Resolution set out in the Notice of the EGM and summarised below how I/we* wish my/our* proxy to vote.

Ordinary Resolution	For**	Against**	Abstain**
To approve the Proposed Disposal by the Company's subsidiaries of their entire shareholding interest in Zip Cinema Co., Ltd. as a Major Transaction			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please mark "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" the resolution. If you mark "X" in the abstain box for the resolution, you are directing your proxy not to vote on the resolution.

Dated this _____ day of _____ 2021

Total number of Shares held	
CDP Register	
Register of Members	

Signature of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares.
2. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
3. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.
4. The instrument appointing the "Chairman of the Meeting" as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the "Chairman of the Meeting" as proxy or is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
5. Where an instrument appointing the "Chairman of the Meeting" is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the "Chairman of the Meeting" as proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing the "Chairman of the Meeting" as proxy to be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services, either by hand or by post to 80 Robinson Road, #11-02 Singapore 068898 or by email to sg.is.proxy@sg.tricorglobal.com, not less than forty-eight (48) hours before the time appointed for holding the EGM in accordance with the instructions stated.

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Please
Affix
Postage
Stamp

SPACKMAN ENTERTAINMENT GROUP LIMITED

c/o The Share Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02
Singapore 068898

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General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By (a) submitting an instrument appointing the "Chairman of the Meeting" as proxy to vote at the EGM and/or any adjournment thereof or (b) submitting any question prior to the EGM in accordance with paragraphs 11 to 15 of "Measures to Minimise Risk of Community Spread of COVID-19" of the EGM Notice, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of the Extraordinary General Meeting dated 4 October 2021.