

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

PROPOSED PLACEMENT OF 743,611,111 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0072 FOR EACH PLACEMENT SHARE

1 INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Spackman Entertainment Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 27 May 2020 entered into a placement agreement (collectively, “**Placement Agreements**”) with each of the eleven subscribers set out in paragraph 4 below (“**Subscribers**”). Pursuant to the Placement Agreements, the Subscribers agreed to subscribe for, and the Company agreed to allot and issue to the Subscribers, an aggregate of 743,611,111 new ordinary shares in the capital of the Company (“**Placement Shares**”) at an issue price of S\$0.0072 for each Placement Share (“**Issue Price**”), for an aggregate subscription amount of S\$5,354,000 (“**Proposed Placement**”). No placement agent has been appointed in respect of the Proposed Placement.
- 1.2 The Placement Shares represent approximately 63.1% of the existing issued and paid-up share capital (excluding treasury shares) of the Company (“**Shares**”) of 1,178,046,208 shares as at the date of this announcement. Following the allotment and issuance of the Placement Shares, the Placement Shares will represent 38.7% of the enlarged issued and paid-up share capital of the Company of 1,921,657,319 shares.
- 1.3 As at the date of this announcement, the Subscribers do not hold any shares in the capital of the Company, save for the following:

Name of Subscriber	Shareholding interests	
	Number of Shares	% ⁽¹⁾
Vanilla Sky Marketing Agency Pte. Ltd.	58	N.M. ⁽²⁾
Starlight Corp Pte. Ltd.	12,701,234	1.1

Notes:

(1) Based on issued Shares of 1,178,046,208 as at the date of this announcement.

(2) N.M. denotes not meaningful.

- 1.4 The Proposed Placement will be undertaken in accordance with Section 272B of the Securities and Futures Act (Chapter 289) of Singapore (“SFA”). As such, no prospectus, offer document or offer information statement will be lodged with the Singapore Exchange Securities Trading Limited (“SGX-ST”) acting as agent on behalf of the Monetary Authority of Singapore in connection with the Proposed Placement.

2 THE PROPOSED PLACEMENT AND SALIENT TERMS OF THE PLACEMENT AGREEMENTS

2.1 Placement Shares

- 2.1.1 The Placement Shares shall be issued free from all claims, pledges, mortgages, charges, liens and other encumbrances and shall rank in all respects *pari passu* with the existing issued Shares save for any dividends, rights, allotments or other distributions, the record date for which falls on or before the date of the issue of the Placement Shares.

2.2 Placement Price

- 2.2.1 The Issue Price of S\$0.0072 represents a discount of 10.0% to the volume-weighted average price of S\$0.008 per Share for trades done on the SGX-ST on 27 May 2020, being the full market day on which the Placement Agreements were signed.

- 2.2.2 The Issue Price was arrived at after arm’s length negotiations between the Company and the respective Subscribers, and taking into account the historical trading performance of the Company and prevailing market conditions.

2.3 Conditions Precedent

- 2.3.1 The completion of the Proposed Placement (“**Completion**”) is conditional upon, *inter alia*:

- (a) approval for the listing and quotation of the Placement Shares on Catalist being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before Completion, they are so fulfilled;
- (b) the representations, warranties and undertakings set out in the Placement Agreements remaining true and correct in all material aspects as at Completion and the Company having performed all its obligations to be performed on or before Completion.

2.4 Completion

Completion shall take place within 7 market days from the date of the listing and quotation notice to be issued by SGX-ST for the listing and quotation of the Placement Shares on the Catalist.

3 MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

- 3.1 The Placement Shares will be issued pursuant to the general mandate (“**General Mandate**”) granted by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company held on 30 April 2019 (“**FY2018 EGM**”), Accordingly, the Board is authorised to issue new Shares, whether on a pro rata or non pro rata basis, not exceeding one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date on which the General Mandate was approved.
- 3.2 Based on the limits described above, the Company is authorised to issue up to 1,030,965,608 new Shares under the General Mandate. As at the date of this announcement, 165,000,000 Shares have been issued under the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Placement Shares and therefore the Proposed Placement is not subject to the approval of the shareholders.

4 APPLICATION TO THE SGX-ST

The Company will be making an application to the SGX-ST through its continuing sponsor, RHT Capital Pte. Ltd., for the dealing in, listing of and quotation for the Placement Shares on the Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

5 DETAILS OF THE SUBSCRIBERS

- 5.1 The Subscribers and the respective number of Placement Shares to be subscribed is as follows:

Name of Subscriber	Number of Placement Shares
Vanilla Sky Marketing Agency Pte. Ltd.	95,833,333
Mashmellow Marketing Agency Pte. Ltd.	95,833,333
Starlight Corp Pte. Ltd.	81,944,444
Bigfoot Content Limited	143,055,556
Giraffe Artworks Pte. Ltd.	13,888,889
Mask Entertainment And Productions Co., Ltd.	95,833,333
Soo Kee Wee	55,555,556
Leong Lai Yee	27,777,778
Toe Teow Heng	80,000,000
Liu Chang	40,000,000
Sim Siew Tim Carol	13,888,889
Total	743,611,111

- 5.2 Vanilla Sky Marketing Agency Pte. Ltd., Mashmellow Marketing Agency Pte. Ltd. and Starlight Corp Pte. Ltd. are primarily involved in the management and public relations consultancy of media services in Singapore and Korea. Bigfoot Content Limited is a Hong Kong company which is in the business of content production and advisory. Giraffe Artworks Pte. Ltd. is primarily involved in furniture design services. Mask Entertainment And Productions Co., Ltd. is mainly involved in entertainment production and event planning projects. Soo Kee Wee, Leong Lai Yee, Toe Teow Heng, Liu Chang and Sim Siew Tim Carol are private investors in Singapore.
- 5.3 The Subscribers have warranted to the Company, *inter alia*, that:
- (a) they are subscribing for the Placement Shares solely for the purposes of investment and solely for their own beneficial account, and are not subscribing for any of the Placement Shares as an agent for or otherwise on behalf of any other person or entity (as defined in Section 2(1) of the SFA);
 - (b) they do not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1)(a) to (d) of the Catalist Rules; and
 - (c) there is no agreement, arrangement or understanding between the Subscribers and any shareholder or any other party to acquire Shares to obtain or consolidate effective control of the Company, and that the Subscribers are not acting in concert, as defined in The Singapore Code on Take-overs and Mergers, with any shareholder or any other party in relation to the Shares and/or any Placement Shares. No share borrowing arrangement has been entered into to facilitate the Proposed Placement.
- 5.4 The Subscribers were introduced through business associates of the Company. The Subscribers wish to be strategic investors of the Company and agreed to subscribe for the Placement Shares in order to be part of the Company's plan to continue to expand its footprint in entertainment-related businesses in Singapore and Korea. No introducer fee or commission is paid or payable by the Company in connection with the Proposed Placement.
- 5.5 The Subscribers currently do not have any connections or relationships (including business relationships) with the Group, any of the Directors and/or substantial shareholders of the Company, save for their shareholding interests in the Company as set out in paragraph 1.3 above.
- 5.6 The Company confirms that the Proposed Placement will not result in any transfer of controlling interest to any of the Subscribers.
- 5.7 The Company further confirms that none of its Directors or substantial shareholders has, to the best of their knowledge, any relationships or connections (including business relationships) with the Subscribers or its directors or substantial shareholders.

6 RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

6.1 Rationale for the Proposed Placement

6.1.1 The rationale for the Proposed Placement is to raise capital for the Group's upcoming corporate developments as well as to provide further support to the Group's operating activities in the Korean drama and film production sector.

6.2 Use of Proceeds

6.2.1 The estimated net proceeds from the Proposed Placement, if and when completed, after deducting estimated expense to be incurred in connection with the Proposed Placement of S\$9,760 would be approximately S\$5,344,240 ("**Net Proceeds**").

6.2.2 The Company intends to use the Net Proceeds in the manner set out below:

Use of Net Proceeds	Amount (S\$'000)	As a percentage of Net Proceeds
New investments in films and acquisitions	3,207	60.0%
Repayment of borrowings	1,336	25.0%
For general working capital requirements	802	15.0%

6.2.3 In accordance with Rule 704(30) and Rule 1204(22) of the Catalist Rules, the Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether such a use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full year financial statements and the Company's annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

7 CONFIRMATION BY DIRECTORS

The Directors are of the opinion that, as at the date of this announcement, after taking into consideration:

- (a) the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements, and the Proposed Placement is being undertaken for purposes set out in paragraph 6.1 above; and

- (b) the Group's present bank facilities, internal resources and operating cashflows, and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

In light of the COVID-19 pandemic, the Company is closely monitoring the developments and continuously assessing the financial impact on the Group's business and financial performance, and will update shareholders if there are any changes to the abovementioned confirmation.

8 FINANCIAL EFFECTS

- 8.1 As at the date of this announcement, the issued and paid up capital of the Company is US\$67.2million divided into 1,178,046,208 Shares. When allotted and issued in full, the Proposed Placement will increase the issued and paid-up share capital of the Company to approximately US\$70.9 million, divided into 1,921,657,319 Shares.

- 8.2 Assuming that the allotment and issuance of the Placement Shares had been effected on 1 January 2019, the loss per Share ("LPS") of the Group for the financial year ended 31 December 2019 would be as follows:

	Before the Proposed Placement	After the Proposed Placement
Loss attributable to shareholders of the Company (US\$'000)	3,156	3,156
LPS (US cents)	0.31	0.18
Weighted average number of Shares	1,030,965,608	1,774,576,719

- 8.3 Assuming that the allotment and issuance of the Placement Shares had been effected on 31 December 2019, the net tangible asset ("NTA") per Share of the Company as at 31 December 2019 would be as follows:

	Before the Proposed Placement	After the Proposed Placement
NTA of the Group as at 31 December 2019 (US\$'000)	28,910	32,734
NTA per Share (US cents)	2.45	1.70
Number of Shares as at 31 December 2019	1,178,046,208	1,921,657,319

- 8.4 It should be noted that such financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Placement.

9 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and their respective associates, and to the best of the knowledge of the Directors, none of the substantial shareholders of the Company, as well as their respective associates, has any interest, whether direct or indirect, in the Proposed Placement (other than in his capacity as a Director or shareholder of the Company, as the case may be).

10 CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Proposed Placement will be completed as it is subject to the fulfillment of terms and conditions as set out in the Placement Agreements. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisors.

11 DIRECTORS' RESPONSIBILITY STATEMENT

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

BY ORDER OF THE BOARD

Na Kyoungwon
Chief Operating Officer, President and Executive Director
27 May 2020

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

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

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