

# spackmanentertainmentgroup

SPACKMAN ENTERTAINMENT GROUP LIMITED

(Company Registration No.: 201401201N)

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

## RESPONSE TO FURTHER QUERY FROM SGX-ST ON THE PROPOSED ISSUANCE OF 94,634,034 NEW ORDINARY SHARES IN THE CAPITAL OF SPACKMAN ENTERTAINMENT GROUP LIMITED IN RELATION TO THE SHARE SALE AND PURCHASE AGREEMENT BETWEEN SPACKMAN ENTERTAINMENT GROUP LIMITED AND CERTAIN EXISTING SHAREHOLDERS OF ASSOCIATED COMPANY, SPACKMAN MEDIA GROUP LIMITED (“SPAs”)

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*Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Company's announcement dated 6 August 2018 in relation to the SPAs.*

The Board of Directors (the “**Board**”) of Spackman Entertainment Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) would like to provide the following information in response to further query from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in respect of the Company's announcement dated 6 August 2018 on the proposed issuance of 94,634,034 new ordinary shares in the capital of the Company in relation to the SPAs:

### **Further Query of the SGX-ST**

With reference to Question 3 of the SGX query dated 14 August 2018, SGX has the following queries/clarifications:

- A. Please confirm that the professional valuation by the external valuer was performed in relation to the payment of SMGL shares for the acquisition of Frame Pictures Co., Ltd. (“Frame Pictures”).**

### **Company's Response**

The Company had engaged Hanul Choongjung LLC, a member firm of Crowe Horwath International, as the external valuer to perform a professional valuation for the Group on Frame Pictures, in relation to the payment of SMGL shares for the acquisition of Frame Pictures.

- B. Please confirm that notwithstanding the external valuer's valuation at US\$6.18/share, the final price agreed with the shareholder of Frame Pictures was US\$6.80/share for the payment of the acquisition of Frame Pictures.**

### **Company's Response**

The total purchase consideration for acquisition of Frame Pictures as agreed with the shareholder of Frame Pictures and as stated in the sale and purchase agreement was KWR900,000,000 in cash and 497,250 SMGL shares of US\$3,361,410. This translates to US\$6.76 per SMGL share for the SMGL share portion of the consideration.

The Group had commissioned Hanul Choongjung LLC, a member firm of Crowe Horwath International, to conduct a purchase price allocation (“PPA”) exercise for the Group’s financial reporting purposes.

Based on the PPA report, the SMGL shares were valued at US\$6.18 per SMGL share.

**C. Who is the appointed external valuer?**

**Company’s Response**

As per response A. above, the external valuer appointed was Hanul Choongjung LLC, a member firm of Crowe Horwath International.

**D. Was the cross-check performed by the external auditor on the valuation made by the external valuer conducted as part of the acquisition of Frame Pictures or was it conducted as part of the annual audit?**

**Company’s Response**

As part of their work done in relation to the financial statement audit for the financial year ended 31 December 2017, the external auditors, Baker Tilly LLP, had reviewed both the valuation report commissioned for the purposes of the acquisition and the PPA report commissioned for financial reporting purposes.

BY ORDER OF THE BOARD

Richard Lee

Executive Director & Interim Chief Executive Officer

29 August 2018

*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 Catalyst. The Sponsor has not verified the contents of this announcement.*

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

*The contact person for the Sponsor is:-*

*Name: Mr Mah How Soon, Registered Professional, RHT Capital Pte. Ltd.*

*Address: 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619*

*Tel: 6381 6757*