

**SPACKMAN ENTERTAINMENT GROUP LIMITED**  
(Company Registration No. 201401201N)  
(Incorporated in the Republic of Singapore)

**Appendix A to Minutes Of Annual General Meeting held on 29 June 2020**

**First question from Shareholder A**

**Question 1**

The Group did many rounds of placements in the last few years, creating huge dilution, and yet making losses, destroying shareholder value.

This round, the Group proposes an even larger placement, how can management explain and assure to shareholders that this is a right and positive move?

We want Management to start to create value and not keep destroying shareholder value.

**Our Response:**

The theatrical motion picture industry, like many other industries, is facing an unprecedented uncertainty due to the COVID-19 pandemic. In anticipation of the challenging times ahead, the Group acted quickly to raise funds. The recent placement was an important exercise amidst this period of uncertainty, as it will help the Group to fund its upcoming corporate developments including the Group's major preparations and efforts to strategically diversify into the production and financing of US movies (a major initiative that the Group plans to unveil in the near future), as well as to provide further support to the Group's operating and investing activities in the Korean drama and film production sector.

**Second and third questions from Shareholder B**

**Question 2:**

What are the board's plans on reducing the losses? As the losses from 2018 have increased by almost double the amount to USD\$3.4 million.

(Not taking into account Q1 and Q2 for 2020 due to the COVID-19 situation, but what are your plans for Q3 and Q4 moving forward?)

**Our Response:**

The Group intends to further strengthen its film production capability and increase non-production revenue via collaborative businesses. One of the major new strategic initiatives that the Group is planning is the shift and diversification into the US film industry by engaging in the production and financing of Hollywood films.

For our collaborative businesses, the Group plans to diversify its revenue streams by focusing on synergistic businesses outside of film production that can leverage on the brand power of Spackman Media Group's artists.

**Film Production**

In terms of film production, the Group intends to continue to deliver quality Korean films from its film production companies, Zip Cinema and Studio Take. Zip Cinema has released its zombie thriller

blockbuster, *#ALIVE*, on 24 June 2020, which maintained its #1 status in Korea. The Group expects the film to contribute positively to the its financials for FY2020. Distributed by Lotte Entertainment, the tentative total production budget (including prints and advertising costs) for *#ALIVE* is set at KRW9.8 billion (or US\$8.1 million).

Studio Take's upcoming movie release this year include two films with the working titles *STONE SKIPPING* and *GUARDIAN*. The tentative total production budget (including prints and advertising costs) for *STONE SKIPPING* and *GUARDIAN* is set at KRW1.5 billion (or US\$1.2 million) and KRW10.5 billion (or US\$8.6 million), respectively.

As mentioned, the Group is also planning a shift and diversification into the US film industry.

### **Talent Management Business**

In order to diversify our revenue streams, the Group shall continue to explore ways to utilize the strength of Spackman Media Group, our talent management business, in Southeast Asia where demand for quality Korean content is burgeoning. With the anticipated lifting of the China ban, the Group believes there will be more opportunities in the near future to secure artist-related projects in China.

By capitalizing on the talent management platform of Spackman Media Group, which is collectively one of the largest entertainment talent agencies in Korea, we believe we will have the opportunity to participate into the highest quality entertainment content projects and invest into growing brands in consumer markets that can benefit from the association with Korean celebrities in the region. We hope to leverage on Spackman Media Group to strengthen our drama production capability in the near future.

Our overall strategy is to reap higher operating performance via a multitude of direct and indirect channels including film production and investment returns thereof, talent representation revenue, and the value derived from collaborative businesses through the brand power of Spackman Media Group's artists.

### Next question from Shareholder B

#### **Question 3**

How will COVID-19 impact Spackman and in turn impact us investors in the long run?

#### **Our Response:**

The movie production industry worldwide is currently facing unprecedented challenges amidst the global pandemic. With the COVID-19 measures and restrictions implemented at the workplace and beyond, the Group's film production has experienced significant disruptions which will ultimately delay production schedules and releases. Investors are generally less keen to invest into the movie business due to the uncertainties brought about by the pandemic. Due to this sudden downturn in the our industry, we find it necessary to revisit and revise certain plans that we have, including deferring the cross border production with Mediacorp to a later date.

Despite the impact of COVID-19, our latest film *#ALIVE* opened at #1 at the Korea box office on 24 June 2020 and is expected to bring about commercial success. The successful theatrical release of *#ALIVE* gives us and the industry as a whole much needed hope and demonstrates that the theatrical motion picture business is still alive and well despite the pandemic.

During this period, we carried out a private placement which raised S\$5.3 million in net proceeds. Majority of the proceeds shall be used to explore accretive acquisitions that can add value to the Group's film production and non-production collaborative businesses in Korea and Southeast Asia. We are also pursuing opportunities into the US film sector by producing and participating in Hollywood movies. As the COVID-19

situation continues to develop, the Group shall make the necessary announcements in the event that there is any material impact to the Group's business operations and financials.

**Last question from Shareholder C**

**Question 4:**

Why has the share price been depressed for so long? What value are shareholders getting from the share buy-back with such a low price?

**Our Response:**

Share price and trading are driven by a confluence of factors including external market forces that are beyond the Group's control. However, we believe that one of the key reasons for our depressed share price is due to our overreliance on a limited number of films to generate revenue. We are working on making changes to our overall business model and to diversify our revenue, although this may take some time.

We remain confident about our business fundamentals and growth plans and will continue our strategic efforts to improve our financial performance and enhance market perception of our Group. Therefore, if and when circumstances permit, the Group shall continue to repurchase its shares.