

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

**SHARE SALE AND PURCHASE AGREEMENT BETWEEN SPACKMAN ENTERTAINMENT GROUP LIMITED AND A CERTAIN EXISTING SHAREHOLDER OF ASSOCIATED COMPANY, SPACKMAN MEDIA GROUP LIMITED**

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**1. INTRODUCTION**

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 (the **“Purchaser”**) has on 22 December 2017 entered into a share sale and purchase agreement (the **“SPA”**) with a certain existing shareholder of the Company’s associated company, Spackman Media Group Limited (**“SMGL”**) (the **“Vendor”**). Under the SPA, the Purchaser shall purchase an aggregate of 920,000 common voting shares of SMGL (the **“Sale Shares”**), representing 3.01% equity interest of SMGL, at US\$3 per SMGL share for a purchase consideration comprising newly issued ordinary shares of the Company with total value of US\$2.76 million.

Upon completion of the SPA, the Company’s shareholding interest in SMGL will increase from 29.12% to 32.13%.

**2. SPACKMAN MEDIA GROUP LIMITED**

SMGL which is incorporated in Hong Kong and together with its subsidiaries, is collectively one of the largest entertainment talent agencies in Korea in terms of the number of artists under management, including some of the top names in the Korean entertainment industry. SMGL operates its talent management business through renowned agencies such as MS Team Entertainment Co., Ltd., UAA & Co Inc., Fiftyone K Inc., SBD Entertainment Inc., and Kook Entertainment Co., Ltd.

SMGL, through its full-service talent agencies in Korea, represents and guides the professional careers of a leading roster of award-winning actors/actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment. SMGL leverages its unparalleled portfolio of artistes as a platform to develop, produce, finance and own the highest quality of entertainment content projects, including theatrical motion pictures, variety shows, and TV dramas. This platform also creates and derives opportunities for SMGL to make strategic investments in development stage businesses that can collaborate with SMGL artists.

Based on the unaudited financial statements of SMGL for the 9 months ended 30 September 2017, the profit before tax of the SMGL was US\$221,519 and the net tangible asset and net

asset value of SMGL as 30 September 2017 was US\$7.4 million and US\$12.1 million respectively.

### 3. SALIENT TERMS OF THE SPA

#### 3.1 Purchase Consideration

The Purchaser shall purchase the Sale Shares with 32,432,432 newly issued ordinary shares of the Company (“**New SEGL Shares**”) at the issue price of S\$0.115 (“**Issue Price**”) per New SEGL Share, with total value of USD2,760,000 (equivalent to approximately S\$3,729,730<sup>1</sup>) (hereinafter referred to as the “**Purchase Consideration**”).

The Issue Price of S\$0.115 is at a premium of 23.7% to the volume weighted average price of S\$0.093 for trades done on the issued and paid-up ordinary shares of the Company on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 21 December 2017, being the market day preceding the date of the SPA.

The Purchase Consideration was arrived at following arm’s length negotiations on a willing buyer, willing seller basis, and taking into account the growth strategies of both the Company and its associated company, SMGL, in the Group’s objective to be a leading entertainment group in driving primary content creation and content production.

#### 3.2 Payment & Completion

The Company shall issue and allot the New SEGL Shares to the Vendor upon satisfaction of the conditions set out in Article 4 in the SPA (mainly on the Representation and Warranties, Veracity of Warranty and the necessary regulatory approvals and consents) and receipt of physical certificate(s) representing the Sale Shares of the Vendor.

### 4. NEW SEGL SHARES TO BE ALLOTTED AND ISSUED

The 32,432,432 New SEGL Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 27 April 2017 (“**2017 AGM**”) for the Company to issue shares and convertible securities (“**General Mandate**”). Under the General Mandate, the Board is authorised to issue new shares in the capital of the Company (“**Shares**”) not exceeding one hundred per cent (100%) of the total number of Shares (excluding treasury shares) as at the date of the 2017 AGM, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders must not be more than fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) as at the date of the 2017 AGM.

As at the date of the 2017 AGM, the Company had 463,031,700 Shares (excluding treasury shares). Subsequent to the 2017 AGM, the Company had issued an aggregate of 54,137,816 new Shares on a non pro-rata basis under the General Mandate. Accordingly, as at the date of this announcement, the balance maximum number of Shares to be issued other than on a pro-rata basis under the General Mandate is 177,378,034 Shares.

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<sup>1</sup> Based on the exchange rate of SGD1:USD0.74

The 32,432,432 New SEGL Shares, when allotted and issued in full, will represent approximately:

- (i) 7.00% of the issued share capital of the Company of 463,031,700 Shares (excluding treasury shares) as at the date of the 2017 AGM;
- (ii) 6.29% of the issued share capital of the Company of 515,470,416 Shares (excluding treasury shares) as at the date of this announcement; and
- (iii) 5.92% of the enlarged issued and paid-up share capital of the Company of 547,902,848 Shares (excluding treasury shares) upon completion of the SPA.

The proposed allotment and issuance of 32,432,432 New SEGL Shares, when taken together with 144,770,861 new Shares to be issued as purchase consideration for the proposed acquisition of 100% equity interest in Constellation Agency Pte. Ltd. ("**Constellation Agency**") (contained in a separate announcement released today), will fall within the balance limits of the General Mandate of 177,378,034 Shares as at the date of this announcement.

The New SEGL Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued ordinary shares in the capital of the Company at the time of the issue except that the New SEGL Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the New SEGL Shares.

## 5. ADDITIONAL LISTING APPLICATION

The sponsor of the Company (the "**Sponsor**"), PrimePartners Corporate Finance Pte. Ltd., will be making an application on behalf of the Company to the SGX-ST for the admission of the New SEGL Shares to Catalist of the SGX-ST and for the listing and quotation of the New SEGL Shares on Catalist of the SGX-ST. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the New SEGL Shares has been obtained from the SGX-ST.

## 6. RATIONALE FOR THE SPA

The resultant effect of the SPA is that the overall shareholding interest of the Company in SMGL will increase from 29.12% to 32.13%. The Group is optimistic on the future growth of SMGL and believes that SMGL will help unlock higher value for the Company's shareholders through its talent management business.

## 7. RELATIVE FIGURES UNDER RULE 1006

Prior to the SPA, the Company had:

- (i) On 10 October 2017, entered into a share sale and purchase agreement with certain SMGL's vendors for the acquisition of 900,000 common voting shares of SMGL at US\$3 per SMGL share for a purchase consideration of US\$2.7 million, which was satisfied via 28,451,000 New SEGL Shares at an issue price of S\$0.130 per New SEGL Share ("**October 2017 SMGL**")

**Acquisition**). The October 2017 SMGL Acquisition was completed on 26 October 2017; and

- (ii) On 1 March 2017, entered into a share sale and purchase agreement with certain SMGL's vendors for the acquisition of 1,000,000 common voting shares of SMGL at US\$3 per SMGL share for a purchase consideration of US\$3 million, which was satisfied via 26,161,491 New SEGL Shares at an issue price of S\$0.161 per New SEGL Share ("**March 2017 SMGL Acquisition**"). The March 2017 SMGL Acquisition was completed on 20 March 2017.

The relative figures computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual: Section B: Rules of Catalist ("**Catalist Rules**") in respect of the SPA, when aggregated with the October 2017 SMGL Acquisition and the March 2017 SMGL Acquisition, and based on the on the unaudited financial statements of the Group for the nine months ended 30 September 2017 ("**9M 2017**") are as follows:

<b>Rule 1006</b>	<b>Base</b>	<b>Relative figure</b>
(a)	The net asset value (" <b>NAV</b> ") of the assets to be disposed of, compared with the Group's NAV.	Not applicable
(b)	The net profits <sup>(1)</sup> attributable to the assets acquired, compared with the Group's net profits <sup>(1)</sup> .	0.49% <sup>(2)</sup>
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	16.89% <sup>(3)</sup>
(d)	The number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously in issue.	21.83% <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of compared with the aggregate of the Group's proved 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

Notes:

- (1) "net profits or loss" means the profit or loss (as the case may be) before income tax, minority interests and extraordinary items.
- (2) Computed based on the net profits of US\$20,431 attributable to the aggregated 2,820,000 common voting shares of SMGL (comprising 920,000 SMGL shares to be acquired pursuant to the proposed SPA and a total of 1,900,000 SMGL shares which were acquired pursuant to the October 2017 SMGL Acquisition and the March 2017

SMGL Acquisition) for 9M 2017, as compared to the net profit of the Group of US\$4,206,000 for 9M 2017.

- (3) The aggregate value of the consideration is computed based on (i) the volume weighted average price of the Shares of S\$0.093 (“**VWAP**”) (being higher than the Group’s unaudited net asset value per share of S\$0.053 as at 30 September 2017) on 21 December 2017, being the last market day preceding the date of the SPA; and (ii) the aggregated 87,044,923 New SEGL Shares (“**Aggregated New SEGL Shares**”) (comprising 32,432,432 New SEGL Shares as consideration for the proposed SPA and a total of 54,612,491 New SEGL Shares which were issued and allotted as consideration for the October 2017 SMGL Acquisition and the March 2017 SMGL Acquisition).

The Company's market capitalisation of S\$47.9 million was computed based on the VWAP and 515,470,416 shares (excluding treasury shares) as at the date of this announcement.

- (4) Computed based on the 87,044,923 Aggregated New SEGL Shares and 398,770,209 Shares (excluding treasury shares) on 28 February 2017, being the last trading day prior to the signing of the share sale and purchase agreement for the March 2017 SMGL Acquisition.

As the relative figures under Catalist Rules 1006(c) and (d) are more than 5% but less than 75%, the proposed acquisition of the Sale Shares constitutes a “discloseable transaction”.

## 8. FINANCIAL EFFECTS

8.1 As at the date of this announcement, the issued and paid up capital of the Company is S\$49.9 million, approximately US\$36.9 million, divided into 515,470,416 shares (excluding treasury shares). When allotted and issued in full, the 32,432,432 New SEGL Shares will increase the existing issued and paid-up share capital of the Company to S\$53.6 million, approximately US\$39.1 million, divided into 547,902,848 shares (excluding treasury shares).

8.2 Assuming that the SPA had been effected on 1 January 2016, the basic loss per share (“**LPS**”) of the Group for FY2016 would be as follows:

	<b>Before the SPA</b>	<b>After the SPA</b>
Loss attributable to shareholders of the Company (US\$)	2,424,734	2,090,014
LPS (US cents)	0.608	0.485
Weighted average number of Shares for calculating LPS	398,770,209	431,202,641

8.3 Assuming that the SPA had been effected on 31 December 2016, the net tangible asset value (“NTAV”) per share of the Group would be as follows:

	Before the SPA	After the SPA
NTAV as at 31 December 2016 (US\$)	11,847,617	12,182,337
NTAV per Share (US\$)	0.030	0.028
Number of Shares at the end of FY2016	398,770,209	431,202,641

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 SPA.

## 9. NO CHANGE IN CONTROL

The issuance and allotment of the 32,432,432 New SEGL Shares will not result in any transfer of controlling interest in the Company, as Spackman Equities Group Inc. will remain as the sole controlling shareholder of the Company after the completion of the proposed acquisition of the Sale Shares.

The shareholding interests of Spackman Equities Group Inc., being the Company’s sole substantial shareholder as at the date of this announcement, and the Vendor after the completion of the proposed transactions is set out below:

	As at the date of this announcement		After completion of the proposed acquisition of the Sale Shares		After completion of the proposed acquisition of the Sale Shares and proposed acquisition of Constellation Agency <sup>(1)</sup>	
	<b>Total (comprising direct and deemed) interest</b>					
	No. of shares	% <sup>(2)</sup>	No. of shares	% <sup>(3)</sup>	No. of shares	% <sup>(4)</sup>
Spackman Equities Group Inc.	148,971,000	28.90%	148,971,000	27.19%	148,971,000	21.51%
Vendor	0	0%	32,432,432	5.92%	32,432,432	4.68%

Notes:

- (1) Please refer to a separate announcement released by the Company today for details on the proposed acquisition of Constellation Agency.
- (2) Based on 515,470,416 Shares (excluding treasury shares) in issue as at the date of this announcement.
- (2) Based on the enlarged share capital of 547,902,848 Shares (excluding treasury shares) after the completion of the proposed acquisition of the Sale Shares.

- (3) Based on the enlarged share capital of 692,673,709 Shares (excluding treasury shares) after the completion of both the proposed acquisition of the Sale Shares and proposed acquisition of Constellation Agency.

## **10. INTERESTS OF DIRECTORS AND/OR CONTROLLING SHAREHOLDERS**

None of the Directors or the controlling shareholders of the Company has any direct or indirect interest in the proposed acquisition of the Sale Shares (other than through their shareholdings in the Company, if any). None of the Directors, the controlling shareholders of the Company, or their associates are related to the Vendor.

## **11. DIRECTORS' SERVICE CONTRACTS**

There are no persons who are proposed to be appointed as a Director of the Company in connection with the proposed acquisition of the Sale Shares. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **12. DOCUMENT FOR INSPECTION**

A copy of the SPA will be made available for inspection by the shareholders of the Company during the normal business hours at 16 Collyer Quay, #17-00, Singapore 049318 for a period of 3 months from the date of this announcement.

## **13. 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 SPA, 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

Jessie Ho

Lead Independent Director

22 December 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the PrimePartners Corporate Finance 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 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 Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*