

# spackmanentertainmentgroup

## NEWS RELEASE

### **SPACKMAN ENTERTAINMENT GROUP SWINGS TO PROFITABILITY, RECORDING A NET PROFIT OF US\$3.0 MILLION FOR FY2017**

- Profitability came on the back of a 36% year-on-year increase in revenue to US\$20.6 million for FY2017 from recognition of share of profit from production fees and investment returns in connection with *MASTER*, VOD sales for *THE OUTLAWS* and contribution from newly acquired subsidiary, Frame Pictures
- Acquisitions and investments of the Group completed in FY2017 underscore Group's objective to develop a more consistent revenue stream and leverage its content and talent management platform
- Group looks forward to the performance of its upcoming content & artist projects and growth potential of its entertainment-related investments

**Singapore, 28 February 2018** – Spackman Entertainment Group Limited (“**Spackman Entertainment Group**” or the “**Company**” and together with its subsidiaries, the “**Group**”), one of Korea's leading entertainment production groups created by founder Mr. Charles Spackman, wishes to announce that the Group turned around to profitability, recording a net profit of US\$3.0 million for its full year ended 31 December 2017 (“**FY2017**”) as compared to a net loss of US\$2.6 million last fiscal year.

Revenue increased 36% year-on-year to US\$20.6 million for FY2017 mainly as a result of an increase of US\$4.9 million from distribution of films and others and an increase of US\$2.3 million from leasing equipment business of Frame Pictures Co., Ltd. (“**Frame Pictures**”), partially offset by a decrease of US\$2.0 million from production of films. The lower revenue from production of films was a result of lower percentage-of-completion for *GOLDEN SLUMBER* and *SOVEREIGN DEFAULT*, produced by the Group's indirect wholly-owned subsidiary, Zip Cinema Co., Ltd (“**Zip Cinema**”), in FY2017 as compared to *MASTER*, also produced by Zip Cinema, in FY2016.

The increase in revenue from distribution of films and others was mainly due to the recognition of the share of profit of US\$4.2 million from production fees and investment returns in connection with *MASTER* and US\$2.6 million from Video On Demand (“**VOD**”) sales for the ancillary market in Korea for *THE OUTLAWS*, co-presented the Group's 51%-owned subsidiary, Novus Mediacorp Co., Ltd. (“**Novus Mediacorp**”).

Decrease in other income was partially offset by a gain of US\$2.7 million on disposal of 497,250 Spackman Media Group Limited shares, arising from the acquisition of Frame Pictures.

Mr. Richard Lee, Interim Chief Executive Officer & Executive Director of Spackman Entertainment Group, said, “We are pleased to record our positive turnaround in fiscal year 2017. We have made strides in our strategy of investing into companies

that can help us develop a more consistent revenue stream and add accretive value to our existing film production business. Some of the key acquisitions and investments completed during the year have already contributed to our fiscal year results, and we believe that they will continue to positively impact our corporate development. As we focus on leveraging our content and talent management platform to participate in top quality projects, we look forward to further benefitting from our entertainment-related investments.”

## Outlook

The South Korean film sector attained record high cinema attendance of nearly 220 million in 2017. According to statistics from the Korean Film Council, the total number of movie-goers in South Korea in 2017 increased 3 million as compared to last year. Korean films comprise 53% of the South Korean film sector, continuing their streak of holding on to a majority market share for 7 consecutive years.<sup>1</sup> The average South Korean watches four films of which two are foreign films and the other two being local films in cinemas.<sup>2</sup>

In 2017, the top 50 movies of the South Korean film market reported a US\$1.2 billion in gross box office revenue and 169.4 million in total admissions. These figures are at similar levels as compared to last year.

The Group’s manhunt thriller movie, *GOLDEN SLUMBER*, starring Gang Dong-won and Han Hyo-joo, was released on 14 February 2018. The total production budget (including prints and advertising costs) for *GOLDEN SLUMBER* is approximately KRW10.5 billion (US\$9.7 million).

Following *GOLDEN SLUMBER*, Zip Cinema will be producing a Korean financial crisis movie, *SOVEREIGN DEFAULT*, starring leading Korean actors Yoo Ah-in, who is managed by the Group’s associated company, Spackman Media Group Limited (“SMGL”) and Kim Hye-soo. The film, also distributed by CJ Entertainment, has commenced filming at the end of 2017 and targeted to open in Korean theatres in the second half of 2018. The estimated total production budget (including prints and advertising costs) for *SOVEREIGN DEFAULT* is tentatively set at approximately KRW9.7 billion (or US\$8.6 million).

On 20 November 2017, the Group invested US\$450,000 into an upcoming film *NOW I WILL MEET YOU*, starring leading Korean actors Son Ye-jin and So Ji Sub, who are both managed by SMGL. The film has secured the opportune weekend of White Day 2018. The Group will continue to seek more opportunities to collaborate with SMGL’s artists in creating and participating in quality content projects.

---

<sup>1</sup> <http://english.yonhapnews.co.kr/news/2018/01/01/0200000000AEN20180101005400315.html>  
Yonhap News Agency, Cinema attendance hits record high in 2017: data, January 2018

<sup>2</sup> Forbes, Could K-Film Ever Be As Popular As K-pop in Asia, <https://www.forbes.com/sites/outofasia/2018/01/11/along-with-the-gods-could-k-film-ever-be-as-popular-as-k-pop-in-asia/#55ad83db3594>, January 2018

The Group expects that both its wholly-owned subsidiaries, Studio Take Co., Ltd. ("**Studio Take**"), acquired on 27 October 2017, and Frame Pictures, acquired on 31 March 2017, are on track to deliver a healthy pipeline of quality projects that will strategically add accretive value to the Group going forward.

The Group has been preparing to enter into the Korean drama series production and is presently looking out for more opportunities to foray into this business segment in order to capitalize on the rising popularity of Korean drama in Southeast Asia.

This press release is to be read in conjunction with the Company's announcement posted on the SGXNet on 28 February 2018.

- End -

### **About Spackman Entertainment Group Limited**

Spackman Entertainment Group Limited ("**SEGL**" or the "**Company**"), and together with its subsidiaries, (the "**Group**"), a leading entertainment production group created by founder Mr. Charles Spackman, is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures in Korea. In addition to our film business, we also make investments into entertainment companies and film funds that can financially and strategically complement our existing core operations. SEGL is listed on the Catalist of the Singapore Exchange Securities Trading Limited under the ticker 40E.

SEGL's Zip Cinema Co., Ltd. ("**Zip Cinema**") is one of the most recognised film production labels in Korea and has originated and produced some of Korea's most commercially successful theatrical films, consecutively producing 8 profitable movies since 2009 representing an industry leading track record. Recent theatrical releases of Zip Cinema's motion pictures include some of Korea's highest grossing and award-winning films such as *MASTER* (2016), *THE PRIESTS* (2015), *COLD EYES* (2013), and *ALL ABOUT MY WIFE* (2012). For more information on Zip Cinema, do visit <http://zipcine.com>

SEGL also owns Novus Mediacorp Co., Ltd. ("**Novus Mediacorp**"), an investor, presenter, and/or ancillary distributor for a total of 75 films (52 Korean and 23 foreign) including *SECRETLY, GREATLY*, which was one of the biggest box office hits of 2013 starring Kim Soo-hyun of *MY LOVE FROM THE STARS* fame, as well as *FRIEND 2: THE GREAT LEGACY*. In 2012, Novus Mediacorp was also the ancillary distributor of *ALL ABOUT MY WIFE*, a top-grossing romantic comedy produced by Zip Cinema. For more information on Novus Mediacorp, do visit <http://novusmediacorp.com>

Our films are theatrically distributed and released in Korea and overseas markets, as well as for subsequent post-theatrical worldwide release in other forms of media, including cable TV, broadcast TV, IPTV, video-on-demand, and home video/DVD, etc.

We release all of our motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

We also operate a café-lounge called Upper West, in the Gangnam district of Seoul and own a professional photography studio, noon pictures Co., Ltd..

The Company holds an effective shareholding interest of 33.76% in Spackman Media Group Limited (“**SMGL**”). SMGL, a company incorporated in Hong Kong, together with its subsidiaries, is collectively the largest entertainment talent agency 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. Through these full-service talent agencies in Korea, SMGL 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 artists 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. SMGL is an associated company of the Company.

On 31 March 2017, the Group completed the acquisition of 100% equity interest in Frame Pictures Co., Ltd. (“**Frame Pictures**”). Frame Pictures is a leader in the movie/drama equipment leasing business in Korea. Established in 2014, Frame Pictures has worked with over 25 top directors and provided the camera and lighting equipment for some of Korea’s most notable drama and movie projects including *THE LEGEND OF THE BLUE SEA* (2016) featuring Jeon Ji-hyeon and Lee Min-ho, as well as *VETERAN* (2015), the number one movie at the Korean box office in 2015 starring Yoo Ah-in.

On 27 October 2017, the Company completed the acquisition of 100% equity interest in Take Pictures Pte. Ltd. (“**Take Pictures**”) which owns a strong lineup of 10 film projects including the co-production with the Zip Cinema of *THE PRIESTS 2*.

On 26 January 2018, the Company completed the acquisition of 100% equity interest in Constellation Agency Pte. Ltd. (“**Constellation Agency**”). Constellation Agency, which owns The P Factory Co., Ltd. (“**The P Factory**”) and Platform Media Group Co., Ltd. (“**PMG**”), is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market. The P Factory is an innovative marketing solutions provider specializing in event and branded content production. PMG is a talent management agency which represents and manages the careers of major artists in film, television, commercial endorsements, and branded entertainment.

For more details, do visit <http://www.spackmanentertainmentgroup.com/>

### **Investor & Media Contact**

#### **Spackman Entertainment Group Limited**

Ms Jasmine Leong

Tel: +65 6694 4175

Email: [jasmine.leong@spackmangroup.com](mailto:jasmine.leong@spackmangroup.com)

*This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance 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 verified the contents of this press release.*

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

*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](mailto:sponsorship@ppcf.com.sg)).*