

spackmanentertainmentgroup

NEWS RELEASE

SPACKMAN ENTERTAINMENT GROUP ENTERS INTO NON-BINDING MEMORANDUM OF UNDERSTANDING FOR THE PROPOSED ACQUISITION OF FRAME PICTURES CO., LTD.

- **Frame Pictures is a leading movie/drama equipment leasing player in Korea's entertainment sector**
- **Proposed acquisition of Frame Pictures to help create a more diversified and consistent revenue stream**
- **Group is strategically positioned to further enhance the performance of Frame Pictures**

Singapore, 6 March 2017 – Spackman Entertainment Group Limited (“**Spackman Entertainment Group**” or the “**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce that yesterday it has entered into a non-binding memorandum of understanding with an independent third party, Mr. Kim Jun Young (the “**Vendor**”), which sets forth the general terms and conditions for the proposed acquisition of 100% of the total common voting shares of Frame Pictures Co., Ltd. (“**Frame Pictures**”) (the “**Proposed Acquisition**”).

Frame Pictures is a leader in the movie/drama equipment leasing business in Korea. Established in 2004 by veteran director of photography, Mr. Kim Jun-young, 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. Frame Pictures had undertaken projects in 12 films including *ANTIQUE* (2008), produced by Spackman Entertainment Group's indirectly wholly-owned subsidiary, Zip Cinema Co. Ltd. In 2015, Frame Pictures became the first Korean firm to offer 4k resolution post-production services.

Mr. Charles Spackman, Executive Chairman and Chief Executive Officer of Spackman Entertainment Group, said, “The potential acquisition of Frame Pictures is part of our efforts to create a more diversified and consistent revenue stream which has been significantly reliant on the box office performance of our movies. The business of Frame Pictures is naturally a good strategic fit to our existing operations and investment portfolio. We believe that the Group is strategically positioned to further enhance the performance of Frame Pictures, especially in securing more film project deals, including our own in some cases.

Looking forward, we will continue to explore similar strategic acquisitions and investments that are in line with the Group's strategy of diversifying our income channels."

The memorandum of understanding for the Proposed Acquisition outlines that the aggregate consideration payable by the Company for the Proposed Acquisition shall be fulfilled via cash, other assets owned by the Company or the issuance of new shares in the Company or a combination of the aforementioned. The value of the aggregate consideration payable will be based on a value negotiated and agreed upon between the Vendor and the Company and acceptable to the Directors and shareholders of the Company where applicable.

This transaction is at a preliminary stage and the entry of definitive agreement(s) will be subject to, inter alia, completion of the Company's due diligence exercise, receipt of approval from the shareholders of the Company if necessary, all other necessary approvals and consents from the relevant parties.

The exclusive period of the memorandum of understanding is until 30 April 2017.

The Company will update its shareholders as and when there are any material developments and/or upon execution of definition agreements in relation to the Proposed Acquisition.

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About Spackman Entertainment Group Limited

Spackman Entertainment Group Limited ("**SEGL**" or the "**Company**"), and together with its subsidiaries, (the "**Group**") is a leading entertainment production company that 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 55 films (36 Korean and 19 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 is a strategic shareholder of Spackman Media Group Limited (“**SMGL**”). SMGL, a company incorporated in Hong Kong, together with its subsidiaries, collectively is the leading talent agency and entertainment content production company in Korea, managing over 60 artistes including some of the top names in the Korean entertainment industry. SMGL operates the talent management business through renowned agencies such as MS Team Entertainment Co., Ltd., Fiftyone K Inc., SBD Entertainment Inc., UL Entertainment Co., Ltd., and Kook Entertainment Co., Ltd.

On 14 September 2016, the Company announced the completion of its disposal of the Company's entire equity interest in its indirect wholly-owned subsidiary, Opus Pictures Limited Liability Company.

The Company is a 24.53% strategic shareholder of Spackman Media Group Limited.

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

About Spackman Media Group Limited

Spackman Media Group Limited (“**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. SMGL manages over 60 artistes including some of the top names in the Korean entertainment industry and operates its talent management business through renowned agencies such as

MS Team Entertainment Co., Ltd., Fiftyone K Inc., SBD Entertainment Inc., UL Entertainment Co., Ltd., and Kook Entertainment Co., Ltd.

The company, through its full-service talent agencies in Korea, represents and guides the professional careers of a leading roster of over 60 award-winning actors/actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment. The company 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.

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Important Notice

This news 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 news release.

This news 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 news release, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this news release.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.