

**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 CERTAIN EXISTING SHAREHOLDERS 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 10 October 2017 entered into a share sale and purchase agreement (the **“SPA”**) with certain existing shareholders of the Company’s 26.17% owned associated company, Spackman Media Group Limited (**“SMGL”**) (the **“Vendors”**). Under the SPA, the Purchaser shall purchase an aggregate of 900,000 common voting shares of SMGL (the **“Sale Shares”**) at US\$3 per SMGL share from the Vendors for a purchase consideration comprising newly issued ordinary shares of the Company with total value of US\$2.7 million.

Upon completion of the SPA, the Company’s shareholding interest in SMGL will increase from 26.17% to 29.12%.

**2. SPACKMAN MEDIA GROUP LIMITED**

SMGL, a 26.17% associated company of the Company which was incorporated in Hong Kong, 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 3 months ended 30 June 2017, the profit before tax of the SMGL was US\$903,959 and the net tangible asset and net asset value of SMGL as 30 June 2017 was US\$7.37 million and US\$12.09 million respectively.

### 3. SALIENT TERMS OF THE SPA

#### 3.1 Purchase Consideration

Under the SPA, the Vendors shall sell to the Purchaser, and the Purchaser shall purchase from the Vendors, the Sales Shares, free from any charges, liens, encumbrances, equities and claims whatsoever, and together with all rights now and hereafter attaching or accruing thereto and all dividends and distributions paid (if any) on the date of completion to be paid in the following manner:

- a. The Purchaser shall purchase the Sale Shares with newly issued ordinary shares of the Company ("**New SEGL Shares**") with total value of USD2,700,000 (equivalent to approximately S\$3,698,630<sup>1</sup>) (hereinafter referred to as the "**Purchase Consideration**"). The number of New SEGL Shares to be allotted and issued to each Vendor is set out in Appendix A; and
- b. The issue price of S\$0.13 is at a premium of 12.1% to the weighted average price of S\$0.116 for trades done on the market day preceding the SPA date, being 9 October 2017.

Based on the issue price of S\$0.13, the aggregate number of New SEGL Shares to be issued and allotted is 28,451,000.

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

The Purchaser shall pay the Purchase Consideration 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 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 (50%) per cent of the total number of issued Shares (excluding treasury shares) as at the date of the 2017 AGM.

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<sup>1</sup> Based on the exchange rate of SGD1:USD0.73

The New SEGL Shares, when allotted and issued in full, will represent approximately 6.14% of the issued share capital of the Company as at 27 April 2017, being 463,031,700<sup>2</sup> shares (excluding treasury shares), and about 5.81% of the enlarged issued and paid-up share capital of the Company upon completion of the SPA. Accordingly, the maximum number of shares to be issued other than on a pro-rata basis is 231,515,850 shares. The proposed allotment and issuance of 28,451,000 New SEGL Shares, when taken together with 25,686,816 new Shares to be issued as partial consideration for the acquisition of 100% equity interest in Take Pictures Pte. Ltd. (contained in a separate announcement separately today), will fall within the limits of the General Mandate.

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 26.17% to 29.12%. 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

The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the SPA and based on the on the unaudited financial statements of the Group for the three months ended 30 June 2017 (“**2Q 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

<sup>2</sup> An aggregate of 1,699,100 shares have been bought back by the Company after the 2017 AGM to the date of this announcement.

(b)	The net profits <sup>(1)</sup> attributable to the assets acquired, compared with the Group's net loss <sup>(1)</sup> .	-10.6% <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.	6.17% <sup>(3)</sup>
(d)	The number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued.	6.17% <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) The relative figure under Catalist Rule 1006(b) is negative due to the net profits attributable to the Sale Shares of US\$26,609 for 2Q 2017 as compared to the net loss of the Group of US\$0.25 million for 2Q 2017, and accordingly, is not considered a meaningful ratio.
- (3) Computed based on the Company's volume weighted average price of S\$0.116 per share on 9 October 2017 (being the last trading day for the shares prior to the signing of the SPA), being higher than the Group's unaudited net asset value per share of S\$0.055 as at 30 June 2017, on the 28,451,000 New SEGL Shares, and the Company's market capitalisation of S\$53.5 million on its 461,332,600 shares (excluding treasury shares) on 9 October 2017.
- (4) Computed based on the aggregate of 28,451,000 New SEGL Shares and the total of 461,332,600 shares (excluding treasury shares) in issue as at the date of this announcement.

The Company had on 20 March 2017 completed the acquisition of 1,000,000 common voting shares of SMGL (the "**March 2017 SMGL Acquisition**") at US\$3 per SMGL share for a purchase consideration of US\$3 million, which was satisfied via 26,161,491 new shares of the Company at an issue price of S\$0.161.

Pursuant to Catalist Rule 1005, the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules, for the proposed acquisition of the Sale Shares when aggregated with the March 2017 SMGL Acquisition, are as follows:

<b>Rule 1006</b>	<b>Base</b>	<b>Relative figure</b>
(a)	The net asset value ("NAV") of the assets to be disposed of, compared with the Group's NAV.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net loss.	-12.14%
(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.	12.73%
(d)	The number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued.	12.73%
(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

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\$42.9 million, approximately US\$31.3 million, divided into 461,332,600 shares. When allotted and issued in full, the New SEGL Shares will increase the existing issued and paid-up share capital of the Company to S\$46.6 million, approximately US\$34.0 million, divided into 489,783,600 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	2,097,799
LPS (US cents)	0.608	0.491
Weighted average number of Shares for calculating LPS	398,770,209	427,221,209

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:

	<b>Before the SPA</b>	<b>After the SPA</b>
NTAV as at 31 December 2016 (US\$)	11,847,617	12,174,552
NTAV per Share (US\$)	0.030	0.028
Number of Shares at the end of FY2016	398,770,209	427,221,209

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 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.

None of the Vendors will become substantial shareholders of the Company after the completion of the proposed acquisition of the Sale Shares.

The shareholding interests of the Company's substantial shareholders after the completion of the proposed acquisition of the Sale Shares is set out below:

	<b>As at the date of this announcement</b>		<b>After completion of the proposed acquisition of the Sale Shares</b>	
	<b>Total (comprising direct and deemed) interest</b>			
	<b>No. of shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of shares</b>	<b>%<sup>(2)</sup></b>
Spackman Equities Group Inc.	152,120,000	32.97%	152,120,000	31.06%
Lee Yoo Jin	23,160,000	5.02%	23,160,000	4.73%

Notes:

- (1) Based on 461,332,600 shares (excluding treasury shares) in issue as at the date of this announcement.
- (2) Based on the enlarged share capital of 489,783,600 shares (excluding treasury shares) after the completion of the proposed acquisition of the Sale Shares.

## **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 Vendors.

## **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

Charles Choi Spackman

Executive Chairman and Chief Executive Officer

11 October 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).*