

**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 1 March 2017 entered into a share sale and purchase agreement (the “**SPA**”) with certain existing shareholders of the Company’s 24.53% owned associated company, Spackman Media Group Limited (“**SMGL**”) (the “**Vendors**”). Under the SPA, the Purchaser shall purchase an aggregate of 1,000,000 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\$3 million.

**2. SPACKMAN MEDIA GROUP LIMITED**

SMGL, a 24.53% 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. 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.

SMGL, 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. 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.

Based on the unaudited financial statements of SMGL for the financial year ended 31 December 2016, the profit before tax of the SMGL for FY2016 was US\$0.86 million and the net tangible asset and net asset value of SMGL as at 31 December 2016 was US\$7.13 million and US\$11.61 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 USD3,000,000 (equivalent to approximately S\$4,212,000<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 is S\$0.161 which is not more than 10% discount to the weighted average price for trades done on the market day preceding the SPA date, being 28 February 2017, up to the time the SPA is signed.

Based on the issue price of S\$0.161, the aggregate number of New SEGL Shares to be issued and allotted is 26,161,491.

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 28 April 2016 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 2016 AGM, of which the aggregate number of Shares to be issued

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<sup>1</sup> Based on the exchange rate of USD1: S\$1.404

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 2016 AGM.

The New SEGL Shares, when allotted and issued in full, will represent approximately 6.56% of the issued share capital of the Company as at 28 April 2016 and the date of this announcement, being 398,770,209 shares, and about 6.16% of the enlarged issued and paid-up share capital of the Company upon completion of the SPA. As no shares were previously issued under the General Mandate prior to the SPA, the maximum number of shares to be issued other than on a pro-rata basis is 199,385,104 shares. The proposed allotment and issuance of 26,161,491 New SEGL Shares 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 Group in SMGL will increase from 24.53% to 27.80%. As the Group is optimistic on the future growth of SMGL and that the Company has previously on 24 August 2015 announced a proposed listing of SMGL on The Stock Exchange of Hong Kong<sup>2</sup>, the Group believes that it will help unlock higher value for its shareholders.

## 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 financial year ended 31 December 2016 (“**FY2016**”) are as follows:

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<sup>2</sup> The preparation work for the proposed listing of SMGL is still in progress at this juncture and SMGL has not yet submitted its listing application to the Hong Kong Stock Exchange, which is a precursor to approval for listing.

| <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 loss <sup>(1)</sup> .                                                                                                                                                                                  | -1.52% <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.                                                                                                                                  | 6.56% <sup>(3)</sup>   |
| (d)              | The number of equity securities issued as consideration for the acquisition, compared with the number of equity securities previously issued.                                                                                                                                                            | 6.56% <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         |

Note:

- (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\$0.36 million for FY2016 as compared to the net loss of the Group of US\$2.37 million for FY2016, and accordingly, is not considered a meaningful ratio.
- (3) Computed based on the Company's volume weighted average price of S\$0.1784 per share on 28 February 2017, being the last trading day for the shares prior to the signing of the SPA, being higher than the Group's net asset value per share of US\$0.033 (equivalent to S\$0.046<sup>3</sup>) as at 31 December 2016, on the 26,161,491 New SEGL Shares, and the Company's market capitalisation of S\$71,140,605 on its 398,770,209 shares on 28 February 2017.
- (4) Computed based on the aggregate of 26,161,491 New SEGL Shares and the total of 398,770,209 shares in issue as at the date of this announcement.

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".

<sup>3</sup> Based on the exchange rate of USD1: S\$1.404.

## 8. FINANCIAL EFFECTS

8.1 As at the date of this announcement, the issued and paid up capital of the Company is US\$25.0 million divided into 398,770,209 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 approximately US\$28.0 million, divided into 424,931,700 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:

|                                                         | Before the SPA | After the SPA |
|---------------------------------------------------------|----------------|---------------|
| Loss attributable to shareholders of the Company (US\$) | 2,228,314      | 1,893,850     |
| LPS (US cents)                                          | 0.56           | 0.45          |
| Weighted average number of Shares or calculating LPS    | 398,770,209    | 424,931,700   |

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

|                                       | Before the SPA | After the SPA |
|---------------------------------------|----------------|---------------|
| NTAV as at 31 December 2016 (US\$)    | 11,917,136     | 15,234,947    |
| NTAV per Share (US\$)                 | 0.030          | 0.036         |
| Number of Shares at the end of FY2016 | 398,770,209    | 424,931,700   |

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. 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 or the controlling shareholders of the Company are related to SMGL.

## **8. 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.

## **9. 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.

## **10. 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

2 March 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 Catalyst. 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. Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*

**Appendix A - Number of New SEGL Shares to be allocated and issued to each Vendor**

| <b>Vendors</b>                                                                 | <b>Number of SMGL Shares to be acquired from each Vendor</b> | <b>Number of New SEGL Shares to be issued to each Vendor</b> | <b>Number of New SEGL Shares to be issued to each Vendor as a % of the enlarged share capital (after completion of SPA)</b> |
|--------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>Vincent Sim Teck Leng (Shen Delong)</b>                                     | 250,000                                                      | 6,540,373                                                    | 1.54%                                                                                                                       |
| <b>DVG Limited</b>                                                             | 500,000                                                      | 13,080,745                                                   | 3.08%                                                                                                                       |
| <b>Lian Sheng (Gold Dragon Edition) Asset Management Limited<sup>(1)</sup></b> | 250,000                                                      | 6,540,373                                                    | 1.54%                                                                                                                       |

Note:

- (1) The New SEGL Shares will be issued to Esther Low Suet Cheng who is the 100% beneficial owner of Lian Sheng (Gold Dragon Edition) Asset Management Limited.