

spackmanentertainmentgroup

NEWS RELEASE

SPACKMAN ENTERTAINMENT GROUP ANNOUNCES PLAN TO RESTRUCTURE LOSS-MAKING BUSINESSES

- *Entered into agreement for sale of subsidiary Opus Pictures. Opus Pictures has been loss making since FY2014 and is in a net liabilities position as of 31 December 2015*
- *Proposed restructuring to cut fixed overheads and operating expenses significantly*
- *Streamlining of core operations; resources to better focus on profitable core business units Zip Cinema and Novus Mediacorp*

Singapore, 19 April 2016 – Spackman Entertainment Group Limited (“**Spackman Entertainment Group**” or the “**Company**” and together with its subsidiaries, the “**Group**”), announced today that Spackman Entertainment Group (HK) Limited (“**SEGHK**”) and Spackman Equities Limited (“**SEL**”) (SEGHK and SEL being collectively, the “**Vendors**”), have, on 19 April 2016, entered into a conditional share sale and purchase agreement (the “**Agreement**”) with Tae Hun Lee (the “**Purchaser**”) for the sale of the Vendors' entire shareholding interest in Opus Pictures Limited Liability Company (“**Opus Pictures**”) and UAA Korea Co., Ltd. (“**UAA**”) (the “**Sale Shares**”) to the Purchaser (the “**Proposed Restructuring**”).

The Proposed Restructuring would allow the Company to dispose of its major loss-making asset, Opus Pictures.

Since June 2014, except for *THE PRIESTS* (produced by the Company's indirect wholly-owned subsidiary, Zip Cinema Co., Ltd. (“**Zip Cinema**”)), the other six theatrical films presented, produced and/or invested by Opus Pictures performed below expectations at the Korean box office, resulting in losses incurred from the investments made into such theatrical films. The six theatrical films are *FOR THE EMPEROR* (2014), *CONFESSION* (2014), *BIG MATCH* (2014), *WONDERS* (2015), *CHASING* (2016), and *MUSUDAN* (2016).

These six film projects had recorded an aggregate loss of KRW 10.7 billion (or US\$9.3 million based on the exchange rate of US\$1 to KRW 1149.74) with a negative 50% rate of return to investors.

Opus Pictures has been loss making since FY2014 and is in a net liabilities position as at 31 December 2015. Furthermore, overheads and operating expenses incurred by Opus Pictures represent a significant 41% of the Group's total selling and general and administrative expenses. The sale of Opus Pictures would hence enable the Company to significantly reduce its fixed overheads and operating expenses.

The Group currently holds an indirect 51.50% interest in UAA. Further to the termination of the proposed disposal of 51.36% interest in UAA (details of which are set out in the Company's announcement on 30 December 2015), UAA will be disposed to the Purchaser instead as part of the Proposed Restructuring.

Mr. Charles Spackman, Executive Chairman of Spackman Entertainment Group commented, "The Proposed Restructuring is a significant step for the Group as this will see the elimination of Opus Pictures, which has been our largest loss-making entity since 2014. Through this Proposed Restructuring, the Group will be able to streamline its core operations and to better focus its resources on its profitable theatrical film business as carried out through its subsidiaries, Zip Cinema and Novus Mediacorp Co., Ltd, as well as for its future business expansion plans. We believe that the Proposed Restructuring will improve the future operational and financial performance of the Group."

The consideration for the Proposed Restructuring will be satisfied by way of a selective share buyback of 14,180,000 ordinary shares of the Company from the Purchaser, to be effected by the Company pursuant to Section 76D of the Companies Act (Chapter 50) of Singapore (the "**Selective Share Buyback**").

The completion of the Proposed Restructuring is conditional upon, *inter alia*, necessary clearance from the relevant authorities in Singapore and other relevant jurisdictions as well as shareholders' approval. The resolutions for the Proposed Restructuring and the Selective Share Buyback will be inter-conditional.

A circular to Shareholders, together with the notice of the extraordinary general meeting to be convened, to seek Shareholders' approval for the Proposed Restructuring and the Selective Share Buyback will be despatched to Shareholders in due course.

About Spackman Entertainment Group Limited

Spackman Entertainment Group Limited (“**SEGL**”), 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 Catalyst 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 7 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 *THE PRIESTS* (2015), *COLD EYES* (2013), and *ALL ABOUT MY WIFE* (2012).

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.

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; own a professional photography studio, noon pictures Co., Ltd.; and produce documentary programmes for broadcast and cable TV through Film Auteur Co., Ltd.

The Group is a strategic shareholder of Spackman Media Group Pte. Ltd. (“**Spackman Media Group**”), an associated company of SEGL. Spackman Media Group owns a 99% interest in Delmedia Co., Ltd. (“**Delmedia**”), a leading variety show and unscripted entertainment program production company, which has produced some of Korea's most popular series such as *I AM A SINGER* (MBC), *INFINITE GIRLS* (MBC EVERY1) and *STAR AUDITION: THE GREAT BIRTH* (MBC). Since its founding in November 2003, Delmedia has produced more than 120 variety shows/unscripted entertainment programs, TV dramas and documentaries.

Spackman Media Group also owns a 51.0% majority stake in Breakfastfilm Co., Ltd. ("**Breakfastfilm**"), a leading marketing and media company that specializes in the production of TV/new media commercials and K-pop music videos in Korea. Founded in 2004, Breakfastfilm has produced some of Korea's most well-known TV commercials for major multinational clients such as Samsung, Hyundai Motors, LG, Coca-Cola, McDonald's, Adidas as well as other major Korean corporate brands. Moreover, as a leading producer of K-pop music videos, Breakfastfilm has produced many of Korea's most popular music videos including Wonder Girls' *Nobody*, Girls Generation's *Genie*, 2PM's *Without You*, Miss A's *Breathe*, Rain's *I'm Coming*, Super Junior's *Bonamana*, Shinee's *Everybody*, and JYP's *No Love No More*. (www.breakfastfilm.com)

On 21 August 2015, Spackman Media Group engaged KGI Capital Limited to act as the Sole Global Coordinator, Sole Sponsor, Bookrunner and Lead Manager in respect of the proposed listing of Spackman Media Group and its affiliates, which together will form the resultant listing group subsequent to a restructuring exercise, on The Stock Exchange of Hong Kong. Subsequently, on 30 December 2015, the Group announced a share swap agreement for the sale of its 45.8% equity interest in its associated company, Spackman Media Group, in consideration for 7,500,000 ordinary shares in the capital of Spackman Media Group Limited.

On 19 April 2016, SEGL announced the proposed restructuring of its loss-making assets in connection with the Company's entire equity interest in its indirect wholly-owned subsidiary, Opus Pictures Limited Liability Company, and indirect 51.50% subsidiary, UAA Korea Co., Ltd.

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

Important Notice

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 22 July 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This news release has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with 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.

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