

spackmanentertainmentgroup

NEWS RELEASE

SPACKMAN ENTERTAINMENT GROUP POSTS NET PROFIT OF US\$3.6 MILLION FOR 9M FY2017

- Reversal from net loss of US\$2.3 million for 9M FY2016 to net profit of US\$3.6 million for 9M FY2017
- Revenue increased 19% year-on-year to US\$12.2 million for 9M FY2017 mainly due to higher revenue from distribution of films and leasing of equipment
- New acquisitions of Frame Pictures and Take Pictures and foray into drama production underscore the Group's commitment to strengthen existing film production business while diversifying income streams

Singapore, 14 November 2017 – 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, posted a net profit of US\$3.6 million for its first nine months ended 30 September 2017 (“**9M FY2017**”) as compared to a net loss of US\$2.3 million for the same period ended last year.

Revenue increased 19% year-on-year to US\$12.2 million for 9M FY2017 mainly due to an increase of US\$2.3 million from distribution of films and others, and an increase of US\$1.2 million from the equipment leasing business of the Company's wholly-owned subsidiary, Frame Pictures Co., Ltd. (“**Frame Pictures**”).

Reversal from a gross loss margin of 11% recorded in 9M FY2016 to a gross profit margin of 49% in 9M FY2017 was mainly due to recognizing US\$4.0 million from the share of profit for producing *MASTER* and US\$0.20 million from the return on investment as a passive investor of *MASTER* in 9M FY2017.

Cost of sales fell 46% year-on-year to US\$6.2 million for 9M FY2017 mainly due to fewer motion films distributed by the Group during the period and lower production costs incurred in 9M FY2017 for *GOLDEN SLUMBER* as compared to those incurred for *MASTER* in 9M FY2016 based on the percentage-of-completion method.

Mr. Charles Spackman, Executive Chairman & Chief Executive Officer of Spackman Entertainment Group, said, “With the recent acquisition of Take Pictures, the Group remains strategically focused on expanding its movie production capability and resources. The Group has also swiftly taken steps to further diversify its businesses in its objective to develop more consistent and recurring income streams. During the year thus far, the Group acquired Frame Pictures, a leading movie/drama equipment leasing player, and intends to foray into drama production business. These newly acquired entities are on track to translate into a strong pipeline of

quality projects, and we will continue to aggressively look for significant acquisitions and investments to further develop our revenue streams.”

Outlook & Corporate Developments

For the nine months of 2017, the South Korean film market remained relatively stable year-on-year, reporting gross box office revenue of KRW1.3 trillion (US\$1.1 billion) and total admissions of 161.3 million.

The Group’s upcoming manhunt thriller movie, *GOLDEN SLUMBER*, starring Gang Dong-won and Han Hyo-joo, is based on the Japanese novel by Isaka Kotaro. *GOLDEN SLUMBER* is expected to be released during the golden box office slot of Chinese New Year 2018. The film is produced by the Company’s indirect wholly-owned subsidiary, Zip Cinema Co., Ltd. (“**ZIP Cinema**”), and distributed by CJ Entertainment. The estimated total production budget (including prints and advertising costs) for *GOLDEN SLUMBER* is tentatively set at KRW 10 billion (US\$8.7 million).

Following *GOLDEN SLUMBER*, ZIP Cinema will be producing a Korean financial crisis movie, *SOVEREIGN DEFAULT*. The film, also distributed by CJ Entertainment, shall commence filming at the end of 2017 or early 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).

The Group expects that both its wholly-owned subsidiaries, Studio Take Co., Ltd. (“**Studio Take**”) and Frame Pictures, acquired during 9M 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.

- End -

This press release is to be read in conjunction with the Company’s announcement posted on the SGXNet on 14 November 2017.

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 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 is a 29.12% strategic shareholder of 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 associate company of the Group.

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 Group 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*.

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

*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).