

spackmanentertainmentgroup
SPACKMAN ENTERTAINMENT GROUP LIMITED
(Company Registration No.: 201401201N)
(Incorporated in the Republic of Singapore on 10 January 2014)

PROPOSED PLACEMENT OF UP TO 38,100,000 NEW ORDINARY SHARES IN THE CAPITAL OF SPACKMAN ENTERTAINMENT GROUP LIMITED (THE "PLACEMENT SHARES") AT THE ISSUE PRICE OF S\$0.161 FOR EACH NEW PLACEMENT SHARE (THE "PLACEMENT PRICE")

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 has on 1 March 2017 entered into a placement agreement ("**Placement Agreement**") with UOB Kay Hian Private Limited as the placement agent (the "**Placement Agent**") to place out up to 38,100,000 new ordinary shares ("**Placement Shares**") in the capital of the Company ("**Proposed Placement**").

2. SALIENT TERMS OF THE PLACEMENT AGREEMENT

2.1 Conditions Precedent

The completion of the Proposed Placement ("**Completion**") is conditional upon, *inter alia*:

- (a) approval for the listing and quotation of the Placement Shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before Completion, they are so fulfilled;
- (b) The allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement, by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent; and
- (c) the representations, warranties and undertakings set out in the Placement Agreement remaining true and correct in all material aspects as at Completion and the Company having performed all its obligations to be performed on or before Completion.

2.2 The Proposed Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no

prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

2.3 Placement Price

In accordance with and subject to the terms and conditions of the Placement Agent, the Placement Agent has agreed to use its best efforts to procure subscriptions for, and payment of, the Placement Shares at a price of S\$0.161 (“**Placement Price**”), which represents a discount of 9.75%, (not more than 10%) to the volume-weighted average price of S\$0.1784 for each share, based on the trades done on the SGX-ST on 28 February 2017, being the last full market day prior to the signing of the Placement Agreement, up to the time the Placement Agreement is signed.

- 2.4 A placement commission of 3.0% of the gross proceeds raised pursuant to the Proposed Placement is payable by the Company to the Placement Agent pursuant to the Placement Agreement.

The Placement 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 (“**Shares**”) at the time of the issue except that the Placement 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 Placement Shares.

2.5 Completion

Completion is scheduled to take place 3 business days after the date on which the SGX-ST issues the listing and quotation notice for the listing and quotation of the Placement Shares on the Catalist of the SGX-ST (or such other date as the Company and the Placement Agent may agree).

3. **RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS**

- 3.1 When allotted and issued in full, the estimated net proceeds from the Proposed Placement due to the Company, after deducting expenses incurred in connection with the Proposed Placement of approximately S\$184,023, is expected to amount to approximately S\$5.95 million (“**Net Proceeds**”).
- 3.2 The Company intends to use the Net Proceeds for its working capital requirements and new business investments and acquisitions, in the respective proportions of 30% and 70%.
- 3.3 The Company will make periodic announcements as and when the Net Proceeds are materially disbursed and whether such a use is in accordance with the stated use. The Company will also provide a status report on the use of the Net Proceeds in the Company’s interim and full year financial statements and the Company’s annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

The Directors are of the opinion that after taking into consideration the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the foregoing, the purpose of the Proposed Placement is also to raise funds for new business investments and acquisitions.

In the reasonable opinion of the Directors, no minimum amount must be raised from the Proposed Placement.

4. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

- 4.1 The Placement 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 ("**2016 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 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 other than on a pro rata basis to existing shareholders of the Company must not be exceed fifty per cent (50%) of the total number of Shares (excluding treasury shares) as at the date of the 2016 AGM.
- 4.2 As at the date of the 2016 AGM, being 28 April 2016, and the date of this announcement, the Company has 398,770,209 Shares. The Placement Shares, when allotted and issued in full, will represent approximately 9.55% of the issued share capital of the Company as at 28 April 2016 and the date of this announcement, and approximately 8.72% of the enlarged issued and paid-up share capital upon Completion, assuming all the Placement Shares are issued. As no Shares were previously issued under the General Mandate prior to the Proposed Placement, 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 up to 38,100,000 Placement Shares will fall within the limits of the General Mandate.
- 4.3 The Company had on 2 March 2017 separately announced the proposed acquisition of an aggregate of 1,000,000 common voting shares of its associated company, Spackman Media Group Limited, to be satisfied in 26,161,491 newly issued ordinary shares of the Company ("**New SEGL Shares**"), which will also be issued under the General Mandate. The proposed allotment and issuance of up to 38,100,000 Placement Shares and 26,161,491 New SEGL Shares will fall within the limits of the General Mandate.
- 4.4 The Placement Shares will not be placed out to any person who is a director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), save for exceptions under Rule 812(3) of the Catalist Rules. In addition, the Placement Agent has confirmed that the issuance of the Placement Shares will not be made without the prior approval of the Company's shareholders in a general meeting if such issuance would bring about a transfer of controlling interest.

5. FINANCIAL EFFECTS

5.1 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 Proposed Placement will increase the existing issued and paid-up share capital of the Company to approximately US\$29.4 million, divided into 436,870,209 Shares.

5.2 Assuming that the allotment and issuance of the Placement Shares had been effected on 1 January 2016, the basic loss per Share (“LPS”) of the Group for the financial year ended 31 December 2016 (“FY2016”) would be as follows:

	Before the Proposed Placement	After the Proposed Placement
Loss attributable to shareholders of the Company (US\$)	2,228,314	2,228,314
LPS (US cents)	0.56	0.51
Weighted average number of Shares	398,770,209	436,870,209

5.3 Assuming that the allotment and issuance of the Placement Shares had been effected on 31 December 2016, the net tangible asset value (“NTAV”) per Share attributable to the owners of the Company as at 31 December 2016 would be as follows:

	Before the Proposed Placement	After the Proposed Placement
NTAV of the Group as at 31 December 2016 (US\$)	11,917,136	16,286,153
NTAV per Share (US\$)	0.030	0.037
Number of Shares as at 31 December 2016	398,770,209	436,870,209

5.4 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 Proposed Placement.

6. GENERAL

6.1 None the Placement Shares will be placed to any person or groups of person disallowed by the SGX-ST under the Catalist Rules.

6.2 The Proposed Placement will not result in any transfer of controlling interest in the Company.

6.3 None of the Directors nor (in so far as the Directors of the Company are aware) the substantial shareholders of the Company or their respective associates, have any interest, direct or indirect in the Proposed Placement.

7. 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 Placement Shares to Catalist of the SGX-ST and for the listing and quotation of the Placement 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 Placement Shares has been obtained from the SGX-ST.

8. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Proposed Placement will be completed as it is subject to the fulfillment of terms and conditions as set out in the Placement Agreement. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisors.

9. 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 Proposed Placement, 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 the Company's sponsor, 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.