

**MM2 ASIA LTD.**  
(Company Registration No. 201424372N)  
(Incorporated in Singapore)

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**TERM SHEET IN RELATION TO PROPOSED ACQUISITION OF SHARES IN THE SHARE CAPITAL OF EACH OF THE TARGET COMPANIES**

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## 1. INTRODUCTION

The board of directors (the “**Directors**”) of MM2 Asia Ltd. (the “**Company**”) wishes to announce that it has entered into a non-binding term sheet (the “**Term Sheet**”) dated 3 February 2016 with Ong Chin Soon and Ong Chin Leong (each, a “**Vendor**” and collectively, the “**Vendors**”) in relation to the proposed acquisition of the Vendors’ respective interest in the issued share capital (the “**Proposed Acquisition**”) of the following:

- (i) UnUsUaL Productions Pte Ltd (“**Target Company 1**”);
- (ii) UnUsUaL Entertainment Pte Ltd (“**Target Company 2**”);
- (iii) UnUsUaL Development Pte Ltd (“**Target Company 3**”);
- (iv) UnUsUaL Entertainment International Limited; (“**Target Company 4**”); and
- (v) UnUsUaL Productions Sdn Bhd (“**Target Company 5**”),

(each, a “**Target Company**” and collectively, the “**Target Companies**”).

Pursuant to the Term Sheet, the Company and the Vendors (each a “**Party**”, and collectively, the “**Parties**”) shall negotiate and agree upon the terms of a sale and purchase agreement to be entered into (the “**SPA**”).

## 2. INFORMATION ON THE TARGET COMPANIES

The Target Companies are engaged in the business of event and concert production and are known for their ability to deliver a total technical production that has enabled them to organise various world-class events and to successfully be involved in the arts and drama scene.

Target Company 1 and Target Company 5 and their respective teams of skilled technicians and operation crew provide audio, staging and lighting design and technical solutions for a diverse range of events, such as concerts, product launches, exhibitions and festivals. Target Company 2 and Target Company 4 provide marketing and promotional services for concerts of famous Hong Kong and Taiwanese artistes held in the region while Target Company 3 manages the MAX Pavillion at Singapore Expo, a venue at which many concerts and events are held.

## 3. PRINCIPAL TERMS OF THE TERM SHEET

### 3.1 Proposed Acquisition

The Company shall purchase from each Vendor shares in each Target Company (the “**Sale Shares**”) such proportions so as to effect the shareholding structure set out in the table below:

	Number of Shares held in Target Company 1:	Percentage of Shares in Target Company 1:	Number of Shares held in Target Company 2:	Percentage of Shares in Target Company 2:	Number of Shares held in Target Company 3:	Percentage of Shares in Target Company 3:	Number of Shares held in Company 4:	Percentage of Shares in Company 4:	Number of Shares held in Company 5:	Percentage of Shares in Company 5:
Ong Chin Soon	24,500	24.5%	1	50%	122,500	24.5%	0	0%	24,500	24.5%
Ong Chin Loong	24,500	24.5%	0	0%	122,500	24.5%	1	50%	24,500	24.5%
The Company	51,000	51%	1	50%	255,000	51%	1	50%	51,000	51%

### 3.2 Consideration

The consideration for the Sale Shares shall be up to S\$26 million, to be paid in three tranches as set forth in the Term Sheet. The Purchase Consideration shall be paid by the Company to the Vendors, in accordance with the following:

- (i) **Sign-on Fee** – The Company shall within 30 days from the date of the sale and purchase agreement relating to the Proposed Acquisition (the “SPA”), pay in aggregate to the Vendors (or their respective nominees), in equal proportions, S\$6 million in cash;
- (ii) **First Tranche Payment** – The Company shall within 30 days from the date of the audited financial statements of the Target Companies for the financial year ended 31 December 2016 (“Year 1”), pay in aggregate to the Vendors (or their respective nominees), in equal proportions, (a) up to S\$4 million in cash and such number of new ordinary shares in the capital of the Company (the “Consideration Shares”) to be determined by dividing the portion of the S\$6 million not paid in cash by the issue price, which shall be determined by taking the weighted average price for trades done on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) over the last twenty (20) market days immediately preceding the date of the issuance of the Consideration Shares (the “Issue Price”) or (b) up to S\$10 million in cash in accordance with the following formula:

$$\text{First Tranche Payment} = \frac{\text{actual aggregate net profit after tax ("NPAT") achieved by the Companies ("Aggregate NPAT") for Year 1}}{\text{S\$5 million}} \times \text{S\$10 million}$$

For the avoidance of doubt, the maximum amount that may be paid under the First Tranche Payment shall be S\$10 million. No additional payment shall be made to the Vendors in the event that the Aggregate NPAT for Year 1 exceeds S\$5 million.

- (iii) **Second Tranche Payment** – The Purchaser shall within 30 days from the date of the audited financial statements of the Target Companies for the financial year ended 31 December 2018 (“Year 3”),
  - (a) if the actual aggregate NPAT achieved by the Target Companies for Year 1, Year 2 and Year 3 (the “Actual Aggregate Three-Year NPAT”) is equal to or more than the aggregate of the Year 1 target NPAT, Year 2 target NPAT and Year 3 target NPAT of S\$15 million, to be achieved by the Target Companies (the “Target Aggregate Three-Year NPAT”), the Company shall, pay and/or issue to the Vendors (or their respective nominees), in equal proportion, (a) S\$10 million in cash or (b) such number of Consideration Shares, to be determined by dividing S\$10 million by the Issue Price; and
  - (b) if the Actual Aggregate Three-Year NPAT is less than the Target Aggregate Three-Year NPAT, the Company shall, pay and/or issue to the Vendors (or their respective nominees), in equal proportion, (a) the amount computed in accordance with the following formula (“Adjusted Tranche Payment”) in cash or (b) such number of Consideration Shares, to be determined by dividing the Adjusted Tranche Payment by the Issue Price:

$$\text{Adjusted Tranche Payment} = \frac{A}{T} \times C$$

where:

A = Actual Aggregate Three-Year NPAT  
T = Target Aggregate Three-Year NPAT, which is equal to S\$15 million  
C = S\$10 million

provided always that where Consideration Shares are to be issued to satisfy part of the Purchase Consideration, the issuance of such Consideration Shares shall always be subject to SGX-ST granting in-principal approval for the listing and quotation of such Consideration Shares.

- (iv) **Accelerated Payment:** Notwithstanding paragraphs 3.2(i) to 3.2(iii) above, in the event:
- (a) any of the Target Companies is listed on a recognised stock exchange, including but not limited to the SGX-ST;
  - (b) the Company disposes of their interest in any of the Target Companies save for any restructuring in connection with the proposed listing of any of the Target Companies; and/or
  - (c) the Company enters into a sale and purchase agreement relating to the proposed acquisition of a controlling interest in the Company,

the Company shall within 30 days from the date of any of the events in paragraphs 3.2(iv)(a) to (c) above pay in aggregate to the Vendors (or their respective nominees), in equal proportions, S\$26 million less any amounts paid pursuant to paragraphs 3.2(i) to 3.2(iii) above in cash.

### 3.3 Conditions Precedent

The obligation of the Vendors and the Company to enter into and complete the Proposed Acquisition is subject to the fulfilment by the Vendors on or prior to the date of completion of the Proposed Acquisition of, *inter alia*, the following conditions:

- (i) all consents, approvals or actions or the filing or giving of notice to any regulatory or government body, third party (including lenders) in Singapore and other foreign jurisdictions in which the Target Companies and/or the Parties operate, and the approval of and consent to the Proposed Acquisition being given by the Directors and shareholders of the Target Companies and the Company (if required), and such approvals, licences and consents remaining in full force and effect on completion of the Proposed Acquisition;
- (ii) there being no material adverse change in the nature, conduct, assets, position (financial or trading), profits or prospects of the Target Companies and no contract, licence or financial agreement that is material to the Group being terminated, revoked or having its terms materially and adversely amended;
- (iii) a lease agreement having been entered into between each of the Vendors and the Target Companies in respect of the premises on which the Target Companies operate their business; and
- (iv) the Aggregate NPAT of the Target Companies for the financial year ended 31 December 2015 is not less than S\$4 million pursuant to the audited financial statements of the Target Companies for the financial year ended 31 December 2015.

#### 4. FURTHER ANNOUNCEMENTS

As the terms of the Proposed Acquisition have not been finalised, the Company will release further announcements to inform shareholders of the Company when there are material developments in respect of the Proposed Acquisition.

#### 5. CAUTIONARY STATEMENT

The Company wishes to highlight that (i) there is no certainty or assurance that the SPA will be entered into; and (ii) the terms of Proposed Acquisition in the Term Sheet are subject to change in accordance with the terms in the SPA. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

#### 6. 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 Acquisition, 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 the 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 the announcement in its proper form and context.

#### By Order of the Board

Melvin Ang  
Chief Executive Officer and Executive Director  
3 February 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the sponsor is Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581. Telephone (65) 64159886.*