

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

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**PROPOSED ISSUE OF UP TO S\$2,875,000 IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE NOTES DUE 30 JUNE 2017 TO PHILLIP ASIA PACIFIC OPPORTUNITY FUND LTD.**

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**1. INTRODUCTION**

The board of directors (the “**Directors**”) of mm2 Asia Ltd. (the “**Company**” or the “**Issuer**”, and together with its subsidiaries, the “**Group**” or the “**Group Companies**”) wishes to announce that the Company has on 27 June 2015 entered into a convertible note subscription agreement (the “**Convertible Note Subscription Agreement**” or the “**Agreement**”) with Phillip Asia Pacific Opportunity Fund Ltd. (“**PAPOF**” or the “**Subscriber**”), pursuant to which the Company proposes to issue up to S\$2,875,000 in aggregate principal amount of convertible notes due 30 June 2017 (the “**Notes**”) on the terms and subject to the conditions of the Convertible Note Subscription Agreement (the “**Proposed Convertible Notes Issue**”).

The Notes are convertible into fully paid-up new ordinary shares of the Company (the “**Issuer’s New Shares**”), or exchangeable into fully paid-up new ordinary shares of the Cinema Subsidiary (as defined in paragraph 3.2 below) (the “**Cinema Subsidiary’s New Shares**”).

An application will be made through the Company’s sponsor to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Issuer’s New Shares to be allotted and issued upon conversion of the Notes. The Notes will not be listed and quoted on Catalist or any other exchange.

No placement agent has been appointed in respect of the Proposed Convertible Notes Issue. Therefore, no commission or referral fees will be paid to any party.

**2. RATIONALE OF SEEKING SHAREHOLDERS’ APPROVAL**

**2.1 Information on PAPOF**

The Subscriber is a public company limited by shares incorporated in Singapore with its registered address at 77 Robinson Road, #16-00 Robinson 77, Singapore 068896. As at the date of this announcement, the Subscriber holds 9.315% of the issued share capital of the Company.

The Subscriber’s subscription of the Proposed Convertible Notes Issue is for investment purposes only, and they have no intention of influencing the management of, or exercising control over, the Company. Accordingly, the Subscriber is not intending to acquire additional shares in the Company such that its shareholding in the Company upon conversion shall reach 15 per cent. or more of the enlarged issued and paid-up share capital of the Company.

**2.2 Rule 805 of the Listing Rules**

Rule 805 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Listing Rules**”) states:

*Except as provided in Rule 806, an issuer must obtain the prior approval of shareholders in general meeting for the following:*

- (1) *The issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer; or*

(2) *If a principal subsidiary of an issuer issues shares or convertible securities or options that will or may result in:*

- (a) *the principal subsidiary ceasing to be a subsidiary of the issuer; or*
- (b) *a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary. For example, if the issuer has a 70% interest in a principal subsidiary, shareholder approval will be required for any issue of shares in the principal subsidiary reducing the issuer's equity interest to 56%.*

Accordingly, the Directors propose to seek prior approval from shareholders of the Company (the "**Shareholders**") for the issue of the full amount of the Notes pursuant to Rule 805(1) of the Listing Rules.

## **2.3 Rule 812 of the Listing Rules**

Rules 812(1) and (2) of the Listing Rules provide as follows:

- (1) *An issue must not be placed to any of the following persons:*
  - (a) *the issuer's directors and substantial shareholders;*
  - (b) *immediate family members of the directors and substantial shareholders;*
  - (c) *substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders;*
  - (d) *corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%; or*
  - (e) *any person who, in the opinion of the Exchange, falls within category (a) to (d).*
- (2) *Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.*

The Subscriber is a substantial shareholder of the Company, and therefore in accordance with Rule 812(2) of the Listing Rules, specific approval from shareholders of the Company (the "**Shareholders**") is required for the Proposed Convertible Notes Issue.

Accordingly, the Directors propose to seek the Shareholders' approval for the issue to PAPOF of the full amount of the Notes and for the allotment and issue of the Issuer's New Shares arising from the conversion of the Notes. Please refer to paragraph 3 of this announcement for further details on the Proposed Convertible Notes Issue.

## **3. THE PROPOSED CONVERTIBLE NOTES ISSUE**

### **3.1 Summary of the Proposed Convertible Notes Issue**

The Notes shall be issued in registered form in the denomination of S\$125,000 each. The Notes are convertible into the Issuer's New Shares, which when issued, shall rank *pari passu* in all respects with all other ordinary shares (the "**Shares**" or the "**Issuer's Shares**") in the capital of the Company existing then. The issue price of the Notes is 100% of the principal amount. The subscription and conversion of the Notes shall be in accordance with the terms of the Convertible Note Subscription Agreement and subject to the terms and conditions of the Notes (the "**Notes Conditions**").

A summary of the key terms of the Convertible Note Subscription Agreement and the Notes Conditions is set out below:

- Issuer : mm2 Asia Ltd.
- Principal amount : S\$2,875,000 in aggregate principal amount of the Notes.
- Issue price : 100 per cent. of the principal amount of the Notes.
- Maturity Date : 30 June 2017
- Form and denomination : The Notes will be issued in registered form, serially numbered, in the denomination of S\$125,000 each. A note certificate (each a "**Certificate**") will be issued to each holder of the Notes (each a "**Noteholder**") in respect of its registered holding of the Notes. Each Note and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Company will procure to be kept by the share registrar of the Company (the "**Registrar**").
- Interest : The Notes will bear interest at the rate of 1.50 per cent. per annum on the principal amount of the Notes. Interest shall accrue on a daily basis and is payable on an annual basis. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.
- "Accrued Interest"** means interest that accrues and is payable on the Notes in accordance with the Notes Conditions, and includes default interest of 15 per cent. per annum compounded annually in accordance with the Notes Conditions, if applicable.
- Issuer's New Shares : The maximum number of the Issuer's New Shares to be issued on conversion of the Notes is 5,965,096, which is determined by dividing the aggregate of (i) the principal amount of the Note to be converted and (ii) all unpaid Accrued Interest up to and including the date of conversion, by the Conversion Price (as defined below).
- Conversion Price : S\$0.4892, which is 112.5% of the volume-weighted average price of the Company's Shares (as quoted on the SGX-ST) for the previous 15 Trading Days prior to, but excluding, 27 June 2015, being the date of the Convertible Note Subscription Agreement.
- "Trading Day"** means a day when the SGX-ST is open for dealing business, provided that if no closing price is reported in respect of the relevant Issuer's Shares on the SGX-ST for one (1) or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days.
- Conversion Period : The Notes are convertible at the option of the Noteholder, at any time on and after the date of issue of the Notes (the "**Subscription Date**") up to the close of business on the Maturity Date.
- Conversion Price adjustments : In accordance with the requirements of Rule 829, the Conversion Price shall be subject to adjustments in the event of, but not limited to, rights issues, bonus issues, capital distributions or the occurrence of certain other dilutive events in relation to the issued share capital of the Company.

- Status of the Notes : The Notes constitute direct, unconditional and unsubordinated obligations of the Company and the Notes are unsecured. The Notes shall at all times rank *pari passu* and without any preference or priority among themselves, and the payment obligations of the Company under the Notes rank at least *pari passu* with all other unsecured obligations (other than the subordinated obligations and priorities created by law) of the Company.
- Status of the Issuer's New Shares : The Issuer's New Shares issued upon conversion of the Notes will in all respects rank *pari passu* with the Shares in issue on the date the Noteholder is registered in the Company's register of members (the "**Registration Date**"). Save as set out in the Notes Conditions, a holder of Issuer's New Shares issued on conversion of the Notes shall not be entitled to any rights the record date for which precedes the relevant Registration Date.
- Mandatory Conversion Event : In the event that the closing share price of the Shares (as quoted on the SGX-ST) exceeds 150% of the Conversion Price for 30 consecutive Trading Days, all the aggregate principal amount (and Accrued Interest) of the Notes outstanding held by the Noteholders shall be mandatorily converted into the Issuer's New Shares at the Conversion Price.
- Events of Default : If any Event of Default has occurred, including:
- (a) (i) an order is made or an effective resolution passed for the bankruptcy or liquidation or judicial management (as the case may be) of the Company, any of its subsidiaries, its associated companies or Mr. Ang Wee Chye (the founder of the Company); (ii) a situation wherein the Company, any of its subsidiaries or its associated companies makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts; or (iii) a situation wherein the Company, any of its subsidiaries, its associated companies or Mr. Ang Wee Chye makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Company, any of its subsidiaries, its associated companies or Mr. Ang Wee Chye (as the case may be);
  - (b) there is any default, cross-default or fraud claimed against the Company, any of its subsidiaries, its associated companies or Mr. Ang Wee Chye in relation to any other agreements or arrangements to the extent that such claim of default, cross-default or fraud is incapable of remedy or, if capable of remedy, is not remedied within any applicable grace period under the terms of such agreements or arrangements;
  - (c) the Company does not perform or comply with or commit any breach of one (1) or more of their obligations or representations, warranties or undertakings in the Agreement or the Notes Conditions which default is incapable of remedy or, if capable of remedy, is not remedied within thirty (30) business days after written notice of such default shall have been given to the Company by any of the Noteholders;
  - (d) a default is made in the payment of any principal or interest or other sums due in respect of the Notes and this default is not remedied within thirty (30) business days after written notice of

such default shall have been given to the Company by any of the Noteholders;

- (e) the Company, any of its subsidiaries or its associated companies is in breach of or fails to comply with any laws, regulations or consent or fails to obtain or maintain any requisite consent and such breach or failure is not remedied within thirty (30) business days after written notice of such default shall have been given to the Company by any of the Noteholders;
- (f) trading in the Company's Shares on the SGX-ST is halted or suspended or the Company stops listing its Shares for a period exceeding ten (10) consecutive Trading Days save for such trading halt or suspension which is for the sole purpose of releasing material information as required by law or the regulations of the SGX-ST;
- (g) failure by the Company to deliver and/or register the Issuer's New Shares or the Cinema Subsidiary's New Shares as and when such shares are required to be delivered and/or registered following conversion or exchange (as elaborated below) of a Note, as the case may be;
- (h) any necessary consents (including any governmental, regulatory and/or corporate approvals and consents) for the issue, redemption, conversion or exchange of the Notes being revoked and/or withdrawn or any waiver, resolution, governmental registration, consent, licence, authorisation or approval granted or required in connection with the Convertible Note Subscription Agreement or any other document, the execution and delivery of which is contemplated therein expires, is not obtained or is suspended, terminated, revoked or withdrawn (in whole or in part), modified, restricted or otherwise fail to remain in full force and effect in any way unacceptable to the Noteholders who in aggregate hold more than 50% in respect of the aggregate principal amount of Notes for the time being outstanding;
- (i) any other present or future indebtedness of the Company or any of the other Group Companies for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to their stated maturity by reason of any actual or potential default, event of default or the like (howsoever described) or such event that with the passage of time or the giving of notice would constitute an event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any of the other Group Companies fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, to the extent that such event is incapable of remedy or, if capable of remedy, is not remedied within any applicable grace period under the terms of the applicable agreements or arrangements governing the aforementioned matters;
- (j) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Notes or the Convertible Note Subscription Agreement;
- (k) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a

material part of the assets of the Company or any of the other Group Companies, which is material to the Company and the other Group Companies as a whole;

- (l) the Company or any of the other Group Companies shall cease or threaten to cease to carry on its business, whether voluntarily or involuntarily;
- (m) any event or circumstance which constitutes a material adverse change in the financial position of the Company or the Group and is likely to cause the Company or the Cinema Subsidiary to be unable to comply with its obligations under the Convertible Note Subscription Agreement or the Notes Conditions; and
- (n) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

each Noteholder will have the right at such Noteholder's option to require the Company to redeem in whole or in part such Noteholder's Notes at a redemption amount equivalent to the principal amount of the Notes to be redeemed plus the interest of 15 per cent. per annum compounded annually on the principal amount of such Notes and calculated from the date of issue of such Notes to the date of receipt of full payment by the Noteholder pursuant to such redemption, subject to a minimum amount equivalent to 112 per cent. of the aggregate principal amount of the Notes to be redeemed.

**Final Redemption** : Unless previously redeemed, converted, exchanged or purchased and cancelled as provided in the Notes Conditions, the Company shall, on the Maturity Date, redeem the Notes at the aggregate of the principal amount of such Notes plus the interest of 8.50 per cent. per annum compounded annually on the principal amount of such Notes and calculated from the date of issue of the Notes to the Maturity Date.

**Transfer** : Subject to the Notes Conditions, a Note may be transferred or exchanged by delivery of the Certificate issued in respect of that Note, together with the form of transfer in the form on the back of the Certificate, duly completed and signed under the hand of the holder or his attorney duly authorised in writing (a copy of such authorisation to be attached to the form of transfer), to the specified office of the Registrar of the Company. No transfer of title to a Note will be valid unless and until entered on the register of Noteholders.

Unless otherwise agreed in writing by the Company, no Note may be transferred to any person whose principal business is to engage in movie/content production and distribution or to any of such person's affiliates.

**Governing Law** : Singapore law

Further details of the terms of the Convertible Note Subscription Agreement and the Notes Conditions will be set out in the circular to be issued by the Company and to be despatched to Shareholders in due course, for the purpose of obtaining the approval of Shareholders in respect of the Proposed Convertible Notes Issue at an extraordinary general meeting (the "EGM") of the Company to be convened.

### 3.2 Exchange right

In addition to the above Notes Conditions, the Notes are exchangeable into Cinema Subsidiary's New Shares issued by the Company's Cinema Subsidiary in accordance with the following terms:

**Exchange Event** : Noteholders will have the right to exchange part or all of their Notes into Cinema Subsidiary's New Shares in the event of an IPO or Trade Sale, on or before the Maturity Date.

**"IPO"** means an initial public offering of the Cinema Subsidiary on the SGX-ST or any other stock exchange agreeable to the Subscriber, and **"Trade Sale"** means

- (a) a transaction or a series of related transactions, whether by involving the issue of new shares of the Cinema Subsidiary and/or the sale or transfer of existing shares of the Cinema Subsidiary (**"Cinema Subsidiary's Shares"**), pursuant to which more than 50% of the outstanding shares or voting rights in the Cinema Subsidiary, on a fully diluted basis, will be vested in or transferred to a third party; or
- (b) a merger or a consolidation of the Cinema Subsidiary with or into any other corporation(s) in which:
  - (i) the Cinema Subsidiary is the surviving corporation of such merger or consolidation and holders of the Cinema Subsidiary's Shares immediately before such merger or consolidation do not immediately after such merger or consolidation hold at least 50% of issued Cinema Subsidiary's Shares; or
  - (ii) the Cinema Subsidiary is not the surviving corporation of such merger or consolidation and holders of the Cinema Subsidiary's Shares immediately before such merger, or consolidation do not, immediately after such merger or consolidation, retain shares or securities representing at least 50% of the voting power of the surviving corporation or holding company, as the case may be, of such merger or consolidation.

**Cinema Subsidiary's New Shares** : The number of the Cinema Subsidiary's New Shares to be issued to the Noteholders upon exchange of the Notes will be determined by dividing the aggregate of (i) the principal amount of the Notes to be exchanged and (ii) all unpaid Accrued Interest up to and including the exchange date, by the Exchange Price (as defined below), where **"Cinema Subsidiary"** means either:

- (a) a Malaysia-incorporated company wholly or majority owned by mm2 Entertainment Pte Ltd and that will directly own the Target Business (as defined in the Company's announcement on SGXNET dated 30 April 2015); or
- (b) a Singapore-incorporated subsidiary of the Company that will own the entire or the majority of the issued share capital of the aforementioned Malaysia-incorporated company.

**Exchange Price** : 60% of the per-share IPO price of the Cinema Subsidiary or the per-share Trade Sale price of the Cinema Subsidiary in the event of the IPO

or the Trade Sale respectively.

**Exchange Period** : The Notes can be exchanged into Cinema Subsidiary's New Shares at the option of the Noteholders in the event of the IPO or the Trade Sale of the Cinema Subsidiary on or before the Maturity Date.

**Status of the Cinema Subsidiary's New Shares** : The Cinema Subsidiary's New Shares issued by the Cinema Subsidiary upon exchange of the Notes will in all respects rank *pari passu* with the Cinema Subsidiary's Shares in issue on the date the Noteholder is registered in the Cinema Subsidiary's register of members (the "**Exchange Registration Date**"). Save as set out in the Notes Conditions, a holder of the Cinema Subsidiary's New Shares issued on exchange of Notes shall not be entitled to any rights the record date for which precedes the relevant Exchange Registration Date.

### 3.3 Conditions to the subscription of the Notes

Under the Convertible Note Subscription Agreement, the obligation of the Subscriber to subscribe and pay for the Notes and the completion of the issue of the Notes by the Company are subject to, *inter alia*, the following conditions precedent:

- (a) **Listing approval:** the receipt of the listing and quotation notice from the SGX-ST for the listing of the Issuer's New Shares and not having been revoked as of the Subscription Date;
- (b) **Shareholders' approval:** specific Shareholders' approval as required under Rules 805 and 812 of the Listing Rules having been obtained at an EGM of the Company in relation to the Proposed Convertible Notes Issue to the Subscriber;
- (c) **All other approvals:** all other necessary consents (including any governmental, regulatory and/or corporate approvals and consents, for the transactions contemplated under the Convertible Note Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscriber (or their nominee) of the Notes, the Issuer's New Shares and the Cinema Subsidiary's New Shares), and including any shareholders or board, or directors' approval and other regulatory and/or corporate approvals and consents required for the Company, the Cinema Subsidiary, and the Subscriber) having been obtained;
- (d) **Documents:** on or prior to the Subscription Date (unless otherwise specified), there shall have been delivered to the Subscriber, each in form and substance reasonably satisfactory to the Subscriber certified on or dated, as the case may be, the Subscription Date, a certificate signed by a duly authorised officer of the Company, confirming (i) all the representations, warranties and undertakings set forth in the Convertible Note Subscription Agreement are true and correct in all respects, in each case at, and as if made on, the Subscription Date; and (ii) the Company shall have performed its undertakings or obligations under the Convertible Note Subscription Agreement to be performed on or before the Subscription Date;
- (e) **Agreements:** execution of the Convertible Note Subscription Agreement and all other required documents for the transaction in the Convertible Note Subscription Agreement have been completed and executed copies of such agreements having been delivered to the Company and the Subscriber;
- (f) **Material adverse change:** no circumstance, development or event that has or is likely to have a material adverse effect, as reasonably determined by the Subscriber, on the business, prospects, operations and financial condition of the Company, or such other event that may result in or could reasonably be expected to (i) affect the legality, validity or enforceability of the Convertible Note Subscription Agreement or the Notes, (ii) adversely affect the rights, powers and remedies of the Subscriber under the Convertible Note Subscription Agreement or the Notes; or (iii) result in the



inability of the Company to perform any of its obligations or undertakings under the Convertible Note Subscription Agreement or the Notes, has occurred on or prior to the Subscription Date; and

- (g) **Legal opinions:** (i) a legal opinion issued by the Company's Singapore legal counsel confirming that the entry into and execution of the Convertible Note Subscription Agreement by the Subscriber would not trigger a mandatory general offer obligation on the part of the Subscriber for the Shares in the Company under Rule 14 of Singapore Code on Take-overs and Mergers and (ii) a legal opinion issued by the Company's Malaysian legal counsel that the exchange right in relation to the Notes, when exercised, in so far as it relates to matters of Malaysian law, shall be legal, valid and enforceable in accordance with Malaysian law, each in form and substance acceptable to the Subscriber.

### 3.4 Exemption from requirement of prospectus

The offer by the Company to the Subscriber to subscribe for the Notes is made in reliance on the exemption under Section 272A(1) of the Securities and Futures Act (Chapter 289) of Singapore. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

### 3.5 Confirmations from the Company

The Company confirms that:

- (a) the issue of Issuer's New Shares will not transfer a controlling interest without prior approval of Shareholders in general meeting; and
- (b) an announcement will be made for any adjustment to the Conversion Price of the Notes, if any, pursuant to the Notes Conditions.

## 4. FINANCIAL EFFECTS OF THE PROPOSED CONVERTIBLE NOTES ISSUE

The following financial effects of the Proposed Convertible Notes Issue are strictly for illustration purposes only. Assuming that the S\$2,875,000 aggregate principal amount of the Notes is fully converted into the Issuer's New Shares (the "**Conversion**"), the financial effects of the Conversion on the share capital, net tangible assets, earnings and gearing of the Company or the Group (as the case may be), based on the audited financial statements of the Group for the financial year ended 31 March 2015, are tabulated as follows:-

### 4.1 Share capital

	<b>The Company</b>		
	<b>31 March 2015</b>	<b>After Proposed Convertible Notes Issue</b>	<b>After Conversion</b>
Share capital	S\$47,883,612	S\$47,883,612	S\$50,758,612
Number of issued and paid-up Shares	206,729,032	206,729,032	212,694,128
Proportion of Shares attributable to the Issuer's New Shares	N/A	N/A	2.8%

#### 4.2 Net tangible assets (“NTA”)

	The Group		
	31 March 2015	After Proposed Convertible Notes Issue	After Conversion
NTA <sup>(1)</sup>	S\$19,180,627	S\$19,180,627	S\$22,055,627
Number of issued and paid-up Shares	206,729,032	206,729,032	212,694,128
NTA per Share (Singapore cents)	9.3	9.3	10.4

**Notes:**

(1) NTA is computed based on total assets less total liabilities and less intangible assets before including film rights.

#### 4.3 Earnings

The interest expense in respect of the Notes prior to any conversion will be at an effective rate of 1.51 per cent. each year plus the amortisation of the fair value of the rights of Noteholders to convert such Notes into the Issuer’s New Shares, recorded on the date of issue.

The Company is of the opinion that it is not possible to quantify the effects of the Proposed Convertible Notes Issue on the earnings of the Group until the proceeds from the Proposed Convertible Notes Issue have been deployed. The net effect on the earnings and earnings per Share will depend on the income earned from such deployment of the proceeds.

#### 4.4 Gearing

	The Group		
	31 March 2015	After Proposed Convertible Notes Issue	After Conversion
Net borrowings	S\$306,068	S\$3,181,068	S\$306,068
Total equity	S\$19,180,627	S\$19,180,627	S\$22,055,627
Gearing	1.6%	16.6%	1.4%

### 5. RATIONALE OF PROPOSED CONVERTIBLE NOTES ISSUE AND USE OF PROCEEDS

The rationale for the Proposed Convertible Notes Issue is to increase resources available to the Company to pursue acquisition opportunities as part of its strategic objectives. The Company intends to use 100% of the net proceeds of the Proposed Convertible Notes Issue for investment or acquisition purposes.

The estimated net proceeds from the Proposed Convertible Notes Issue, after deducting estimated fees and expenses of approximately S\$85,000, is approximately S\$2.79 million (the “**Net Proceeds**”).

In particular, the Net Proceeds will be utilised in connection with the proposed acquisition from Cathay Cineplexes Sdn Bhd of cinemas at two locations in Malaysia, as announced by the Company on 30 April 2015.

The Company will make periodic announcements on the use of the Net Proceeds as and when they are materially disbursed, and provide a status report on the use of the Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation when such funds are materially disbursed.

Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks or financial institutions, invested in short-term money market instruments or marketable securities, and/or used for any other purpose on a short-term basis, as the Company may, in its absolute discretion, deem fit from time to time.

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the opinion that, after taking into consideration the present bank facilities and Net Proceeds of the Proposed Convertible Notes Issue, the working capital available to the Group is sufficient to meet its present requirements.

## **6. ADDITIONAL LISTING AND QUOTATION APPLICATION TO THE SGX-ST**

An application will be made to the SGX-ST via the Sponsor in due course for the listing and quotation of the Issuer's New Shares to be issued upon conversion of the Notes from time to time within the Conversion Period. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Issuer's New Shares has been obtained from the SGX-ST.

## **7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Convertible Notes Issue, other than their respective interests in the Shares. None of the Directors or controlling shareholders of the Company or their respective associates have any connection (including business relationship) with the Subscriber.

Shareholders and potential investors should exercise caution when trading in Shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Convertible Note Subscription Agreement are available for inspection at the registered office of the Company at 1002 Jalan Bukit Merah #07-11, Singapore 159456 during normal business hours from the date of this announcement up to the date of the EGM.

## **9. RESPONSIBILITY STATEMENT**

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) 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 Convertible Notes Issue, 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 Wee Chye  
Chief Executive Officer and Executive Director  
29 June 2015

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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 Ms. Joan Ling, Senior Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581. Telephone (65) 64159886.*