



mm2 Asia Ltd.

(Company Registration No. 201424372N)
(Incorporated in Singapore)
(the "Company")

PROPOSED PLACEMENT OF 87,748,000 NEW ORDINARY SHARES IN THE CAPITAL OF MM2 ASIA LTD. AT A PLACEMENT PRICE OF S\$0.57 PER PLACEMENT SHARE

1. INTRODUCTION

- 1.1 The board of directors (the "**Directors**") of mm2 Asia Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into a placement agreement (the "**Placement Agreement**") with DBS Bank Ltd. ("**DBS**") and Maybank Kim Eng Securities Pte Ltd ("**Maybank**") as joint placement agents (each of DBS and Maybank, a "**Joint Placement Agent**", and collectively, the "**Joint Placement Agents**").
- 1.2 Pursuant to the Placement Agreement, the Joint Placement Agents severally agree (and neither jointly nor on a joint and several basis) (relying on the representations and warranties as set out in the Placement Agreement) to use reasonable endeavours as agents for and on behalf of the Company, to procure subscribers for, or place out, or failing which, to subscribe for an aggregate of 87,748,000 ordinary shares in the capital of the Company (the "**Placement Shares**"), at a placement price of S\$0.57 (the "**Placement Price**") for each Placement Share (the "**Proposed Placement**").
- 1.3 The Placement Shares represent approximately 8.4% of the existing issued and paid-up share capital of the Company of 1,048,740,820 ordinary shares ("**Shares**") as at the date of this announcement (excluding treasury shares). Immediately after completion of the Proposed Placement ("**Completion**") and assuming that no further Shares are issued prior thereto, the Proposed Placement will increase the issued and paid-up share capital of the Company to 1,136,488,820 Shares and the Placement Shares will represent approximately 7.7% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares).

2. GENERAL MANDATE

The Placement Shares will be allotted and issued under the general share issue mandate (the "**Share Issue Mandate**") granted by the shareholders of the Company (the "**Shareholders**") to the Directors at the annual general meeting of the Company held on 20 July 2016 (the "**2016 AGM**").

3. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

3.1 Placement Price

The Placement Price represents a discount of approximately 6.6% to the volume weighted average price of S\$0.6102 for each Share, based on trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 June 2017 (being the full preceding day the SGX-ST is open for trading in securities on which the Placement Agreement is signed.)

3.2 Ranking of Placement Shares

The Placement Shares shall be sold free from any and all mortgages, charges, claims, securities, pledges, liens, equities, encumbrances or any other interests whatsoever and shall rank in all respects *pari passu* with the then existing Shares at the date of the issue of the Placement Shares, save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date of which falls prior to the date of issue of the Placement Shares.

3.3 Conditions to the Proposed Placement

Completion is conditional upon, *inter alia*:-

- (a) the issue of the New Shares (as defined below) and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Placement Agreement and remaining in force as at the appointed date for Completion (“**Completion Date**”) by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Joint Placement Agents;
- (b) the representations, warranties and undertakings by the Company in the Placement Agreement remaining true and accurate in all respects as at the Completion Date, and the Company having performed all of its undertakings and obligations thereunder to be performed on or before the Completion Date;
- (c) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or inaccurate in any respect any of the representations, warranties and undertakings of the Company and the Joint Placement Agents as set forth in the Placement Agreement as if they were repeated on and as of the Completion Date;
- (d) the Share Lending Agreements (as defined below) being in full force and effect and there shall not have occurred any breach or non-compliance by the Share Lender (as defined below) of its obligations and undertakings under the Share Lending Agreements;
- (e) the Share Lender having performed its obligations under the Share Lending Agreements and the Joint Placement Agents having received such number of Borrowed Shares, which are the subject of the respective Share Lending Agreements, not later than the next business day after the date of the notice given by the respective Joint Placement Agents to the Share Lender in accordance with the Share Lending Agreements; and

- (f) the New Shares being issued in reliance of the Share Issue Mandate granted pursuant to the 2016 AGM and there being no further Shareholders' approval required for and in connection with the Proposed Placement.

3.4 **Cut-off Date**

The conditions as set forth in the Placement Agreement are to be satisfied on or before the 23 June 2017 (the "**Cut-off Date**") or such other date as the Joint Placement Agents and the Company may agree in writing. In the event that any of the conditions set forth in the Placement Agreement are not satisfied on or before the Cut-off Date, the Placement Agreement shall *ipso facto* cease and terminate thereafter and in that event, the Company and the Joint Placement Agents shall be released and discharged from their respective obligations under the Placement Agreement, except for those as set forth in the Placement Agreement.

3.5 **Additional Listing Application**

Hong Leong Finance Limited (the "**Sponsor**") will be submitting an additional listing confirmation on behalf of the Company to the SGX-ST for the listing of and quotation for the New Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcements once the approval in-principle for the listing of and quotation for the New Shares has been obtained from the SGX-ST.

3.6 **General**

The Placement Shares will not be placed out to any person who is a director or 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.

3.7 **Share Lending Agreements**

Purely to facilitate the Proposed Placement and to facilitate the potential subscribers receiving their Placement Shares expeditiously, the Joint Placement Agents each have entered into a share lending agreement dated 15 June 2017 (the "**Share Lending Agreements**") with Mr Melvin Ang (the "**Share Lender**"), a controlling shareholder and the Executive Chairman of the Company, to lend to the Joint Placement Agents such number of Shares equal to the Placement Shares (the "**Borrowed Shares**"). The Borrowed Shares will be returned to the Share Lender by way of an allotment and issuance of new Shares (the "**New Shares**") pursuant to the Placement Agreement. The Share Lender will not receive any financial benefit (directly or indirectly) from the Share Lending Agreements.

4. **POTENTIAL STRATEGIC INVESTORS**

At the same time, the Company is also in discussions with potential strategic investors for such investors to subscribe for Shares, at the same price as the Placement Price. Any such share issuances would be subject to binding agreements being entered into and the applicable consents and approvals being obtained including (where necessary) the approval of the Shareholders. The total number of Shares to be issued to such investors, when aggregated with the total Placement Shares, will not exceed 20.0% of the Company's issued and paid-up share capital as at the date of this announcement.

5. RATIONALE AND USE OF PROCEEDS

- 5.1 Based on the Placement Price of S\$0.57 per Placement Share and assuming the Placement Shares will be taken up in full, the Proposed Placement will allow the Company to raise net cash proceeds (after deducting estimated expenses of approximately S\$1.0 million) of approximately S\$49.0 million (the “**Net Proceeds**”), which will be utilised as follows:-
- (a) 70% of the Net Proceeds will be used to finance acquisitions;
 - (b) 30% of the Net Proceeds will be utilised for general working capital purposes.
- 5.2 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such Net Proceeds are materially disbursed, and whether the use of Net Proceeds is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the utilisation of such Net Proceeds in the Company’s interim and full-year financial statements and annual report(s). 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 relevant announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 5.3 Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

6. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The financial effects of the Proposed Placement set out below are strictly 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 the Proposed Placement. The table below sets out the financial effects of the Proposed Placement based on the following bases and assumptions:-

- (a) the latest announced unaudited consolidated financial statements of the Group for the financial year ended 31 March 2017;
- (b) the financial effect on the consolidated net tangible asset (“**NTA**”) per Share is computed based on the assumption that the Proposed Placement was completed on 31 March 2017;
- (c) the financial effect on the consolidated earnings per Share (“**EPS**”) is computed based on the assumption that the Proposed Placement was completed 1 April 2016;
- (d) the Proposed Placement of 87,748,000 Placement Shares at the Placement Price of S\$0.57 per Placement Share;

- (e) the financial effects of the Proposed Placement set out below do not take into account the financial effects of the Company's proposed acquisition of a 50% stake in Dartina Development Limited. Please refer to the Company's announcement dated 19 May 2017 titled "Proposed Acquisition of stake in Golden Village Cinema Business in Singapore" for further information; and
- (f) the estimated fees and expenses for the Proposed Placement of approximately S\$1.0 million. These fees and expenses are assumed to be incremental costs directly attributable to the issuances of new Shares and are deducted against the share capital account.

	Before Completion	After Completion
Paid-up share capital (S\$'000)	88,212	137,228 ⁽³⁾
Number of Shares	1,047,781,420 ⁽¹⁾	1,135,529,420 ⁽¹⁾
NTA ⁽²⁾ (S\$'000)	48,746	97,762 ⁽³⁾
NTA per Share (Singapore cents)	4.65	8.61 ⁽³⁾
Profit attributable to owners of the parent (S\$'000)	18,816	18,816
EPS (Singapore cents)	1.80	1.66

Notes:-

- (1) As at 31 March 2017, not including 959,400 Shares issued on 31 May 2017 pursuant to the Company's Performance Share Plan.
- (2) NTA is computed based on the total assets less total liabilities and less intangible assets. (Note: intangible assets comprise film inventories, software development and goodwill).
- (3) Taking into account the estimated fees and expenses for the Proposed Placement of approximately S\$1.0 million.

7. DIRECTORS' CONFIRMATION

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 Placement, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the above, the Company has decided to undertake the Proposed Placement to strengthen its financial position in order to meet its anticipated general

working capital requirements and business expansion, and for greater flexibility to capitalise on growth opportunities.

8. NO PROSPECTUS OR OFFER INFORMATION STATEMENT TO BE ISSUED

The Proposed Placement will be undertaken pursuant to Sections 274 and 275 of the Securities and Futures Act (Cap. 289). As such, no prospectus or offer information statement will be lodged with the SGX-ST, acting as agent for the Monetary Authority of Singapore in connection with the Proposed Placement.

9. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or, to the best of the Company's knowledge, the substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Placement (other than through their respective shareholdings in the Company) except that the Joint Placement Agents may elect to place the Placement Shares to substantial shareholders as permitted under Rule 812(3) of the Catalist Rules.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. Completion of the Proposed Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. 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 and the Group, 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
Melvin Ang Wee Chye
Executive Chairman
15 June 2017

*This announcement has been prepared by the Company and its contents have been reviewed by Hong Leong Finance Limited (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**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.

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