

**CIRCULAR DATED 6 JULY 2015**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of mm2 Asia Ltd. (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Hong Leong Finance Limited (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Listing Rules**”). The Sponsor has not independently verified the contents of this Circular.

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

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) 6415 9886.



**mm2 Asia Ltd.**

(Company Registration Number: 201424372N)  
(Incorporated in Singapore on 20 August 2014)

## **CIRCULAR TO SHAREHOLDERS**

**in relation to:-**

**THE 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.**

### **IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form : 20 July 2015 at 11.30 a.m.

Date and time of Extraordinary General Meeting : 22 July 2015 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 11.00 a.m. on the same day and at the same place)

Place of Extraordinary General Meeting : Six Battery Road, #10-01, Singapore 049909

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless otherwise stated.

<b>“Act”</b>	: Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
<b>“Annual Report”</b>	: The annual report of the Company for the financial year ended 31 March 2015
<b>“Board”</b>	: The board of Directors of the Company as at the date of this Circular
<b>“Business Day”</b>	: A day (excluding Saturday, Sunday and public holidays) on which commercial banks are opened for business in Malaysia and Singapore
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Cinema Assets”</b>	: The Target Business as defined in the Company’s announcement on SGXNET dated 30 April 2015, in which the Company disclosed the Memorandum of Understanding signed with Cathay Cineplexes Sdn Bhd to acquire such Target Business from the latter
<b>“Cinema Subsidiary”</b>	: Means either a Malaysia-incorporated company wholly or majority owned by mm2 Entertainment Pte Ltd and that will directly own the Cinema Assets, or 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
<b>“Cinema Subsidiary’s New Shares”</b>	: Has the meaning ascribed to it in Section 3.2 of this Circular
<b>“Cinema Subsidiary’s Shares”</b>	: Means the fully-paid ordinary shares of the Cinema Subsidiary
<b>“Circular”</b>	: This circular to Shareholders dated 6 July 2015
<b>“Company” or “Issuer”</b>	: mm2 Asia Ltd.
<b>“Conversion Price”</b>	: The price at which Issuer’s New Shares of the Company will be issued upon exercise of the Conversion Right, which will initially be S\$0.4892 per Issuer’s New Share, but will be subject to adjustment in the manner provided in Condition 6.3 of the Notes Conditions and as set out in Section 3.5 in this Circular
<b>“Conversion Right”</b>	: The right of a Noteholder to convert such Notes into Issuer’s New Shares
<b>“Convertible Note Subscription Agreement”</b>	: The subscription agreement between the Company and PAPOF in relation to the Notes dated 27 June 2015
<b>“Directors”</b>	: The directors of the Company as at the date of this Circular
<b>“EGM”</b>	: The extraordinary general meeting of the Company to be held on 22 July 2015 or any adjournment thereof
<b>“EPS”</b>	: Earnings per Share
<b>“Exchange Price”</b>	: Has the meaning ascribed to it in Section 3.2 of this Circular
<b>“Exchange Right”</b>	: Has the meaning ascribed to it in Section 3.2 of this Circular

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## DEFINITIONS

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<b>“FY”</b>	: Financial year ended or ending 31 March
<b>“Group” or “Group Companies”</b>	: The Company and its Subsidiaries and any other companies over which the Company or any of its Subsidiaries has control (whether now or hereinafter incorporated, established, invested in or acquired)
<b>“IPO”</b>	: An initial public offering of the Cinema Subsidiary on the SGX-ST or any other stock exchange agreeable to the Majority Noteholders
<b>“Issuer’s New Shares”</b>	: Such number of new Shares to be issued by the Company to the Noteholders upon the conversion of the Notes on the terms of the Convertible Note Subscription Agreement and subject to the Notes Conditions (including any further Shares to be issued to the Noteholders pursuant to any adjustment in accordance with the Notes Conditions), such Issuer’s New Shares to rank <i>pari passu</i> in all respects with all other existing Shares
<b>“Latest Practicable Date”</b>	: 15 June 2015, being the latest practicable date prior to the printing of this Circular
<b>“Listing Approval”</b>	: Means the receipt of the listing and quotation notice from the SGX-ST for the listing of the Issuer’s New Shares
<b>“Listing Rules”</b>	: Means Section B of the SGX-ST Listing Manual: Rules of Catalist, as amended, modified and supplemented from time to time
<b>“Majority Noteholders”</b>	: Means one or more Noteholders who in aggregate hold more than 50% in respect of the aggregate principal amount of Notes for the time being outstanding
<b>“mm2 Entertainment Pte Ltd”</b>	: mm2 Entertainment Pte Ltd (Company Registration No. 200920124K) and having its registered address at 1002 Jalan Bukit Merah #07-11, Singapore 159456, a wholly owned Subsidiary of the Company
<b>“Noteholder”</b>	: Has the meaning ascribed to it in Section 3.1 of this Circular
<b>“Notes”</b>	: All or any of the convertible notes of up to S\$2,875,000 in aggregate principal amount to be issued to PAPOF pursuant to the Notes Conditions
<b>“Notes Conditions”</b>	: Has the meaning ascribed to it in Section 3.1 of this Circular
<b>“NTA”</b>	: Net tangible assets
<b>“PAPOF” or “Subscriber”</b>	: Phillip Asia Pacific Opportunity Fund Ltd. (Company Registration No. 201002861Z) and having its registered address at 77 Robinson Road, #16-00 Robinson 77, Singapore 068896
<b>“Proposed Convertible Notes Issue”</b>	: The proposed issue of the Notes to PAPOF on the terms and subject to the conditions of the Convertible Note Subscription Agreement
<b>“SFA”</b>	: Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<b>“SGX-ST” or “Exchange”</b>	: Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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- “Shareholders”** : The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts with CDP are credited with those Shares
- “Shares” or “Issuer’s Shares”** : Fully paid ordinary shares in the capital of the Company which are presently or will be at the relevant time listed on the Catalist of the SGX-ST
- “Subsidiary”** : Means, in respect of any person, any entity controlled directly or indirectly by such person, such control being evidenced by (i) the ownership of more than fifty (50) per cent of the shares of such entity; or (ii) the ability to control the composition of the board of directors of such entity; or (iii) the ability to exercise or control the exercise of more than fifty (50) per cent of the voting rights of such entity
- “Substantial Shareholder”** : A person who has an interest in one or more voting Shares, and the total votes attaching to that Share or those Shares representing not less than 5.0% of the total votes attaching to all the voting Shares in the Company
- “Trade Sale”** : Means:
- (a) a transaction or a series of related transactions, whether by involving the issue of new Cinema Subsidiary’s Shares and/or the sale or transfer of existing 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
- “Trading Day”** : A day when the SGX-ST is open for dealing business, provided that if no closing price is reported in respect of the relevant 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

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## DEFINITIONS

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### **Currencies, Units and Others**

**“%” or “per cent.”** : Per centum or percentage

**“S\$” or “cents”** : Singapore dollars and cents, respectively, being the lawful currency of Singapore

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons, where applicable, shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act or the Listing Rules or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act or the Listing Rules or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date respectively, unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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### MM2 ASIA LTD.

(Company Registration Number: 201424372N)  
(Incorporated in Singapore on 20 August 2014)

#### Board of Directors:

Tan Liang Pheng (Non-Executive Chairman and Independent Director)  
Ang Wee Chye (Chief Executive Officer and Executive Director)  
Chia Seng Hee, Jack (Independent Director)  
Thomas Lei Chee Kong (Independent Director)  
Mak Chi Hoo (Non-Executive Director)

#### Registered Office:

1002 Jalan Bukit Merah  
#07-11  
Singapore 159456

6 July 2015

To: The Shareholders of mm2 Asia Ltd.

### THE 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.

Dear Sir/Madam,

#### 1. INTRODUCTION

- 1.1 On 29 June 2015, the Company announced the proposed issue of up to S\$2,875,000 in aggregate principal amount of convertible notes due 30 June 2017 to PAPOF pursuant to the Convertible Note Subscription Agreement.
- 1.2 The Directors are convening the EGM to seek Shareholders' approval for the Proposed Convertible Notes Issue, as further explained below.
- 1.3 The purpose of this Circular is to provide Shareholders with relevant information pertaining to the aforesaid proposal to be tabled at the EGM, and to seek Shareholders' approval for the resolutions relating to the same.

#### 2. RATIONALE OF SEEKING SHAREHOLDERS' APPROVAL

##### 2.1 Rationale of the Proposed Convertible Notes Issue

The Company proposes to raise S\$2,875,000 in the form of an issue of unsecured convertible notes to be subscribed for by PAPOF.

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 ("**Net Proceeds**").

In particular, the Net Proceeds will be utilised in connection with the proposed acquisition from Cathay Cineplexes Sdn Bhd of the Cinema Assets, 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.

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## LETTER TO SHAREHOLDERS

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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.

### 2.2 Information on PAPOF

PAPOF 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 Latest Practicable Date, PAPOF holds 9.315% of the issued share capital of the Company. Please refer to Section 6 of this Circular for further details on the interests of PAPOF in the Company.

PAPOF'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, PAPOF 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.

### 2.3 Rule 805 of the Listing Rules

Rule 805 of 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 Shareholders' approval for the issue to PAPOF of the full amount of the Notes pursuant to Rule 805(1) of the Listing Rules.

### 2.4 Rule 812 of the Listing Rules

Rules 812(1) and 812(2) of the Listing Rules state:

- (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;*



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## LETTER TO SHAREHOLDERS

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- (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.*

PAPOF is a Substantial Shareholder of the Company. Therefore, in accordance with Rule 812(2) of the Listing Rules, specific Shareholders' approval 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 Section 3 of this Circular 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 Issuer's New Shares, which when issued, shall rank *pari passu* in all respects with all other ordinary 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 Notes Conditions.

This Section contains a summary of the terms and conditions of the Notes, and does not purport to be complete and may not contain all the information that is important to Shareholders. Shareholders should refer to the actual terms and conditions of the Notes, which are set out in their entirety in Schedule 2 of the Convertible Note Subscription Agreement. Terms defined in the Convertible Note Subscription Agreement and the terms and conditions of the Notes shall, unless otherwise defined in this Circular, have the same meanings in this Circular.

The principal terms and conditions of the Notes are summarised as follows:

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 <b>"Certificate"</b> ) will be issued to each holder of the Notes (each a <b>"Noteholder"</b> ) 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 <b>"Registrar"</b> ).

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## LETTER TO SHAREHOLDERS

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- 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.
- 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. These adjustments are set out in greater detail in Section 3.5 of this Circular.
- 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.

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## LETTER TO SHAREHOLDERS

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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 Convertible Note Subscription 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 of a Note, as the case may be;

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## LETTER TO SHAREHOLDERS

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- (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 Majority Noteholder;
- (i) (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,

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## LETTER TO SHAREHOLDERS

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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 share 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, where "**Affiliate**" means with respect to any entity or person, all entities which are controlling, controlled by or under common control with such entity or person (including any investment vehicle of such entity or person).

**Governing Law** : Singapore law.

### 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** : In consideration of the proceeds of the Notes being used to fund the Issuer's loan to the Cinema Subsidiary for the latter's acquisition the Cinema Assets (which shall be treated as an advancement made by the Issuer to the Cinema Subsidiary ("**Issuer's Loan to Cinema Subsidiary**")), each Noteholder shall have the right to exchange part or all of its Notes into Cinema Subsidiary's New Shares in the event of any of (i) the IPO or (ii) the Trade Sale of the Cinema Subsidiary, on or before the Maturity Date.

**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 (as defined below), by the Exchange Price (as defined below).

**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.

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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.

The exchange date in respect of a Note (the "**Exchange Date**") must fall at a time when the Exchange Right attaching to that Note is expressed in the Notes Conditions to be exercisable and will be deemed to be the Trading Day immediately following the date of the surrender of the Certificate in respect of such Note and delivery of a notice of exchange exercising the Exchange Right ("an "**Exchange Notice**") and, if applicable, any payment to be made or indemnity given under the Notes Conditions in connection with the exercise of such Exchange Right.

Status of the Cinema Subsidiary's New Shares : The Cinema Subsidiary's New Shares issued upon exchange of the Notes will in all respects rank pari passu with the Cinema Subsidiary's Shares in issue on the relevant date the person or persons designated in the Exchange Notice is or are registered as the holder on record for the number of Cinema Subsidiary's New Shares in the Cinema Subsidiary's register of members (the "**Exchange Registration Date**"). Save as set out in the Notes Conditions, a holder of 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 PAPOF to subscribe for the Notes and the completion of Proposed Convertible Notes Issue by the Company are subject to the following conditions precedent:

- (a) **Listing Approval:** the Listing Approval being obtained from the SGX-ST and not having been revoked as of the Subscription Date;
- (b) **Shareholders' approval:** specific Shareholders' approval as required under Rules 805 and 812(2) of the Listing Rules having been obtained at an EGM of the Company in relation to the issue of the Notes to PAPOF;
- (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 PAPOF (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 PAPOF) having been obtained;
- (d) **Documents:** on or prior to the Subscription Date (unless otherwise specified), there shall have been delivered to PAPOF, each in form and substance reasonably satisfactory to PAPOF 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) **Material adverse change:** no circumstance, development or event, as reasonably determined by PAPOF, 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 PAPOF 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



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- (f) **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 PAPOF would not trigger a mandatory general offer obligation on the part of PAPOF 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 PAPOF.

### 3.4 Rights of termination under the Convertible Note Subscription Agreement

If any of the conditions precedent set out in Section 3.3 are not satisfied or waived in whole or in part by PAPOF on or before the date falling 90 calendar days after the date of the Convertible Note Subscription Agreement or such other date as the Company and PAPOF may agree (or waived by PAPOF), the Company and PAPOF shall be released and discharged from their respective obligations under the Convertible Note Subscription Agreement, save for any rights and liabilities accrued on or prior to such termination and the liability of the Company pursuant to the Convertible Note Subscription Agreement.

### 3.5 Adjustments to the Conversion Price

The Conversion Price will be subject to adjustment following the occurrence of certain events. For the purposes of this Section 3.5, the following definitions apply:

**"NCP"** : Means the new Conversion Price.

**"OCP"** : Means the old Conversion Price.

**"Capital Distribution"** : Means (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Issuer's Shares or other securities credited as fully or partly paid (other than Issuer's Shares credited as fully paid by way of capitalisation of reserves)); and (ii) any cash dividend or distribution of any kind by the Issuer for any financial period (whenever paid and however described).

**"Current Market Price"** : Means, in respect of an Issuer's Share at a particular time on a particular date, the average of the daily volume-weighted average prices quoted by the SGX-ST for one (1) Issuer's Share (being an Issuer's Share carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said twenty (20) Trading Day period the Issuer's Shares shall have been quoted ex-dividend and during some other part of that period the Issuer's Shares shall have been quoted cum-dividend then:

- (i) if the Issuer's Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Issuer's Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the Fair Market Value thereof reduced by an amount equal to the amount of that dividend per Issuer's Share; or
- (ii) if the Issuer's Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Issuer's Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

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and provided further that if the Issuer's Shares on each of the said twenty (20) Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Issuer's Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Issuer's Share;

and provided further that:

- (a) if such daily volume-weighted average prices are not available on each of the twenty (20) Trading Days during the Relevant Period, then the arithmetic average of such daily volume-weighted average prices which are available in the Relevant Period shall be used (subject to a minimum of two (2) such daily volume-weighted average prices); and
- (b) if only one (1) or no such daily volume-weighted average prices is available in the Relevant Period, then the Current Market Price shall be determined in good faith by a leading investment bank of international repute or an independent auditor (acting as an expert) appointed by the Issuer.

**"Dividend"** : Means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of Issuer's Shares or other securities credited as fully or partly paid up) provided that:

- (i) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Issuer's Shares be, satisfied by the issue or delivery of Issuer's Shares or other property or assets, then, the Dividend in question shall be treated as a Dividend of (a) the cash Dividend so announced or (b) the Current Market Price on the date of announcement of such Dividend, of such Issuer's Shares or the Fair Market Value of other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of Issuer's Shares elected therefor, regardless of whether any such election is made) if the Current Market Price of such Issuer's Shares or the Fair Market Value of other property or assets is greater than the cash Dividend so announced; and
- (ii) any issue of Issuer's Shares falling within the Condition in Section 3.5(b) or 3.5(c) shall be disregarded.

**"Fair Market Value"** : Means, with respect to any assets, securities, options, warrants or other rights on any date, the fair market value of that asset, security, option, warrant or other right as determined in good faith by a leading investment bank of international repute or an independent auditor (acting as an expert), selected by the Issuer provided that (i) the fair market value of a cash Dividend paid or to be paid per Issuer's Share shall be the amount of such cash Dividend per Issuer's Share determined as at the date of announcement of such Dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined



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by such investment bank or auditor) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily volume-weighted average prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

**“Relevant Period”** : Means the period beginning on the 30th Trading Day prior to the record day for the first dividend or distribution, and ending on the Trading Day immediately preceding the record date for the latest dividend or distribution, which when aggregated with any intervening dividends or distributions, causes an adjustment to the Conversion Price to be made pursuant to the Conditions set out in this Section 3.5.

**“Record Date”** : Means, in relation to the relevant transaction, the date as at the close of business (or such other time as may be notified by the Issuer) on which the Shareholders must be registered as such to participate therein.

- (a) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the number of the Issuer’s Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{NSB}{NSA}$$

where:

NSB : is the aggregate number of Issuer’s Shares immediately before such alteration; and

NSA : is the aggregate number of Issuer’s Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) *Capitalisation of profits or reserves:*

- (i) If and whenever the Issuer shall issue any Issuer’s Shares credited as fully paid to the holders of the Issuer’s Shares (the **“Shareholders”**) by way of capitalisation of profits or reserves including Issuer’s Shares paid up out of distributable profits or reserves, save where Issuer’s Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the **“Relevant Cash Dividend”**), being a dividend which the Shareholders concerned would or could otherwise have received (a **“Scrip Dividend”**) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{NSB}{NSA}$$

where:

NSB : is the aggregate number of Issuer’s Shares immediately before such alteration; and

NSA : is the number of Issuer’s Shares immediately after such alteration.

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- (ii) In the case of an issue of Issuer's Shares by way of a Scrip Dividend where the Current Market Price of such Issuer's Shares exceeds one hundred and five (105.0) per cent of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{NSB + (NSDL \times \frac{RCD}{CMP})}{NSB + NSDL} \right)$$

where:

NSB : is the aggregate number of Issuer's Shares immediately before such alteration;

NSDL : is the aggregate number of Issuer's Shares issued by way of such Scrip Dividend;

RCD : is the Relevant Cash Dividend or the relevant part thereof; and

CMP : is the Current Market Price of the Issuer's Shares issued by way of Scrip Dividend in lieu of the whole, or the relevant part, of the Relevant Cash Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (c) *Capital Distribution:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except where the Conversion Price falls to be adjusted under the above Condition in Section 3.5(b)), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{CMP-FMV}{CMP} \right)$$

where:

CMP : is the Current Market Price of one (1) Issuer's Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

FMV : is the Fair Market Value on the date of such announcement, of the portion of the Capital Distribution attributable to one (1) Issuer's Share.

Such adjustment shall become effective on the date that such Capital Distribution is made.

Where the Capital Distribution is by means of distribution of a cash dividend, only such portion of cash dividend or distribution which exceeds any distribution in cash in respect of Issuer's Shares arising out of 25% of the Issuer's distributable earnings and profits of the current financial year (the "**excess portion**") shall be regarded as Capital Distribution and only the excess portion shall be taken into account in the determination of the Fair Market Value of the portion of the Capital Distribution attributable to one (1) Issuer's Share.

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- (d) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Issuer's Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class, by way of rights, options, warrants or other rights to subscribe for or purchase any Issuer's Shares, in each case at less than ninety five (95.0) per cent of the Current Market Price (as defined above) per Issuer's Share on the last Trading Day preceding the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{NSB + NSLI}{NSB + NSI} \right)$$

where:

NSB : is the aggregate number of Issuer's Shares immediately before such alteration;

NSLI : is the number of Issuer's Shares which the aggregate amount (if any) payable for the Issuer's Shares issued by way of rights or for the options or warrants or other rights issued by way of rights would have obtained had such Issuer's Shares or options or warrants or other rights issued by way of rights been purchased at the Current Market Price per Issuer's Share at the time of such alteration; and

NSI : is the aggregate number of Issuer's Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (e) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Issuer's Shares or options, warrants or other rights to subscribe for or purchase Issuer's Shares) to all or substantially all Shareholders as a class, by way of rights, or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase, any securities (other than Issuer's Shares or options, warrants or other rights to subscribe or purchase Issuer's Shares), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{CMP-FMV}{CMP} \right)$$

where:

CMP : is the Current Market Price of one (1) Issuer's Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

FMV : is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one (1) Issuer's Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

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- (f) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in the above Condition in Section 3.5(d)) wholly for cash any Issuer's Shares (other than Issuer's Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Issuer's Shares) or issue or grant (otherwise as mentioned in the above Condition in Section 3.5(d)) options, warrants or other rights to subscribe for or purchase Issuer's Shares in each case at a price per Issuer's Share which is less than ninety five (95.0) per cent of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{NSB + NS(CMP)}{NSA} \right)$$

where:

NSB : is the aggregate number of Issuer's Shares immediately before such alteration;

NS (CMP) : is the number of Issuer's Shares which the aggregate consideration receivable for the issue of such additional Issuer's Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Issuer's Shares would have obtained had such additional Issuer's Shares or options or warrants or other rights been purchased at the Current Market Price per Issuer's Share at the time of such alteration; and

NSA : is the aggregate number of Issuer's Shares immediately after such alteration.

References to additional Issuer's Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Issuer's Shares, mean such Issuer's Shares to be issued, or otherwise made available, assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Issuer's Shares or, as the case may be, the grant of such options, warrants or other rights.

- (g) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this Condition, the issue wholly for cash by the Issuer or any Subsidiary (otherwise than as mentioned in the Conditions in Sections 3.5 (d), (e) and (f) above) or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities (other than the Notes) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Issuer's Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Issuer's Share which is less than ninety five (95) per cent of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities.

In such an event, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{NSB + NS(CMP)}{NSB + NS(ICP)} \right)$$

where:

NSB : is the aggregate number of Issuer's Shares immediately before such alteration;

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NS(CMP) : is the number of Issuer's Shares which the aggregate consideration receivable by the Issuer for the Issuer's Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would have obtained had such conversion or exchange or exercise of the right of subscription been effected at the Current Market Price per Issuer's Share at the time of such alteration; and

NS(ICP) : is the maximum number of Issuer's Shares to be issued had such conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto been effected at the initial conversion or exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (h) *Modification of Rights of Conversion etc:* Any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in the Condition in Section 3.5(g) (other than in accordance with the terms applicable to such securities) so that the consideration per Issuer's Share (for the number of Issuer's Shares available on conversion, exchange or subscription following the modification) is less than ninety five (95.0) per cent of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification.

In such an event, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{(NSB + NS(CMP))}{(NSB + NS(FMV))} \right)$$

where:

NSB : is the aggregate number of Issuer's Shares immediately before such alteration;

NS(CMP) : is the number of Issuer's Shares which the aggregate consideration (if any) receivable by the Issuer for the Issuer's Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities (in each case so modified) would have obtained had such conversion or exchange or exercise (in each case so modified) been effected at the Current Market Price per Issuer's Share at the time of such alteration; and

NS(FMV) : is the maximum number of Issuer's Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate, but giving credit in such manner as a leading investment bank of international repute or an independent auditor selected by the Issuer (acting as an expert) considers appropriate (if at all) for any previous adjustment under this Condition in Section 3.5(h) or the above Condition in Section 3.5(g).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (i) *Other Offers to Shareholders:* The issue, sale or distribution by or on behalf of the Issuer or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any Subsidiary or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes

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the holders of at least fifty (50.0) per cent of the Issuer's Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under the Conditions in Sections 3.5 (d), (e), (f) and (g)).

In such an event, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \left( \frac{CMP - FMV}{CMP} \right)$$

where:

CMP : is the Current Market Price of one (1) Issuer's Share on the last Trading Day preceding the date on which such issue is publicly announced; and

FMV : is the Fair Market Value on the date of such announcement, of the portion of the rights attributable to one (1) Issuer's Share.

Such adjustment shall become effective on the date of issue of the securities.

- (j) *Other Events*: If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one (1) or more events or circumstances not referred to in this Condition set out in Section 3.5, the Issuer shall at its own expense request a leading investment bank of international repute or an independent auditor (acting as an expert) selected by the Issuer, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment shall be made and shall take effect in accordance with such determination provided that where the circumstances giving rise to any adjustment pursuant to this Condition set out in Section 3.5 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition as may be advised by a leading investment bank of international repute or an independent auditor (acting as an expert) selected by the Issuer, to be in such investment bank's or auditor's opinion appropriate to give the intended result.

### 3.6 Liquidation

In the event that the Company goes into liquidation, the Notes will rank:

- (a) subordinate to any present and future secured debt obligations of the Company;
- (b) *pari passu* among themselves;
- (c) at least *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Company; and
- (d) in priority to all Shares.

### 3.7 Adjustment and Modification

In compliance with Rules 829 and 830 of the Listing Rules, the Company will:

- (a) announce any adjustment made to the Conversion Price and resulting number of the Issuer's New Shares, in the event of rights, bonus or other capitalisation issues;
- (b) announce the expiry of the Notes on the Maturity Date, and notice of the maturity will be sent to all Noteholders at least one (1) month before the Maturity Date; and

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- (c) obtain Shareholders' approval for any material modification to the Notes Conditions which is for the benefit of the holders of the Notes, unless such modification is made pursuant to the terms of the Notes.

### 3.8 Exemption from requirement of prospectus

The offer by the Company to PAPOF to subscribe for the Notes is made in reliance on the exemption under Section 272A(1) of the SFA. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

## 4. APPLICATION FOR LISTING AND QUOTATION NOTICE FROM THE SGX-ST

An application has been made to the SGX-ST for the approval of the listing and quotation of the Issuer's New Shares. The Company has not received the listing and quotation notice from the SGX-ST in relation to the listing and quotation of up to 5,965,096 Issuer's New Shares. The Company will make an announcement when the listing and quotation notice is obtained from the SGX-ST. Such announcement will include any conditions stipulated by the SGX-ST. The Company will comply with the conditions stipulated by the SGX-ST.

The listing and quotation notice to be given by the SGX-ST in respect of the Issuer's New Shares is not an indication of the merits of the Proposed Convertible Notes Issue, the Issuer's New Shares, the Company, its Subsidiaries and/or their securities.

### 4.1 Non-applicability of Rule 826 of the Listing Rules

Rule 826 of the Listing Rules states as follows:

*When listing company warrants or other convertible securities, the issuer should ensure a sufficient spread of holdings to provide for an orderly market in the securities. As a guide, the Exchange expects at least 100 warrant holders for a class of company warrants.*

Rule 826 of the Listing Rules does not apply to the Proposed Convertible Notes Issue on the basis that the Notes will not be listed on the SGX-ST.

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

The financial effects of the Proposed Convertible Notes Issue had been announced by the Company on 29 June 2015.

It is not possible at the Latest Practicable Date to determine precisely the financial effects of the Proposed Convertible Notes Issue on the Company or the Group until the Notes have been fully converted, exchanged or otherwise redeemed. However, for the purposes of illustration only, we have set out the financial effects of the full issue of the Notes, and the S\$2,875,000 aggregate principal amount of the Notes being fully converted into the Issuer's New Shares (the "**Conversion**"), based on the audited consolidated financial statements of the Group as at 31 March 2015, on the share capital, NTA, EPS and net gearing of the Company or the Group (as the case may be) as follows:

### 5.1 Share Capital

	The Company		
		After Proposed Convertible Notes Issue	After Conversion
	31 March 2015		
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%



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### 5.2 NTA

	31 March 2015	The Group 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.

### 5.3 Earnings

The interest expense in respect of the Notes prior to any conversion and/or exchange will be at an effective rate of 1.50 per cent. each year plus the amortisation of the fair value of the Conversion Rights 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 in accordance with Section 2.1. The net effect on the earnings and EPS will depend on the income earned from such deployment of the proceeds.

### 5.4 Gearing

	31 March 2015	The Group 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
Net gearing	1.6%	16.6%	1.4%

The issued and fully paid-up share capital of the Company as at the Latest Practicable Date is S\$47,883,612 comprising 206,729,032 Shares (excluding treasury shares).



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### 6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDER AND CHANGES IN SHAREHOLDING STRUCTURE

The interests of the Directors and Substantial Shareholder in the Shares as at the Latest Practicable Date and the effects of the Proposed Convertible Notes Issue, assuming the Notes in their entirety are converted into Issuer's New Shares at the initial Conversion Price on the shareholding structure of the Company are set out below:

	As at the Latest Practicable Date			After Conversion		
	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (%) <sup>(1)</sup>	Direct Interest (Number of Shares)	Deemed Interest (Number of Shares)	Total Interest (%) <sup>(1)</sup>
<b>Directors</b>						
Tan Liang Pheng	–	–	–	–	–	–
Ang Wee Chye <sup>(2)</sup>	120,305,000	10,300,000	63.18	120,305,000	10,300,000	61.41
Chia Seng Hee, Jack	–	–	–	–	–	–
Thomas Lei Chee Kong	–	–	–	–	–	–
Mak Chi Hoo	–	–	–	–	–	–
Substantial Shareholder						
PAPOF	19,256,532	–	9.315	25,221,628	–	11.86

Notes:

- (1) Calculated based on the Company's issued share capital of 206,729,032 Shares as at the Latest Practicable Date.
- (2) Ang Wee Chye is deemed to be interested in 10,300,000 ordinary shares held under the name of Hong Leong Finance Nominees Pte Ltd.

### 7. DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposed Convertible Notes Issue as set out in Section 2.1 of this Circular, the Directors are of the opinion that the Proposed Convertible Notes Issue is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the resolutions in relation to the Proposed Convertible Notes Issue, pursuant to Rules 805 and 812 of the Listing Rules, as set out in the notice of EGM on page 24 of this Circular.

Save as disclosed in Section 6 of this Circular, none of the Directors has any interest, direct or deemed, in the Proposed Convertible Notes Issue (and any issue of Issuer's New Shares arising from any conversion of the Notes).

The Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Directors recommend that any individual Shareholder who may require specific advice in relation to the Proposed Convertible Notes Issue should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

### 8. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 22 July 2015 at Six Battery Road, #10-01, Singapore 049909, at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 11.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modifications, the resolutions set out in the notice of EGM on page 24 of this Circular.

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## LETTER TO SHAREHOLDERS

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### 9. ABSTENTION FROM VOTING

In accordance with Rule 812(2) of the Listing Rules, PAPOF and its associates must abstain from voting on the resolution approving the placement of the Proposed Convertible Notes Issue to PAPOF. PAPOF has undertaken to the Company to abstain and procure that its associates will abstain from voting on the resolution to approve the placement of the Proposed Convertible Notes Issue to PAPOF.

Furthermore, PAPOF shall decline, and ensure that its associates decline to accept appointment as proxy/proxies to vote at the EGM in respect of the resolution relating to the placement of the Proposed Convertible Notes Issue to PAPOF for other Shareholders unless the Shareholders concerned shall have given specific instructions as to the manner in which his votes are to be cast at the EGM.

### 10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote in his place or on his behalf, he should complete, sign and return the Proxy Form appended in the Annual Report in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 1002 Jalan Bukit Merah #07-11, Singapore 159456 or the office of Company's Registrar, B.A.C.S. Private Limited, at 63 Cantonment Road, Singapore 089758 not less than 48 hours before the time appointed for holding the EGM.

The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he subsequently wishes to do so. In such an event, the Proxy Form shall be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP at least 48 hours before the EGM.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular 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 Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents 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 Circular up to the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the announcement made by the Company dated 29 June 2015 in respect of the Proposed Convertible Notes Issue;
- (c) the Company's Annual Report in respect of the FY ended 31 March 2015; and
- (d) the Convertible Note Subscription Agreement dated 27 June 2015 made between the Company and PAPOF.

Yours faithfully

For and on behalf of the Board of Directors of  
**MM2 ASIA LTD.**

Melvin Ang Wee Chye  
Chief Executive Officer and Executive Director

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### MM2 ASIA LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201424372N)

**NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of mm2 Asia Ltd. (the “Company”) will be held at Six Battery Road, #10-01, Singapore 049909, on 22 July 2015 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue), for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolutions as set out below.**

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 6 July 2015.

#### **ORDINARY RESOLUTION 1 - THE PROPOSED ISSUE OF UP TO S\$2,875,000 IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE NOTES DUE 30 JUNE 2017 (THE “PROPOSED CONVERTIBLE NOTES ISSUE”)**

That subject to and contingent upon the passing of Resolution 2 set out in this Notice of EGM:

- (a) approval be and is hereby given for the transactions contemplated under the Convertible Note Subscription Agreement, and without prejudice to the generality of the foregoing, authority be and is hereby given to the Directors or any of them to issue the Notes and the Issuer's New Shares arising from the conversion of the Notes, pursuant to Rule 805(1) of the Listing Rules, Section 161 of the Companies Act (Chapter 50) of Singapore, and the Articles of Association of the Company; and
- (b) the Directors and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary or expedient to give effect to this Resolution 1, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.

#### **ORDINARY RESOLUTION 2 - THE PROPOSED CONVERTIBLE NOTES ISSUE TO PAPOF**

That subject to and contingent upon the passing of Resolution 1 set out in this Notice of EGM:

- (a) approval be and is hereby given for the Proposed Convertible Notes Issue to PAPOF, on the terms and subject to the conditions of the Convertible Note Subscription Agreement, such issue of Notes being an issue of convertible securities to a substantial shareholder of the Company under Rule 812(2) of the Listing Rules; and
- (b) the Directors and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary or expedient to give effect to this Resolution 2, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and ratified.

*Note: PAPOF will, and will procure that its associates to, abstain from voting on this Resolution 2 in respect of their shareholding, and will not accept nominations as proxies unless specific instructions have been given in the Proxy Form by the Shareholders appointing them on how they wish their votes to be cast.*

*By Order of the Board*

Ang Wee Chye  
Chief Executive Officer and Executive Director  
6 July 2015

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:-

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11, Singapore 159456, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
3. The instrument appointing a proxy or proxies must be signed by appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# MM2 ASIA LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201424372N)

## PROXY FORM – EXTRAORDINARY GENERAL MEETING

I/We, \_\_\_\_\_ (Name) NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of mm2 Asia Ltd. (the “**Company**”), hereby appoint:

Name	Proportion of Shareholdings	
	No. of Shares	(%)
Address		

and/or (delete as appropriate)

Name	Proportion of Shareholdings	
	No. of Shares	(%)
Address		

or failing the person, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting (“**EGM**”) as my/our\* proxy/proxies\* to vote for me/us\* on my/our\* behalf at the EGM to be held on 22 July 2015 at 11.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) and at any adjournment thereof. I/We\* direct my/our\* proxy/proxies\* to vote for or against the Ordinary Resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote “For” or “Against” with a tick [✓] within the box provided)

	For	Against
<b>Ordinary Resolutions:</b>		
1. To approve the Proposed Convertible Notes Issue		
2. To approve the Proposed Convertible Notes Issue to PAPOF		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF**



**Notes:-**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such an event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1002 Jalan Bukit Merah #07-11, Singapore 159456, not less than 48 hours before the time appointed for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

**General:-**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 6 July 2015.