

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

PROPOSED PLACEMENT OF 26,315,790 NEW ORDINARY SHARES IN THE CAPITAL OF MM2 ASIA LTD TO STARHUB LTD, A SUBSTANTIAL SHAREHOLDER 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**”) refers to (a) its announcements dated 19 May 2017 and 13 June 2017 relating to the proposed acquisition of a stake in the Golden Village Cinema Business in Singapore; and (b) its announcements dated 15 June 2017 and 21 June 2017 relating to the placement of 87,748,000 new ordinary shares in the capital of the Company at S\$0.57 per placement share. It is stated in the Company’s announcement dated 15 June 2017 that the Company was in discussions with potential strategic investors for such investors to subscribe for additional shares at the same price as the placement price.
- 1.2 The Directors wish to announce that the Company has on 29 June 2017 entered into a placement agreement (the “**StarHub Placement Agreement**”) with StarHub Ltd (the “**Placee**”), under which the Placee has agreed to subscribe for 26,315,790 new ordinary shares in the capital of the Company (“**Placement Shares**”) at S\$0.57 per Placement Share (“**StarHub Placement Price**”) (the “**Proposed Placement**”).
- 1.3 There is no placement agent appointed for the purpose of the Proposed Placement. Therefore, no commission or referral fees will be paid to any party.
- 1.4 An application will be made by Hong Leong Finance Limited (the “**Sponsor**”) on behalf of the Company to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Placement Shares on the sponsor-supervised platform of the SGX-ST.

2. RATIONALE FOR SEEKING SHAREHOLDERS’ APPROVAL

2.1 Information on the Placee

The Placee is a public company limited by shares incorporated in Singapore and listed on the Mainboard of the SGX-ST, with its registered address at 67 Ubi Avenue 1, #05-01 StarHub Green, Singapore 408942. It is a fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. As at the date of this announcement, the Placee holds 88,000,000 shares representing 8.4% of the issued and paid up share capital of the Company.

The Placee’s subscription of the Placement Shares is for strategic investment purposes.

- 2.2 Rules 812 (1) and 812(2) of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) provide as follows:-

812(1) An issue must not be placed to any of the following persons:

- (a) the issuer's directors and substantial shareholders;*
- (b) immediate family members of the directors and substantial shareholders;*
- (c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders;*
- (d) corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%; or*
- (e) any person who, in the opinion of the Exchange, falls within category (a) to (d).*

812(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.

- 2.3 The Placee is a substantial shareholder of the Company. In accordance with Rule 812(2) of the Catalist Rules, specific approval from Shareholders is required for the issue and allotment of any Placement Shares to the Placee pursuant to the Proposed Placement.

- 2.4 Accordingly, the Company will be seeking specific approval from Shareholders for the Proposed Placement at an extraordinary general meeting to be convened (the “**EGM**”). The Placee and its associates will be required to abstain from voting on the resolution approving the Proposed Placement and issue and allotment of the Placement Shares to the Placee in accordance with Rule 812(2) of the Catalist Rules.

3. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

3.1 Placement Price

The StarHub Placement Price of S\$0.57 represents a premium of approximately 0.6% to the volume weighted average price of S\$0.5666 for each Share, based on trades done on the SGX-ST on 28 June 2017 (being the full preceding day the SGX-ST is open for trading in securities on which the StarHub Placement Agreement was signed). The Placement Price is also equal to the placement price per placement share in the placement agreement dated 15 June 2017 entered into between the Company, DBS Bank Ltd. and Maybank Kim Eng Securities Pte Ltd as joint placement agents (the “**15 June Placement Agreement**”).

3.2 Ranking of Placement Shares

The Placement Shares shall be issued free from any and all claims, mortgages, assignment of receivables, debentures, liens, charges, pledges, title retention, right to acquire, security interest, options, rights of first refusal and any other encumbrances or conditions 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

Completion of the Proposed Placement is conditional upon:-

- (a) the listing approval in-principle from the SGX-ST having been obtained (on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not having been revoked or amended as at the Completion Date (as defined below);
- (b) where there are conditions attached to the listing approval in-principle which are required to be fulfilled on or before the Completion Date (as defined below), they are so fulfilled on or before Completion Date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
- (c) the requisite Shareholders' approval for the issuance and allotment of the Placement Shares to the Placee having been obtained and not being revoked or amended and being in full force and effect on the Completion Date;
- (d) the Placee having obtained its necessary corporate (including its board of directors') approvals to subscribe for the Placement Shares in accordance with the StarHub Placement Agreement;
- (e) the Proposed Placement not being prohibited by any statute, order, rule or regulation promulgated after the date of the StarHub Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Placee (including but not limited to the SGX-ST);
- (f) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the representations, warranties and undertakings of the Company and the Placee as set forth in the StarHub Placement Agreement as if they were repeated on and as of the Completion Date;
- (g) the Company or the Placee being not in breach of any of the undertakings and covenants given in the StarHub Placement Agreement as at the Completion Date, and if any of such undertakings and covenants are required to be fulfilled on or before the Completion Date, such undertakings and covenants shall have been fulfilled prior to the Completion Date; and
- (h) there not having occurred, in the reasonable opinion of the Placee, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the StarHub

Placement Agreement which, in the reasonable opinion of the Placee, is or is reasonably likely to be materially adverse in the context of the Proposed Placement or is reasonably likely to prejudice materially the success of the Proposed Placement or dealings in the Placement Shares in the secondary market.

3.4 **Cut-off Date**

If any of the conditions precedent as set out above is not satisfied or waived in whole or in part by the Company or the Placee (as the case may be) on or before the date falling 60 calendar days after the date of the StarHub Placement Agreement (the “**Cut-off Date**”) or such other date as the Company and the Placee may agree, the StarHub Placement Agreement shall *ipso facto* cease and in that event, the Company and the Placee shall be released and discharged from their respective obligations under the StarHub Placement Agreement, except for (i) any rights and liabilities accrued on or prior to such termination, (ii) the liability of the Company under Clause 9 of the StarHub Placement Agreement (*Fees, Costs and Expenses*) and (iii) the confidentiality obligations under Clause 7 of the StarHub Placement Agreement.

3.5 **Completion**

Completion shall take place on the date falling two (2) business days (being a day on which commercial banks are open for business in Singapore and excluding Saturdays, Sundays and gazetted public holidays) after the date on which the last of the conditions precedent to the StarHub Placement Agreement is satisfied (or, if that day is not a business day, on the immediately succeeding business day), or such other date as the Parties may agree in writing, but in any event being a date not later than the Cut-off Date (“**Completion Date**”).

4. **USE OF PROCEEDS**

4.1 Based on the Placement Price of S\$0.57 per Placement Share, the Proposed Placement will allow the Company to raise net cash proceeds (after deducting estimated expenses of approximately S\$40,000) of approximately S\$14.96 million (the “**Net Proceeds**”), which will be utilised as follows:-

- (a) Up to 100% of the Net Proceeds will be used to finance the proposed acquisition of a stake in the Golden Village Cinema Business in Singapore and new productions; and/or
- (b) the balance of the Net Proceeds will be utilised for general working capital purposes.

4.2 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.

- 4.3 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.

5. 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 26,315,790 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;
- (f) the financial effects of the Proposed Placement set out below do not take into account the financial effects of the Company's placement of 87,748,000 shares to DBS Bank Ltd. and Maybank Kim Eng Securities Pte Ltd. Please refer to the Company's announcement dated 15 June 2017 titled "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" for further information; and
- (g) the estimated fees and expenses for the Proposed Placement is approximately S\$40,000. These fees and expenses are assumed to be incremental costs directly attributable to the issuance of the Placement Shares and are deducted against the share capital account.

	Before Completion	After Completion
Paid-up share capital (S\$'000)	88,212	103,172
Number of Shares	1,047,781,420 ⁽¹⁾	1,074,097,210 ⁽¹⁾

NTA ⁽²⁾ (S\$'000)	48,746	63,706
NTA per Share (Singapore cents)	4.65	5.93 ⁽³⁾
Profit attributable to owners of the parent (S\$'000)	18,816	18,816
EPS (Singapore cents)	1.80	1.75

Notes:

- (1) As at 31 March 2017, not including (i) 959,400 shares issued on 31 May 2017 pursuant to the Company's performance share plan and (ii) 87,748,000 shares to be issued pursuant to the 15 June Placement Agreement.
- (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\$40,000.

6. 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.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT TO BE ISSUED

The Proposed Placement will be undertaken pursuant to Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. Accordingly, 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.

8. CONFIRMATION FROM THE COMPANY

The Company confirms that the issue of Placement Shares to the Placee will not transfer a controlling interest without prior approval of Shareholders in a general meeting.

9. AUTHORITY FOR THE ISSUE OF PLACEMENT SHARES

- 9.1 The Placement Shares will be allotted and issued under the general share issue mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 20 July 2016, and subject to the specific approval from Shareholders at the EGM, in accordance with Rule 806 and Rule 812(2) of the Catalist Rules.
- 9.2 A circular to the Shareholders containing more information on the Proposed Placement, together with the notice of the EGM, will be despatched by the Company in due course to seek the approval of the Shareholders in respect of the Proposed Placement.
- 9.3 The Placement Shares, when allotted and issued in full, will represent approximately 2.5% of the Company's existing and paid-up capital of 1,048,740,820 shares as at the date of this announcement, and approximately 2.3% of the enlarged issued and paid-up share capital of 1,162,804,610 shares upon completion of the Proposed Placement (assuming that (i) the 87,748,000 new shares are issued pursuant to the 15 June Placement Agreement and (ii) no further shares are issued on or prior to the completion of the Proposed Placement).

10. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for StarHub, being the Placee, 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).

11. 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.

12. 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
29 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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