

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

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**PROPOSED ISSUE BY MM2 ENTERTAINMENT PTE LTD OF UP TO S\$2,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF EXCHANGEABLE NOTES, WITH A GREENSHOE OPTION FOR UP TO AN ADDITIONAL S\$1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF EXCHANGEABLE NOTES TO 3VS1 ASIA GROWTH FUND 2 LTD.**

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**1. INTRODUCTION**

The board of directors (the “**Directors**”) of mm2 Asia Ltd. (the “**Company**” or the “**Listco**”, and together with its subsidiaries, the “**Group**” or the “**Group Companies**”) wishes to announce that its wholly owned subsidiary, mm2 Entertainment Pte Ltd (the “**Issuer**”), has on 10 July 2015 entered into an exchangeable note subscription agreement (the “**Exchangeable Note Subscription Agreement**” or the “**Agreement**”) with 3VS1 Asia Growth Fund 2 Ltd. (the “**Subscriber**”), pursuant to which the Issuer proposes to issue up to S\$2,600,000 in aggregate principal amount of exchangeable notes, and up to an additional S\$1,300,000 in aggregate principal amount of exchangeable notes if the Greenshoe Option (as defined in paragraph 2.1 below) is exercised by the Subscriber (collectively referred to as the “**Notes**”), on the terms and subject to the conditions of the Exchangeable Note Subscription Agreement (the “**Proposed Exchangeable Notes Issue**”).

The Notes are exchangeable into:

- (a) fully paid-up new ordinary shares of the Company (the “**Listco’s New Shares**”) (“**Exchange-A**”); or
- (b) fully paid-up new ordinary shares of the Cinema Subsidiary (as defined in paragraph 2.2 below) (the “**Cinema Subsidiary’s New Shares**”) (“**Exchange-B**”).

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

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

**2. THE PROPOSED EXCHANGEABLE NOTES ISSUE**

**2.1 Summary of the Proposed Exchangeable Notes Issue and Exchange-A**

The Notes shall be issued in registered form in the denomination of S\$200,000 each. The Notes are exchangeable into the Listco’s New Shares, which when issued, shall rank *pari passu* in all respects with all other ordinary shares in the capital of the Listco existing then, which are presently or will be at the relevant time listed on the Catalist of the SGX-ST (the “**Shares**” or the “**Listco’s Shares**”). The issue price of the Notes is 100% of the principal amount. The subscription and exchange of the Notes shall be in accordance with the terms of the Exchangeable Note Subscription Agreement and subject to the terms and conditions of the Notes (the “**Notes Conditions**”).

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

Issuer : mm2 Entertainment Pte Ltd.

Subscriber : 3VS1 Asia Growth Fund 2 Ltd. or its nominee.

- Subscription Amount : S\$2,600,000 in aggregate principal amount of the Notes.
- Greenshoe option : The Subscriber shall have a Greenshoe Option to subscribe for up to an additional 50% of the Subscription Amount (such additional principal amount being referred to as the “**Additional Subscription Amount**”, and together with the Subscription Amount, the “**Total Subscription Amount**”), provided that the Greenshoe Option is exercised by a notice in writing sent by the Subscriber to the Issuer within 30 calendar days of the Subscription Date (as defined below), and such Additional Subscription Amount shall be in integer multiples of S\$200,000.
- Issue price : 100 per cent of the principal amount of the Notes.
- Maturity Date : In respect of any Note, the date falling two (2) years after the Subscription Date (as defined below)
- Form and denomination : The Notes will be issued in registered form, serially numbered, in the denomination of S\$200,000 each. A note certificate (each a “**Certificate**”) will be issued to each holder of the Notes (each a “**Noteholder**”) in respect of its registered holding of the Notes. Each Note and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the share registrar of the Issuer (the “**Registrar**”).
- Interest : The Notes will bear interest at the rate of 2.5 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 in arrears. 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.
- Listco’s New Shares : The maximum number of the Listco’s New Shares to be issued on Exchange-A is 7,094,055, which is determined by dividing the aggregate of (i) the Total Subscription Amount of the Note to be exchanged and (ii) all unpaid Accrued Interest up to and including the date of exchange, by the Exchange-A Price (as defined below).
- Exchange-A Price : S\$0.5635, which is 112.5% of the volume-weighted average price of the Listco’s Shares (as quoted on the SGX-ST) for the previous 15 Trading Days prior to, but excluding, the date of the Agreement, being the price at which the Listco’s New Shares will be issued upon Exchange-A.
- “**Trading Day**” means a day when the SGX-ST is open for dealing business, provided that if no closing price is reported in respect of the relevant Listco’s Shares on the SGX-ST for one (1) or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days.
- Exchange-A Period : The Notes are exchangeable 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.

Exchange-A Price adjustments : In accordance with the requirements of Rule 829 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Listing Rules**"), the Exchange-A 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 Listco.

Status and security of the Notes : The Notes constitute direct, unconditional and unsubordinated obligations of the Issuer and the Notes are secured by a corporate guarantee issued by the Listco in favour of the Subscriber for the full Subscription Amount of the Notes; or in the event that the Subscriber exercises the Greenshoe Option, for the full Total Subscription Amount of the Notes.

The Notes shall at all times rank *pari passu* and without any preference or priority among themselves.

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

Mandatory Exchange Event : In the event that the closing share price of the Listco's Shares (as quoted on the SGX-ST) exceeds 150% of the Exchange-A 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 exchanged into the Listco's New Shares at the Exchange-A Price.

Events of Default : If any Event of Default has occurred, including:

(a) (i) an order is made or an effective resolution passed for the bankruptcy or liquidation or judicial management (as the case may be) of the Issuer, any of its subsidiaries, its associated companies or Mr. Melvin Ang Wee Chye (the founder); (ii) a situation wherein the Issuer, 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 Issuer, any of its subsidiaries, its associated companies or Mr. Melvin 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 Issuer, any of its subsidiaries, its associated companies or Mr. Melvin Ang Wee Chye (as the case may be);

(b) there is any default, cross-default or fraud claimed against the Issuer, any of its subsidiaries, its associated companies or Mr. Melvin 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 Issuer does not perform or comply with or commit any breach of one (1) or more of their obligations or representations, warranties or undertakings in the Agreement or the Notes Conditions which default is incapable of remedy or, if capable of remedy, is not remedied within thirty (30) business days after written notice of such default shall have been given to the Issuer 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 Issuer by any of the Noteholders;
- (e) the Issuer, 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 Issuer by any of the Noteholders;
- (f) trading in the Listco's Shares on the SGX-ST is halted or suspended or the Listco 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 Issuer to deliver and/or register, or to procure the delivery and/or registration of, the Listco's New Shares or the Cinema Subsidiary's New Shares as and when such shares are required to be delivered and/or registered following Exchange-A or Exchange-B of a Note, as the case may be;
- (h) any necessary consents (including any governmental, regulatory and/or corporate approvals and consents) for the issue, redemption, Exchange-A or Exchange-B 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 Exchangeable Note Subscription Agreement or any other document, the execution and delivery of which is contemplated therein expires, is not obtained or is suspended, terminated, revoked or withdrawn (in whole or in part), modified, restricted or otherwise fail to remain in full force and effect in any way unacceptable to the Noteholders who in aggregate hold more than 50% in respect of the aggregate principal amount of Notes for the time being outstanding;
- (i) any other present or future indebtedness of the Issuer 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 Issuer 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 Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Exchangeable 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 Issuer or any of the other Group Companies, which is material to the Issuer and the other Group Companies as a whole;
- (l) the Issuer 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 Issuer or the Group or the Listco and is likely to cause the Issuer or the Cinema Subsidiary to be unable to comply with its obligations under the Exchangeable Note Subscription Agreement or the Notes Conditions; and
- (n) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

each Noteholder will have the right at such Noteholder's option to require the Issuer 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.

**Maturity** : Unless previously redeemed, exchanged or purchased and cancelled as provided in the Notes Conditions, the Issuer shall, on the Maturity Date, redeem the Notes at the aggregate of the principal amount of such Notes plus the interest of 7.5 per cent per annum compounded annually on the principal amount of such Notes and calculated from the date of issue of the Notes to the Maturity Date.

**Transfer** : Subject to the Notes Conditions, a Note may be transferred or exchanged by delivery of the Certificate issued in respect of that Note, together with the form of transfer in the form on the back of the Certificate, duly completed and signed under the hand of the holder or his attorney duly authorised in writing (a copy of such authorisation to be attached to the form of transfer), to the specified office of the Registrar. 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 Issuer, no Note may be transferred to any person whose principal business is to engage in movie/content production and distribution or to any of such person's

affiliates.

Governing Law : Singapore law

## 2.2 Exchange-B

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

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

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

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

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

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

Exchange-B 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.

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

### 2.3 Conditions to the subscription of the Notes

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

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

### 2.4 Exemption from requirement of prospectus

The offer by the Issuer to the Subscriber to subscribe for the Notes is made in reliance on the exemption under Section 274 of the Securities and Futures Act (Chapter 289) of Singapore (“SFA”). It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

The Subscriber has warranted and undertaken to the Issuer to not do, permit or suffer anything to be done which would result in the breach by the Subscriber, the Issuer or the Company of any statutory and regulatory requirements pertaining to the allotment and issue and subsequent sale or transfer of the Notes or Listco’s New Shares, including without limitation, the requirements of the SFA (in particular Section 276) and the Listing Rules.

## **2.5 Confirmations from the Company**

The Company confirms that:

- (a) the Notes will not be placed to any person or groups of person prohibited by the SGX-ST as set out under Rule 812 of the Listing Rules;
- (b) the issue of Listco’s New Shares will not transfer a controlling interest without prior approval of shareholders of the Company in general meeting;
- (c) an announcement will be made for any adjustment to the Exchange-A Price of the Notes, if any, pursuant to the Notes Conditions;
- (d) an announcement on the expiry of the Notes will be made on the Maturity Date, and notice of the Maturity Date will be sent to all Noteholders at least one (1) month before the Maturity Date; and
- (e) the approval of shareholders of the Company will be sought for any material alteration to the Notes Conditions which is to the advantage of the Noteholders, unless such alteration is made pursuant to the terms of the Notes.

## **3. INFORMATION ON THE SUBSCRIBER AND SHARE ISSUE MANDATE**

### **3.1 Information on the Subscriber**

The Subscriber is a public company limited by shares incorporated in Singapore with its registered address at 80 Raffles Place #32-01 UOB Plaza 1, Singapore 048624. As at the date of this announcement, the Subscriber does not hold any of the issued share capital of the Company. The Subscriber carries out its investment activities with the key objective of seeking capital appreciation on a medium to long-term basis through investments in emerging growth companies primarily in Singapore, Greater China and United States of America.

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

### **3.2 Share Issue Mandate**

The Listco’s New Shares will be issued pursuant to the general share issue mandate obtained by way of an ordinary resolution (the “**Share Issue Mandate**”) at the extraordinary general meeting of the Company held on 4 November 2014 (the “**2014 EGM**”), which authorised the Directors to issue new Shares and make or grant offers, agreements or options that might or would require Shares to be issued. The aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 50% of the post-Placement issued share capital excluding treasury shares, where the “**post-Placement issued share capital**” shall mean the total number of issued Shares of the Company



(excluding treasury shares) immediately after the Placement (as defined below), after adjusting for: (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of Award Shares (as defined below) outstanding or subsisting at the time such authority is given, provided the options or Awards (as defined below) were granted in compliance with the Listing Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

“**Placement**” means, as defined in the offer document of the Company dated 2 December 2014 (“**Offer Document**”), the placement by the Company via Hong Leong Finance Limited (the “**Placement Agent**”) of 37,400,000 Shares comprising 31,000,000 new Shares and 6,400,000 vendor Shares at S\$0.25 for each Share.

“**Award**” means, as defined in the Offer Document, the contingent awards of Shares granted or which may be granted pursuant to the Company’s Performance Share Plan; and “**Award Shares**” means the Shares which are the subject of the Awards under the Company’s Performance Share Plan.

The post-Placement issued share capital of the Company is 206,729,032. Accordingly, the maximum number of Shares that can be issued pursuant to the Share Issue Mandate other than on a pro rata basis to shareholders of the Company is 103,364,516 Shares. The Company has not issued or allotted any Shares between the 2014 EGM and the date of this announcement, save for the Consideration Shares that may be issued by the Company in accordance with the conditions as described in the announcement by the Company on 8 April 2015 (the “**Vividthree Announcement**”). The maximum number of Consideration Shares to be issued by the Company upon the conditions described in the Vividthree Announcement is 8,200,000 Shares, or 3.97% of the post-Placement issued share capital of the Company.

For the Proposed Exchangeable Notes Issue, the maximum number of Listco’s New Shares to be issued by the Company upon Exchange-A, assuming the Greenshoe Option is exercised in full by the Subscriber, is 7,094,055, or 3.32% of the post-Placement issued share capital of the Company. The maximum number of Listco’s New Shares to be issued by the Company upon Exchange-A, assuming the Greenshoe Option is *not* exercised by the Subscriber, is 4,729,370, or 2.24% of the post-Placement issued share capital of the Company. Accordingly, the maximum number of Listco’s New Shares to be allotted and issued is within the limit of the Share Issue Mandate obtained at the 2014 EGM.

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

The following financial effects of the Proposed Exchangeable Notes Issue are strictly for illustration purposes only. Assuming that the Subscription Amount or the Total Subscription Amount (as the case may be) of Notes is fully exchanged into the Listco’s New Shares in accordance with Exchange-A, the financial effects of Exchange-A on the share capital, net tangible assets, earnings and gearing of the Company or the Group (as the case may be), based on the audited financial statements of the Group for the financial year ended 31 March 2015, are tabulated as follows:

##### 4.1 Share capital

*With Subscription Amount*

	<b>The Company</b>		
	<b>31 March 2015</b>	<b>After Proposed Exchangeable Notes Issue</b>	<b>After Exchange-A</b>
Share capital	S\$47,883,612	S\$47,883,612	S\$50,483,612
Number of issued and paid-up Shares	206,729,032	206,729,032	211,458,402

Proportion of Shares attributable to the Listco's New Shares	Nil	Nil	2.24%
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*With Total Subscription Amount*

	<b>The Company</b>		
	<b>31 March 2015</b>	<b>After Proposed Exchangeable Notes Issue</b>	<b>After Exchange-A</b>
Share capital	S\$47,883,612	S\$47,883,612	S\$51,783,612
Number of issued and paid-up Shares	206,729,032	206,729,032	213,823,087
Proportion of Shares attributable to the Listco's New Shares	Nil	Nil	3.32%

#### 4.2 Net tangible assets ("NTA")

*With Subscription Amount*

	<b>The Group</b>		
	<b>31 March 2015</b>	<b>After Proposed Exchangeable Notes Issue</b>	<b>After Exchange-A</b>
NTA <sup>(1)</sup>	S\$19,180,627	S\$19,180,627	S\$21,780,627
Number of issued and paid-up Shares	206,729,032	206,729,032	211,458,402
NTA per Share (Singapore cents)	9.3	9.3	10.3

*With Total Subscription Amount*

	<b>The Group</b>		
	<b>31 March 2015</b>	<b>After Proposed Exchangeable Notes Issue</b>	<b>After Exchange-A</b>
NTA <sup>(1)</sup>	S\$19,180,627	S\$19,180,627	S\$23,080,627
Number of issued and paid-up Shares	206,729,032	206,729,032	213,823,087
NTA per Share (Singapore cents)	9.3	9.3	10.8

**Notes:**

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

#### 4.3 Earnings

The interest expense in respect of the Notes prior to any exchange will be at an effective rate of 2.53 per cent each year plus the amortisation of the fair value of the rights of Noteholders to exchange such Notes into the Listco's New Shares, recorded on the date of issue.

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

#### 4.4 Gearing

*With Subscription Amount*

	<b>The Group</b>		
	<b>31 March 2015</b>	<b>After Proposed Exchangeable Notes Issue</b>	<b>After Exchange-A</b>
Net borrowings	S\$306,068	S\$2,906,068	S\$306,068
Total equity	S\$19,180,627	S\$19,180,627	S\$21,780,627
Gearing	1.6%	15.2%	1.4%

*With Total Subscription Amount*

	<b>The Group</b>		
	<b>31 March 2015</b>	<b>After Proposed Exchangeable Notes Issue</b>	<b>After Exchange-A</b>
Net borrowings	S\$306,068	S\$4,206,068	S\$306,068
Total equity	S\$19,180,627	S\$19,180,627	S\$23,080,627
Gearing	1.6%	21.9%	1.3%

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

The rationale for the Proposed Exchangeable Notes Issue is to increase resources available to the Issuer to grow its existing business activities which are principally that of movie production, development, creation and distribution, which shall include cinema operations.

Assuming that the Greenshoe Option is not exercised by the Subscriber, the estimated net proceeds from the Proposed Exchangeable Notes Issue, after deducting estimated fees and expenses of approximately S\$18,000, is approximately S\$2,582,000 (the “**Net Proceeds**”). In the event that the Greenshoe Option is exercised by the Subscriber, the estimated net proceeds from the Proposed Exchangeable Notes Issue, after deducting estimated fees and expenses of approximately S\$18,000, is approximately S\$3,882,000 (the “**Enlarged Net Proceeds**”).

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

Pending the deployment of the Net Proceeds (or the Enlarged Net Proceeds), such 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 Issuer in its absolute discretion may 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 Exchangeable Notes Issue, the working capital available to the Group is sufficient to meet its present requirements.

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

An application will be made to the SGX-ST via the Sponsor in due course for the listing and quotation of the Listco's New Shares to be issued upon Exchange-A of the Notes from time to time within the Exchange-A Period, which is any time on and after the date of issue of such Note up to the close of business on the Maturity Date. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Listco's New Shares has been obtained from the SGX-ST.

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

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

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

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

Copies of the Exchangeable Note Subscription Agreement are available for inspection at the registered office of the Company at 1002 Jalan Bukit Merah #07-11, Singapore 159456 for three (3) months from the date of this announcement.

## **9. RESPONSIBILITY STATEMENT**

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Exchangeable Notes Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

### **By Order of the Board**

Melvin Ang Wee Chye  
Chief Executive Officer and Executive Director  
10 July 2015

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

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

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