

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

**PROPOSED ISSUE OF NEW ORDINARY SHARES IN THE COMPANY FOR AN AGGREGATE
PLACEMENT CONSIDERATION OF S\$5,000,000**

1. INTRODUCTION

- 1.1 The board of directors (the “**Directors**”) of mm2 Asia Ltd. (the “**Company**” or the “**Issuer**”, and together with its subsidiaries, the “**Group**” or the “**Group Companies**”) wishes to announce that the Company has on 4 December 2015 entered into three (3) share placement agreements (the “**Placement Agreements**”) with each of Hesheng Media Co., Ltd., Apex Capital Group Pte Ltd, and Maxi-Harvest Group Pte. Ltd. (collectively, the “**Placees**” and each a “**Placee**”), pursuant to which the Company proposes to issue:
- (a) 1,270,325 new ordinary shares in the capital of the Company (the “**Shares**”) to Hesheng Media Co., Ltd. (“**Hesheng Media**”) for a placement consideration of S\$1,000,000;
 - (b) 2,540,650 Shares to Apex Capital Group Pte Ltd (“**Apex Capital**”), for a placement consideration of S\$2,000,000 (the “**Proposed Placement to Apex Capital**”); and
 - (c) 2,540,650 Shares to Maxi-Harvest Group Pte. Ltd. (“**Maxi-Harvest**”) for a placement consideration of S\$2,000,000,
- (collectively, the “**Proposed Placement**”).
- 1.2 The price at which each Placement Share is proposed to be issued is S\$0.7872 per Placement Share (the “**Placement Price**”). The Placement Price represents a premium of approximately 0.33% to the volume weighted average price of S\$0.7846 for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 4 December 2015, being the full market day on which the Placement Agreements were signed.
- 1.2 The aggregate of 6,351,625 Shares to be allotted and issued to the Placees (the “**Placement Shares**”), when allotted and issued, will rank in all respects *pari passu* with the existing issued Shares and be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date (as defined below) of which falls on or before the completion of the Proposed Placement. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 1.3 An application will be made through the Company’s sponsor to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in due course for the listing of and quotation for the Placement Shares to be allotted and issued to the Placees on the relevant completion date applicable to such Placee. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Placement Shares has been obtained from the SGX-ST.
- 1.4 No placement agent has been appointed in respect of the Proposed Placement. Therefore, no commission or referral fees will be paid to any party.

2. INFORMATION ON PLACEEES AND SHAREHOLDERS' APPROVAL

2.1 Information on Hesheng Media

Hesheng Media Co., Ltd. is a private company limited by shares incorporated in the People's Republic of China ("PRC") with its registered address at RM303, Blk78, Hua Dian Long, Xia Cheng District, Hangzhou, Zhejiang province, PRC. It is principally involved in the business of film and television investment, production, marketing and distribution.

As at the date of this announcement, Hesheng Media holds 1,920,000 Shares, or approximately 0.90% of the issued share capital of the Company. Hesheng Media has been a shareholder of the Company since prior to the initial public offering of the Company.

Hesheng Media's subscription of the 1,270,325 Shares is for investment purposes only, and it has no intention of influencing the management of, or exercising control over, the Company. Accordingly, Hesheng Media is not intending to acquire additional shares in the Company such that its shareholding in the Company shall reach 15 per cent. or more of the enlarged issued and paid-up share capital of the Company.

2.2 Information on Maxi-Harvest

Maxi-Harvest Group Pte. Ltd. is a private company limited by shares incorporated in Singapore with its registered address at 9 Namly Drive Singapore 26742. It is an investment holding company which also provides consultancy services to corporations. As at the date of this announcement, Maxi-Harvest does not hold any of the issued share capital of the Company. Maxi-Harvest was introduced to the Company by the Company's Executive Director and Chief Executive Officer, Mr. Melvin Ang Wee Chye.

Maxi-Harvest's subscription of the 2,540,650 Shares is for investment purposes only, and it has no intention of influencing the management of, or exercising control over, the Company. Accordingly, Maxi-Harvest is not intending to acquire additional shares in the Company such that its shareholding in the Company shall reach 15 per cent. or more of the enlarged issued and paid-up share capital of the Company.

2.3 Information on Apex Capital

Apex Capital Group Pte Ltd is a private company limited by shares incorporated in Singapore with its registered address at 1 Commonwealth Lane, One Commonwealth #06-02 Singapore 149544. It is an investment holding company. As at the date of this announcement, Apex Capital does not hold any of the issued share capital of the Company. Apex Capital was introduced to the Company by the Company's substantial shareholder, Yeo Khee Seng Benny. Further information on Apex Capital and Yeo Khee Seng Benny is set out in paragraph 2.4 below.

Apex Capital's subscription of the 2,540,650 Shares is for investment purposes only, and it has no intention of influencing the management of, or exercising control over, the Company. Accordingly, Apex Capital is not intending to acquire additional shares in the Company such that its shareholding in the Company shall reach 15 per cent. or more of the enlarged issued and paid-up share capital of the Company.

2.4 Rule 812 of the Listing Rules

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

- (1) *An issue must not be placed to any of the following persons:*
 - (a) *the issuer's directors and substantial shareholders;*
 - (b) *immediate family members of the directors and substantial shareholders;*

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

As of the date of this Announcement, Yeo Khee Seng Benny has a total direct and indirect interest of 6.06% of the voting rights of the Company, and is thus a substantial shareholder of the Company. Furthermore, Yeo Khee Seng Benny also holds 70% of the voting rights of Apex Capital, and thus Apex Capital is considered a corporation in whose shares the Company's substantial shareholder has an interest of at least 10%, under Rule 812(1)(d) of the Listing Rules.

Therefore, in accordance with Rule 812(2) of the Listing Rules, specific approval from shareholders of the Company (the "**Shareholders**") is required for the Proposed Placement to Apex Capital.

For the avoidance of doubt, specific approval from the Shareholders is not required for the Proposed Placement to either Hesheng Media or Maxi-Harvest. Pursuant to the Placement Agreements with Hesheng Media and Maxi-Harvest, Hesheng Media and Maxi-Harvest have represented that they do not fall within the class of restricted persons to whom placements must not be made by the Company pursuant to Rule 812(1) of the Listing Rules.

3. THE PROPOSED PLACEMENT

3.1 Conditions to the subscription of the Placement Shares

Under each Placement Agreement, the completion of the respective Placee's Proposed Placement is subject to, *inter alia*, the following conditions precedent:

- (a) the approval of the Company's sponsor, and the listing and quotation notice in respect of the Placement Shares on the Catalist of the SGX-ST ("**SGX Approval**") having been obtained (on terms and conditions acceptable to the Company and such Placee, each acting reasonably) and not being revoked or amended;
- (b) any conditions attached to the SGX Approval which is required to be fulfilled on or before the completion date of the Proposed Placement ("**Completion Date**"), having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
- (c) such Placee obtaining the necessary corporate approval and approval from all applicable governmental authorities to subscribe for the Placement Shares at the Placement Consideration in accordance with the terms of each Placement Agreement;
- (d) the Proposed Placement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of each Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or such Placee (including but not limited to the SGX-ST);

- (e) 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 and warranties by both the Company and each Placee as if they were repeated on and as of the Completion Date; and
- (f) the Company or the Placee not in breach of any of the undertakings and covenants given in each 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 Completion Date.

If any of the conditions precedent set out above is not satisfied or waived in whole or in part by such Placee on or before the date falling 90 calendar days after the date of the Placement Agreement or such other date as such Placee and the Company may agree (or waived by the Placee), such Placee and the Company shall be released and discharged from their respective obligations under the applicable Placement Agreement, save for any rights and liabilities accrued on or prior to such termination and the liability of the Company to bear its own costs in connection with the negotiation, preparation and execution of each Placement Agreement.

Further details of the terms of the Placement Agreement entered into with Apex Capital will be set out in the circular to be issued by the Company and to be despatched to Shareholders in due course, for the purpose of obtaining the approval of Shareholders in respect of the Proposed Placement to Apex Capital at an extraordinary general meeting (the “**EGM**”) of the Company to be convened.

3.2 Exemption from requirement of prospectus

The offer by the Company to the Placees to subscribe for the Placement Shares is made in reliance on the exemption under Section 275 of the Securities and Futures Act (Chapter 289) of Singapore. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

3.3 Confirmation from the Company

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

4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

- 4.1 As at the date of this announcement, the issued and paid up capital of the Company is \$51,176,042.95 consisting of 213,350,960 Shares. When allotted and issued in full, the Proposed Placement will increase the existing issued and paid-up share capital of the Company by approximately S\$5,000,000 to S\$56,176,042.95, divided into 219,702,585 Shares.
- 4.2 The financial effects of the Proposed Placement on the Group are prepared based on the audited accounts of the Group for the financial year ended 31 March 2015. For the purpose of computing the earnings per Share (the “**EPS**”) of the Group and the net tangible assets (the “**NTA**”) per Share of the Group after the Proposed Placement, it is assumed that the Proposed Placement was completed on 4 December 2015, as since the financial year ended 31 March 2015, a total of 6,621,928 Shares were issued by the Company pursuant to the conversion of certain outstanding convertible securities up until the date of this announcement.
- 4.3 The EPS and the NTA per Share of the Group based on the audited accounts of the Group for the financial year ended 31 March 2015 shall be as follows:

	Before the allotment and issue of Placement Shares	After allotment and issue of Placement Shares⁽¹⁾
FY2015 Earnings net of tax (S\$)	5,083,524	5,083,524
EPS (Singapore cents)	2.38	2.31
Number of Shares for calculating EPS	213,350,960	219,702,585
NTA ⁽²⁾ as at 31 March 2015 (S\$)	19,180,627	24,180,627
NTA per Share (Singapore cents)	8.99	11.01
Number of Shares for calculating NTA per Share	213,350,960	219,702,585

Notes:

(1) Taking into account the 6,621,928 Shares issued by the Company pursuant to the conversion of certain outstanding convertible securities up until the date of this announcement which were completed during the current financial year ending 31 March 2016.

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

5. RATIONALE OF PROPOSED PLACEMENT AND USE OF PROCEEDS

- 5.1 The rationale for the Proposed Placement is to increase resources available to the Company to improve its cash flow and to pursue acquisition opportunities as part of its strategic objectives as and when they arise. The Company intends to use 100% of the net proceeds of the Proposed Placements for general working capital purposes.
- 5.2 The estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses of approximately S\$40,000, is approximately S\$4,960,000 (the “**Net Proceeds**”).
- 5.3 The Company will make periodic announcement(s) as to the use of the proceeds from the Proposed Placement as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds raised from the Proposed Placement in the Company’s interim and full-year financial statements issued under Rule 705 of the Listing Manual and the Company’s annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the relevant announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 5.4 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 Directors may deem appropriate in the interests of the Group.
- 5.5 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.
- 5.6 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.

6. SHARE ISSUE MANDATE FOR THE ISSUE OF PLACEMENT SHARES

- 6.1 The Placement Shares will be issued pursuant to the share issue mandate given by the Shareholders at the annual general meeting of the Company held on 22 July 2015 for the Directors of the Company to allot and issue Shares, whereby the aggregate number of Shares to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares) as at 22 July 2015 ("**Share Issue Mandate**") in the case where Shares are issued other than on a pro rata basis to existing Shareholders. The total number of issued Shares as at the date of the Share Issue Mandate was passed was 206,729,032 Shares. As such, the total number of Shares which may be issued pursuant to the Share Issue Mandate is 103,364,516 Shares. No Shares had previously been issued pursuant to the Share Issue Mandate, and the proposed allotment and issuance of the Placement Shares is within the limit of the Share Issue Mandate. Since 22 July 2015, a total of 6,621,928 Shares were issued by the Company pursuant to the conversion of certain outstanding convertible securities up until the date of this announcement.
- 6.2 The aggregate of 6,351,625 Placement Shares, when allotted and issued in full, will represent approximately 2.98% of the Company's existing and paid-up capital of 213,350,960 Shares as at the date of this announcement, and approximately 2.89% of the enlarged issued and paid-up share capital of 219,702,585 Shares upon completion of the Proposed Placement (assuming that no further Shares are issued on or prior to the completion of the Proposed Placement). Accordingly, the proposed issuance of the Placement Shares to be issued will fall within the limit of the Share Issue Mandate.

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 Placement, other than their respective interests in the Shares. Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company or their respective associates have any connection (including business relationship) with the Placees.

8. DOCUMENTS AVAILABLE FOR INSPECTION

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

9. RESPONSIBILITY STATEMENT

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, 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.

10. CAUTIONARY STATEMENT

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.

By Order of the Board

Melvin Ang Wee Chye
Chief Executive Officer and Executive Director
8 December 2015

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 Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581. Telephone (65) 64159886.