

**ACQUISITION OF 30% OF THE ISSUED SHARE CAPITAL OF
HUB MEDIA GROUP PTE LTD**

1. INTRODUCTION

The Board of Directors of Asiasons Capital Limited (the “**Company**”) wishes to announce that its wholly-owned subsidiary, Asiasons Investment Ltd (the “**Purchaser**”) has, on 4 June 2014, entered into a sale and purchase agreement (the “**Agreement**”) with Mr Balhetchet Caesar Kevin (the “**Vendor**”) for the acquisition of 45,000 ordinary shares (“**Sale Shares**”) representing 30% of the issued share capital of Hub Media Group Pte Ltd (“**Hub Media**”), for a consideration of US\$4,500,000 (“**Consideration**”) on the terms and subject to the conditions of the Agreement (the “**Acquisition**”). On 30 April 2013, the Company announced the completion of the acquisition of 105,000 ordinary shares representing 70% of the issued share capital of Hub Media from the Vendor (“**Existing SPA**”). Upon completion of the Acquisition, Hub Media will be a wholly owned subsidiary of the Purchaser.

The Consideration (equivalent to S\$5,651,550 based on the exchange rate of US\$1.00 to S\$1.2559) shall be satisfied in full by the issue and allotment of 117,740,625 new ordinary shares in the capital of the Company (“**Consideration Shares**”) at the issue price of S\$0.048 for each Consideration Share, at a premium of 1.27% to the full-day volume weighted average price of S\$0.0474 per share of the Company on 4 June 2014 (being the date of the Agreement), credited as fully paid, to the Vendor, fractional share disregarded.

The Consideration Shares will be issued on completion of the Acquisition where:

- (a) 78,886,218 Consideration Shares (representing 67% of the Consideration Shares) will be issued directly to the Vendor on completion; and
- (b) 38,854,407 Consideration Shares (representing 33% of the Consideration Shares) (“**Moratorium Consideration Shares**”) will be moratorised until the completion of financial year ending 31 December 2014 (“**FY2014**”) and will be released to the Vendor based on the formula set out below upon Hub Media achieving a target net income (being its earnings before interest, taxation, depreciation and amortisation) as reflected in its audited accounts for FY2014, excluding any extraordinary gains or losses, and increased by the amount reflected in such audited accounts as expenses incurred for interest, income taxes, depreciation and amortization, prepared in accordance with Singapore Financial Reporting Standards (“**EBITDA**”) of not less than US\$2,000,000 (“**Target EBITDA**”):

Moratorium Consideration Shares - $(\text{Shortfall} \times 30\% \div \text{S\$0.048})$

For the purposes of the above formula, Shortfall refers to the Target EBITDA of US\$2,000,000 less the actual EBITDA achieved for FY2014.

The Target EBITDA of Hub Media as set out above shall be referred hereinafter as the “**Profit Projection**”.

2. ABOUT HUB MEDIA

Hub Media is a leading media company in global film, content and format distribution. The Company is incorporated in Singapore with production capabilities, intellectual property (“**IP**”) creation, production management services as well as content and licensing expertise.

The Vendor founded Hub Media in 2007. As at the date of the Agreement, Hub Media holds strategic partnerships with a number of players in the international market such as content owners, distributors, broadcasters, production houses and technology partners. Hub Media has over 200,000 hours of content rights and has been the preferred choice for broadcasters globally, including companies like TV Azteca, a Mexican multimedia conglomerate; Starhub, an innovative info-communications provider in Singapore; and Astro, a leading integrated consumer media entertainment group in Malaysia and Southeast Asia. The contracts secured by Hub Media to-date include content licensing deals with aggregate values of approximately US\$2,000,000.

3. THE CONSIDERATION

- 3.1 The Consideration is arrived at, on a willing-buyer and willing-seller basis, based on the valuation of Hub Media at approximately 7.5 times of the EBITDA multiple of the Target EBITDA FY2014 and the potential future earnings based on contracts secured by Hub Media to-date as well as the strategic benefits that Hub Media will bring to the Asiasons Group as mentioned under the rationale set out under paragraph 4.
- 3.2 The Consideration Shares will be issued pursuant to the general mandate obtained at the annual general meeting of the Company held on 28 April 2014 which authorises the Directors of the Company, pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), to allot and issue new Shares in the capital of the Company in accordance with, and subject to, the provisions of Rule 806 of the Listing Manual.
- 3.3 The Consideration Shares represent (i) approximately 12.02% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.73% of the enlarged issued share capital of the Company after the issue of the Consideration Shares. The Consideration Shares, when issued, will rank *pari passu* in all respects with the existing ordinary shares of the Company.
- 3.4 The issue of the Consideration Shares is conditional upon the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Consideration Shares on the SGX-ST. The Company will be making an application to the SGX-ST for the listing and quotation of the Consideration Shares on the SGX-ST. Announcement will be made upon receipt of the in-principle approval for the listing and quotation of the Consideration Shares from the SGX-ST.

4. RATIONALE FOR THE ACQUISITION

The Board believes that the Acquisition will enable the Asiasons Group to fully consolidate a profitable investment with a proven management team. The Acquisition will also enable the Asiasons Group to fully manage the operation of Hub Media and use this as a platform to further enhance its business in the entertainment and media industry.

5. MATERIAL CONDITIONS OF THE ACQUISITION

The material conditions of the Acquisition are set out below:

- (i) approval in-principle being granted by the SGX-ST for the listing of and quotation for the Consideration Shares on Main Board of the SGX-ST, and such approval not having been revoked or amended on or before the completion date, and if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Purchaser and/or the Vendor and, if any such condition shall be required to be fulfilled on or before the completion date, the fulfilment of such condition on or before the completion date and such conditions being satisfied or waived by the SGX-ST and the SGX-ST not having made any ruling the effect of which is to restrict or impede the listing of and quotation for the Consideration Shares;
- (ii) all consents, approvals and authorisations of bankers, financial institutions, landlords of leases, relevant third parties, government or regulatory authorities (including but not limited to the SGX-ST, the Monetary Authority of Singapore, the Securities Industry Council, and the Accounting and Corporate Regulatory Authority of Singapore) having jurisdiction over the transactions, which are necessary in connection with the entry into and completion of the Acquisition by the parties, transfer of the Sale Shares from the Vendor to the Purchaser and the ownership by the Purchaser of the Sale Shares having been obtained (including waivers of pre-emption rights by existing shareholders of Hub Media, if applicable), and being in full force and effect and not having been withdrawn, suspended amended or revoked, and if subject to conditions, on such conditions acceptable to the Purchaser and/or the Vendor (as the case may be), and such consents, approvals and authorisation remaining in full force and effect and not being revoked on or prior to the completion date;
- (iii) approval of the board of directors of Hub Media for the proposed transfer of the Sale Shares from the Vendor to the Purchaser having been obtained;
- (iv) approval of the board of directors, and its shareholders, if required, of the Purchaser for the purchase of the Sale Shares, and of the Company for the issuance of the Consideration Shares upon the terms and conditions as set out in the Agreement (or upon other terms and conditions as may be agreed between the parties) having been obtained;
- (v) no material contract, lease, licence or other similar commercial arrangement would be terminated or adversely affected arising from the sale of the Sale Shares and change in ownership and/or control of Hub Media;
- (vi) all representations, warranties and undertakings of the Vendor and the Purchaser being complied with, and being true, accurate and correct in all respects as at the completion date, as if repeated at completion and at all times between the date of the Agreement and completion;

- (vii) each of the parties having performed all of the covenants and agreements required to be performed or caused to be performed by it under the Agreement;
- (viii) there being no default by Hub Media in any of its obligations by which it may become bound or liable to be called upon to repay prematurely any loan capital or borrowed moneys;
- (ix) the Vendor or the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Agreement, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened;
- (x) the business of Hub Media having been carried on in a satisfactory and ordinary manner and Hub Media not having disposed of any material assets or assumed or incurred any material liabilities including contingent liabilities (whether recorded or unrecorded) other than those in connection with its ordinary course of business;
- (xi) there has been no change in the shareholding or capital structure of Hub Media;
- (xii) there being no material adverse change (as mutually determined by the parties) in the prospects, operations, assets, business, profits or financial condition of the Hub Media;
- (xiii) supplemental agreement to the existing service agreement which incorporate certain amendments to the terms of the existing service agreement mutually agreed between the parties having been entered into between the Vendor and Hub Media;
- (xiv) termination letter in relation to the termination of the existing shareholders agreement having been entered into between the Vendor, Purchaser and Hub Media;
- (xv) deed of put option having been entered into between the Vendor and the Purchaser in relation to the put option of up to 45,000 ordinary shares in the capital of Hub Media ("**Put Option Shares**") granted by the Vendor in favour of the Purchaser to require the Vendor to acquire any part of the Put Option Shares at the sale price being the cost of investment plus a holding cost of 18% internal rate of return per annum;
- (xvi) letter agreement having been entered into between the Vendor and the Purchaser in relation to the early release of the remaining shares under the existing Sale and Purchase Agreement dated 6 March 2013 entered into between the Vendor and the Purchaser, to the Vendor upon signing of the Agreement;
- (xvii) the sale and purchase of all the Sale Shares being completed simultaneously under the Agreement; and
- (xviii) there being no continuing related party transactions entered into between Hub Media and its directors or shareholders or any persons connected with them unless otherwise approved by the Purchaser.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures in relation to the Acquisition computed on the bases pursuant to Rule 1006 of the Listing Manual (based on the audited consolidated accounts of the Company for the financial year ended 31 December 2013) are as follows:-

	Relative Figure
Net asset value of assets to be disposed of, compared with the consolidated net asset value of the Company and its subsidiaries	Not applicable.
Net profits attributable to the assets acquired, compared with the consolidated net profits of the Company and its subsidiaries	(1.6)% ⁽¹⁾
Aggregate value of consideration given, compared with the Company's market capitalisation	18.19% ⁽²⁾
Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	12.02% ⁽³⁾

Notes:

- (1) Based on Hub Media's unaudited profit before tax of S\$1.48 million for the financial year ended 31 December 2013 ("FY2013") and the Company's audited consolidated loss before tax of S\$92.4 million for FY2013.
- (2) Based on the Consideration of S\$8,661,171 (being the total number of shares to be issued of 117,740,625 shares and the net asset value per share of S\$0.0736 as at 31 December 2013); and the Company's market capitalisation of S\$47,616,554 (being its issued ordinary share capital of 979,764,476 shares ("Shares") and the volume weighted average price of the Shares on the SGX-ST of S\$0.0486 on 3 June 2014 (being the market day preceding the date of the Agreement)).
- (3) Based on the Consideration Shares and the Company's issued ordinary share capital of 979,764,476 Shares.

7. FINANCIAL EFFECTS OF THE ACQUISITION

For illustration purposes only, the financial effects of the Acquisition (including the issue of the Consideration Shares) are calculated on the following bases and assumptions:-

- (i) The audited consolidated financial statements of the Company for FY2013;
- (ii) In relation to the Company's consolidated net tangible assets ("NTA") per Share, the financial effect is computed on the assumption that the Acquisition was completed on 31 December 2013, and in relation to the Company's consolidated earnings per Share ("EPS"), the financial effect is computed on the assumption that the Acquisition was completed on 1 January 2013; and
- (iii) Transaction costs are assumed to be insignificant and ignored for computational purposes.

7.1 Share Capital

	Before the Acquisition	After the Acquisition
Issued share capital (S\$)	113,671,814	S\$119,394,008
Number of Shares	979,764,476	1,097,505,101

7.2 NTA per Share

	Before the Acquisition	After the Acquisition
NTA (S\$)	64,872,433	64,634,308
Number of Shares	979,764,476	1,097,505,101
NTA per Share (cents)	6.62	5.89

7.3 EPS

	Before the Acquisition	After the Acquisition
Loss after tax attributable to owners of the Company (S\$)	(92,697,978)	(92,410,428)
Number of Shares	979,764,476	1,097,505,101
EPS (cents)	(9.46)	(8.42)

7.4 Gearing

There is no change to the gearing of the Group as the Group already holds 70% of Hub Media as at the date of this announcement.

8. PROFIT PROJECTION

In consideration of the Profit Projection set out above, the Company provides the following information in accordance with Rule 1013(1) of the Listing Manual.

8.1 Rule 1013(1)(a)

The views of the board of directors of the Company in accepting the profit guarantee or the profit forecast and the factors taken into consideration and basis for such a view

The Profit Projection are made based on the financial performance of Hub Media for FY2013, the contracted projects for FY2014 and the intrinsic potential of the business to achieve further. The Board is of the view that the provision of such Profit Projection helps to safeguard the interest of the Company and its shareholders.

8.2 Rule 1013(1)(b)

The principal assumptions including commercial bases and assumptions upon which the quantum of the profit guarantee or the profit forecast is based

The principal assumptions including commercial bases and assumptions are as follows:

1. There are no material changes in the existing political, economic, legal and social conditions, and regulatory and fiscal measures in the countries in which Hub Media operates.
2. There will be no significant changes in the structure of Hub Media and its principal sources of revenue.
3. There will be no material loss of major customers, major suppliers, strategic partners which are essential for the operations of Hub Media.
4. There will be no material changes in the key personnel of Hub Media.
5. There will be no material adverse effect from any industrial or commercial disputes, which will affect the profitability and financial position of Hub Media.
6. There will be no material changes in the inflation rates during the period of the Profit Projection.
7. There will be no material changes in the borrowings and its prevailing interest rates.
8. There are no changes to the accounting policies normally adopted in the preparation of the financial statements of Hub Media.
9. There will be no material capital expenditure during the period of the Profit Projection.

8.3 Rule 1013(1)(c)

The manner and amount of compensation to be paid by the vendor in the event that the profit guarantee or the profit forecast is not met and the conditions precedent, if any, and the detailed basis for such a compensation

In the event that Hub Media fails to meet the Profit Projection (“**Profit Shortfall**”), the Moratorium Consideration Shares will not be released to the Vendor in full. In such event, the Moratorium Consideration Shares will be partially released based on the formula set out in paragraph 1 above. The Purchaser shall have the right to sell the unreleased portion of the Moratorium Consideration Shares as it deem fit and direct the proceeds from such sale to the Company. In the event such sale proceeds is not sufficient to meet the Profit Shortfall, the Vendor shall pay for the difference between the Profit Shortfall and the actual net sale proceeds derived from such sale within one month from the date of ascertaining the difference between such sale proceeds and the Profit Shortfall.

8.4 Rule 1013(1)(d)

The safeguards put in place (such as the use of a banker's guarantee) to ensure the issuer's right of recourse in the event that the profit guarantee or the profit forecast is not met, if any.

As mentioned above, 33% of the Consideration Shares will be under moratorium and will be released only upon Hub Media fulfilling the Profit Projection.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company (other than in their capacity as director or shareholders of the Company) has any interest, direct or indirect, in the Acquisition.

No director is proposed to be appointed to the Company in connection with the Acquisition.

10. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 22 Cross Street #03-54/61, South Bridge Court, China Square Central, Singapore 048421, for three months from the date of this announcement.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
4 June 2014