

MM2 ASIA LTD.

(Company Registration No. 201424372N)
(Incorporated in Singapore)

PROPOSED ACQUISITION OF INTEREST IN THE SHARES IN THE SHARE CAPITAL OF THE TARGET HOLDING COMPANY

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 the announcement released by the Company on 3 February 2016 (the “**Previous Announcement**”). Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the Previous Announcement.
- 1.2 The Directors are pleased to announce that the Company has on 12 May 2016 entered into a sale and purchase agreement (the “**SPA**”) with the Vendors in relation to the proposed acquisition of such number of shares in the Target Holding Company (as defined below), collectively representing 51% of the entire issued and paid-up share capital of the Target Holding Company (the “**Proposed Acquisition**”).
- 1.3 Notwithstanding the terms of the Term Sheet, the Parties have now agreed pursuant to the SPA that the Vendors shall undertake a restructuring of the Target Companies (the “**Restructuring**”) by incorporating a new company, to be named **UnUsUaL Pte. Ltd.**, for the purpose of holding all the shares in the Target Companies (the “**Target Holding Company**”). Pursuant to the Restructuring, the Vendors will transfer, or procure the transfer of, all their shares in the Target Companies (the “**Target Sale Shares**”), collectively representing 100% of the entire issued share capital of each of the Target Companies, to the Target Holding Company so that the Target Holding Company shall become the sole shareholder of each of the Target Companies. The Proposed Acquisition is on a zero current asset and zero current liabilities basis of each of the UnUsUaL Group Companies.
- 1.4 Completion of the SPA shall take place on the earliest date as may be mutually agreed between the Parties, such date falling no later than three (3) months from the date of the SPA. Upon completion of the SPA, the Target Holding Company will become a direct subsidiary of the Company, and each of the Target Companies will become an indirect subsidiary of the Company.

2. INFORMATION ON THE TARGET COMPANIES

- 2.1 The Target Companies are engaged in the business of event and concert production and are known for their ability to deliver a total technical production that has enabled them to organise various world-class events and to successfully be involved in the arts and drama scene.
- 2.2 Target Company 1 and Target Company 5 and their respective teams of skilled technicians and operation crew provide audio, staging and lighting design and technical solutions for a diverse range of events, such as concerts, product launches, exhibitions and festivals. Target Company 2 and Target Company 4 provide marketing and promotional services for concerts of famous Hong Kong and Taiwanese artistes held in the region while Target Company 3 manages the MAX Pavillion at Singapore Expo, a venue at which many concerts and events are held.

3. CONSIDERATION FOR THE PROPOSED ACQUISITION

3.1 The consideration for the sale of the Target Sale Shares shall be an aggregate amount of up to S\$26,000,000 (the “**Consideration**”).

3.2 The Consideration shall be paid by the Company to the Vendors, in accordance with the following:

- (i) **Sign-on Fee:** The Company shall within sixty (60) days from the date of the SPA, pay in aggregate to the Vendors (or their respective nominees), in equal proportions, S\$6 million in cash (the “**Sign-on Fee**”). For the avoidance of doubt, each of the Vendors severally and jointly, unconditionally and irrevocably undertakes to, and, if applicable, shall procure that each of their nominees severally and jointly, unconditionally and irrevocably undertakes to, return the entirety of the Sign-on Fee to the Company without any interest in the event that (a) the Sign-on Fee is paid to the Vendors (or their respective nominees) before Completion occurs, and (b) Completion fails to occur due to any reason whatsoever;
- (ii) **First Tranche Payment:** The Company shall within thirty (30) days from the date of the audited financial statements of the UnUsUaL Group for Year 1, pay in aggregate to the Vendors (or their respective nominees), in equal proportions, (a) up to S\$4 million in cash and such number of Consideration Shares to be determined by dividing S\$6 million by the Issue Price, or (b) up to S\$10 million in cash in accordance with the following formula:

$$\text{First Tranche Payment} = \frac{\text{Aggregate NPAT for Year 1}}{\text{S\$5 million}} \times \text{S\$10 million}$$

For the avoidance of doubt, the maximum amount that may be paid under the First Tranche Payment shall be S\$10 million. No additional payment shall be made to the Vendors in the event that the Aggregate NPAT for Year 1 exceeds S\$5 million.

- (iii) **Second Tranche Payment:** The Company shall within thirty (30) days from the date of the audited financial statements of the UnUsUaL Group for Year 3:
 - (a) if the Actual Aggregate Three-Year NPAT is equal or more than the Target Aggregate Three-Year NPAT, pay and/or issue to the Vendors (or their respective nominees), in equal proportion, (i) S\$10 million in cash, or (ii) such number of Consideration Shares, to be determined by dividing S\$10 million by the Issue Price; and
 - (b) if the Actual Aggregate Three-Year NPAT is less than the Target Aggregate Three-Year NPAT, pay and/or issue to the Vendors (or their respective nominees), in equal proportion, (i) the amount computed in accordance with the following formula (“**Adjusted Tranche Payment**”) in cash, or (ii) such number of Consideration Shares, to be determined by dividing the Adjusted Tranche Payment by the Issue Price.

$$\text{Adjusted Tranche Payment} = \frac{A}{T} \times C$$

where:

A = Actual Aggregate Three-Year NPAT

T = Target Aggregate Three-Year NPAT

C = S\$10 million,

provided always that where Consideration Shares are to be issued to satisfy part of the Consideration, the issuance of such Consideration Shares shall always be subject to SGX-ST granting in-principal approval for the listing and quotation of such Consideration Shares.

(iv) **Accelerated Payment:** Notwithstanding paragraphs 3.2(i), 3.2(ii) and 3.2(iii) above, in the event:

- (a) any of the UnUsUaL Group Companies is listed on a recognised stock exchange, including but not limited to the SGX-ST;
- (b) the Company disposes of their interest in any of the UnUsUaL Group Companies save for any restructuring in connection with the proposed listing of any of the UnUsUaL Group Companies; and/or
- (c) the Company enters into a sale and purchase agreement relating to the proposed acquisition of a controlling interest in the Company,

the Company shall within thirty (30) days from the date of any of the events in paragraphs 3.2(iv)(a) to 3.2(iv)(c) above pay in aggregate to the Vendors (or their respective nominees), in equal proportions, S\$26 million less any amounts paid pursuant to paragraphs 3.2(i) to 3.2(iii) and pursuant to such other relevant provisions in the SPA, in cash.

3.3 The following definitions shall apply for the purpose of this announcement:

- (i) **“Actual Aggregate Three-Year NPAT”** means the actual aggregate NPAT achieved by the UnUsUaL Group for Year 1, Year 2 and Year 3 on a consolidated basis;
- (ii) **“Aggregate NPAT”** means the actual aggregate NPAT achieved by the UnUsUaL UnUsUaL Group (on a consolidated basis) or by the Target Companies, as the case may be, in any financial year;
- (iii) **“Consideration Shares”** means such number of new ordinary shares in the capital of the Company, to be issued at the Issue Price and credited as fully-paid;
- (iv) **“UnUsUaL Group”** means the UnUsUaL Group Companies, taken as a whole;
- (v) **“UnUsUaL Group Companies”** means the Target Holding Company and the Target Companies and **“UnUsUaL Group Company”** means any one of them;
- (vi) **“Issue Price”** means the price at which each Consideration Share shall be issued to the Vendors (or its nominee), such price being the weighted average price for trades done on the SGX-ST over the last twenty (20) market days immediately preceding the date of the issuance of the Consideration Shares;
- (vii) **“NPAT”** means net profits after tax excluding non-recurring exceptional items and

extraordinary items;

- (viii) **“Target Aggregate Three-Year NPAT”** means the aggregate of the Year 1 Target NPAT, Year 2 Target NPAT and Year 3 Target NPAT of S\$15 million, to be achieved by the UnUsUaL Group;
- (ix) **“Year 1”** means the UnUsUaL Group’s financial year ending 31 December 2016;
- (x) **“Year 2”** means the UnUsUaL Group’s financial year ending 31 December 2017;
- (xi) **“Year 3”** means the UnUsUaL Group’s financial year ending 31 December 2018;
- (xii) **“Year 1 Target NPAT”** means S\$5 million;
- (xiii) **“Year 2 Target NPAT”** means S\$5 million; and
- (xiv) **“Year 3 Target NPAT”** means S\$5 million.

3.4 The Consideration was arrived at on a willing buyer, willing seller basis, taking into account, *inter alia*, the following:

- (i) the future growth potential of the Target Companies; and
- (ii) the existing and potential new customer base of the Target Companies.

There was no independent valuation conducted for the Target Sale Shares.

Based on the unaudited management accounts of the Target Companies for the financial year ended 31 December 2015 (“**FY 2015**”), the book value and net asset value of the Target Companies was as follows:

- (a) Target Company 1 – approximately S\$1,380,262;
- (b) Target Company 2 – approximately S\$918,393;
- (c) Target Company 3 – approximately S\$415,563;
- (d) Target Company 4 – approximately nil; and
- (e) Target Company 5 – approximately S\$173,772.

4. MATERIAL CONDITIONS PRECEDENT OF THE SPA

Completion of the Proposed Acquisition is conditional on, *inter alia*, the following being fulfilled:

- 4.1 the completion of the Restructuring to the satisfaction of the Company including the passing of the relevant resolutions of the UnUsUaL Group Companies to approve the transfer of the Sale Shares (Companies) to the Target Holding Company and such transfers (including registration thereof) being in compliance with the Applicable Laws and constitution of the respective Companies;
- 4.2 where the terms of any contract contains any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of any UnUsUaL Group Company or includes any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA, written confirmation in a form and on terms (if any) satisfactory to the Company by the counterparties thereto, of the giving of such approval or consent in relation to any such change arising from the transactions under the SPA or waiver of such

restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate;

- 4.3 the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the Acquisition or such other transactions under the SPA having been obtained from appropriate governments, governmental, courts or other regulatory bodies on terms satisfactory to the Company and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;
- 4.4 there being no material adverse change in the nature, conduct, assets, position (financial or trading), profits or prospects of the UnUsUaL Group Companies and no contract, licence or financial agreement that is material to the UnUsUaL Group Companies being terminated, revoked or having its terms materially and adversely amended;
- 4.5 a lease agreement (on terms satisfactory to the Company) having been entered into between each of the Vendors or such entity appointed by the Vendors and the UnUsUaL Group Companies in respect of the premises on which the UnUsUaL Group Companies operate their business;
- 4.6 the Aggregate NPAT of the Target Companies for the financial year ended 31 December 2015 is not less than S\$4 million pursuant to the audited financial statements of the Target Companies for the financial year ended 31 December 2015; and
- 4.7 receipt of all consents and approvals required under any and all applicable laws or from any governmental agency, regulatory authority or third party, including the SGX-ST and the shareholders of the Company, which may be necessary or desirable in respect of the Proposed Acquisition and any other matter contemplated under this Agreement

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Directors are of the view that the Target Companies' business of event and concert promotion will complement the Group's existing business of film production and distribution, unlocking opportunities regionally and in the entertainment value chain. The Proposed Acquisition is expected to synergise with the Group's core business and unlock added revenue streams and is part of the Group's strategy to diversify revenue streams across various markets in order to strengthen the Group's operation and financial position.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES

- 6.1 Under Chapter 10 of the Catalist Rules, transactions which are classified under any of the four categories specified in Rule 1004 of the Catalist Rules will trigger certain obligations on the Company.
- 6.2 The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition are as follows:

Listing Rule	Content	Business	Group	Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable		
1006(b)	The net profits attributable to the assets acquired, compared with the Group's net	S\$4,745,495 ⁽²⁾	S\$5,415,919 ⁽³⁾	Not applicable ⁽⁴⁾

	profits. ⁽¹⁾			
1006(c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	S\$26,000,000	S\$243,769,557 ⁽⁵⁾	10.67%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	11,135,857 ⁽⁶⁾	452,430,506	2.46%
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable		

Notes

- Pursuant to Rule 1002(3)(b) of the Catalist Rules, "**net profit**" means profit or loss before income tax, minority interests and extraordinary items.
- Based on the UnUsUaL Group's latest unaudited consolidated management accounts full year profit before income tax, minority interests and extraordinary items for the financial year ended 31 December 2015 ("FY2015") of S\$4,745,495.
- As the Group's audited accounts for FYE March 2016 is under Black out period, and due to be announced soon, we have provided the Group's latest unaudited announced consolidated half year profits before income tax, minority interests and extraordinary items for the financial period ended 30 September 2015 ("HY2016") of S\$5,415,919.
- Pursuant to Note 3, as the Group's audited accounts for FYE March 2016 is under Black out period and due to be announced soon no comparative figure is done and the information will be provided as soon as the Group's audited accounts are released.
- The market capitalisation of the Company, determined by multiplying the 452,430,506 Shares in issue as at the date of this announcement by the weighted average price of the Company's shares of approximately S\$0.5388 on 11 May 2016, which is the market day preceding the date of the SPA.
- The number of Consideration Shares to be issued by the Company is determined by the agreed payment in shares of S\$6,000,000, dividing by the weighted average price of the Company's shares on the market day preceding the date of the SPA, due to the weighted average price for trades done on the SGX-ST over the last twenty (20) market days immediately preceding the date of the issuance of the Consideration Shares is currently not available.

6.3 Classification

As all the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a "Discloseable Transaction" under Chapter 10 of the Catalist Rules.

As the Consideration for the Proposed Acquisition will be satisfied partly by the allotment and issuance of the Consideration Shares for which listing is being sought, the Company is obliged to announce the Proposed Acquisition pursuant to Rule 1009 of the Catalist Rules, stating the information required under Part VI of Chapter 10 of the Catalist Rules.

As the Proposed Acquisition contemplates the Company's venture into the business of event and concert production, the Proposed Acquisition is a potential diversification of the Company's existing business which may or may not change the risk profile of the Company. Accordingly, the Company will be obtaining the shareholders' approval for the Proposed Acquisition at an extraordinary general meeting to be convened.

7. SOURCES OF FUNDS

The Proposed Acquisition shall be satisfied partly by way of cash from the Group's internal sources of funds and partly, by the allotment and issuance of Consideration Shares.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Acquisition taken as a whole are set out below. The pro forma financial effects have been prepared based on the announced consolidated financial statements of the Group for HY2016, being the most recently announced financial period, and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Acquisition.

8.2 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the Group's NTA per share, assuming that the Proposed Acquisition had been completed on 30 September 2015, being the end of the most recently announced financial period ("HY2016"), are set out below:

	As at 30 September 2015 ⁽¹⁾	
	Before the Proposed Acquisition	After the Proposed Acquisition
NTA	S\$23,307,373	S\$26,193,463
Number of Shares	452,430,506	463,566,363
NTA per Share	5.15	5.65

Notes:

1. Based on the Group's latest unaudited announced consolidated half year NTA for the financial period ended 30 September 2015 ("HY2016") as the full year result for the year ended 31 March 2016 is due for announcement soon.

8.3 EPS

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the consolidated earnings of the Group, assuming that the Proposed Acquisition had been completed on 1 April 2015, being the start of the most recently announced financial year ("HY2016"), are set out below:

	As at 1 April 2015	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition ⁽²⁾

Profits attributable to Shareholders (after minority interests)	S\$4,018,086	S\$5,041,867
Number of Shares	452,430,506	463,566,363
Earnings per Share (cents)	0.89	1.09

Notes:

1. Based on the Group's latest unaudited announced consolidated half year profits attributable to shareholders (after minority interests) for the financial period ended 30 September 2015 ("HY2016") due to full year result for the year ended 31 March 2016 is due for announcement soon.
2. Based on the UnUsUaL Group's latest unaudited consolidated management accounts full year profits attributable to shareholders (after minority interests) for the financial year ended 31 December 2015 ("FY2015"), apportioned into half year profits for comparative figures.

9. LISTING AND QUOTATION NOTICE

Subject to completion of the SPA, the Company will be making an application to the SGX-ST, through its sponsor, Hong Leong Finance, for the listing and quotation for the Consideration Shares on Catalist in accordance with the payment schedule in paragraph 3.2 of this announcement. The Company will make the necessary announcements upon receipt of the LQN from the SGX-ST.

10. SERVICE AGREEMENTS

The Company will not appoint any person to the board of the Company in connection with the Proposed Acquisition.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests in the Company, if any, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA are available for inspection at the registered office of the Company at 1002 Jalan Bukit Merah #07-11, Singapore 159456 during normal business hours.

13. 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 Acquisition, 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.

13. CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Proposed Acquisition is subject to conditions precedents being fulfilled and there is no certainty or assurance that the SPA will be completed or that no changes will be made to the terms of the SPA. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

By Order of the Board

Melvin Ang Wee Chye
Chief Executive Officer and Executive Director
12 May 2016

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.