



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

PROPOSED ACQUISITION OF STAKE IN GOLDEN VILLAGE CINEMA BUSINESS IN SINGAPORE – SIGNING OF CONDITIONAL SHARE SALE AND PURCHASE AGREEMENT FOR THE PROPOSED ACQUISITION OF SHARES IN DARTINA DEVELOPMENT LIMITED

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of mm2 Asia Ltd. (the "**Company**", and, together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 19 May 2017 in relation to the Company's discussions with Village Cinemas Australia Pty Ltd (the "**Seller**") for the purchase by the Group of the Seller's entire stake in Dartina Development Limited ("**Dartina**") which comprises 50% of the issued share capital of Dartina (the "**Sale Shares**") (the "**Proposed Acquisition**").
- 1.2 The Board wishes to announce that the Company has today entered into a conditional Share Sale and Purchase Agreement (the "**SPA**") with the Seller in respect of the Proposed Acquisition.

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on Dartina

Dartina is an investment holding company incorporated in Hong Kong which holds, through its Singapore incorporated subsidiaries (the "**Singapore Subsidiaries**", and together with Dartina, the "**Transaction Entities**"), the Golden Village Cinema business in Singapore.

Based on the unaudited combined financial statements of the Singapore Subsidiaries for the financial year ended 31 December 2015 (being the latest publicly available financial statements of the Singapore Subsidiaries), the aggregate net tangible asset ("**NTA**") value of the Singapore Subsidiaries attributable to the Sale Shares as at 31 December 2015 was S\$33,905,523 and the net profit of the Singapore Subsidiaries attributable to the Sale Shares for the financial year ended 31 December 2015 amounted to S\$25,117,929. No independent valuation was conducted on Dartina.

2.2 Information on the Seller

The Seller is a private company limited by shares incorporated in Australia and is a wholly-owned subsidiary of Village Roadshow Limited, a company listed on the Australian Securities Exchange.

2.3 Rationale for and benefits of the Proposed Acquisition

The Proposed Acquisition is a strategic investment by the Group in line with the Group's overarching strategy to further strengthen its presence in the downstream value chain of film distribution. The Company believes the Proposed Acquisition will complement its current cinema operations in Malaysia and provide a source of recurring income to the Group.

Having considered the terms of the Proposed Acquisition and based on the benefits of the Proposed Acquisition to the Group, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company.

2.4 Principal terms of the Proposed Acquisition

2.4.1 Purchase consideration

The purchase consideration payable by the Company is estimated to be S\$184,253,623, being a 10.5 multiple of the aggregate earnings of the Singapore Subsidiaries before interest, taxes, depreciation and amortisation for the period ended 31 December 2016 (the "**Purchase Consideration**"). The Purchase Consideration was arrived at on a willing buyer willing seller basis.

The Purchase Consideration will be paid in cash, subject to and in accordance with the following:

- (i) within 2 business days from the execution of the SPA, the Company shall pay to Thomson Geer Lawyers (the Escrow Agent) a deposit of S\$8,000,000 (the "**Deposit**") by way of bank cheque or electronic funds transfer; and
- (ii) the balance of the Purchase Consideration at completion of the SPA ("**Completion**").

2.4.2 Conditions Precedent

Completion is subject to the following conditions precedent being satisfied or waived:

- (a) the Seller having complied with all of its obligations under the shareholders agreement (the "**Shareholders Agreement**") existing between the Seller and Golden Screen Limited ("**Golden Screen**"), a company incorporated in Hong Kong that holds the other 50 per cent of the issued share capital of Dartina;
- (b) the Seller receiving from The Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**") (to the Seller's satisfaction) either (i) HSBC's written consent for the Seller to complete the sale of the Sale Shares; or (ii) HSBC's written confirmation that the Singapore Subsidiaries are no longer indebted to HSBC;
- (c) Golden Screen having approved the Company in accordance with clause 16.6 of the Shareholders Agreement;
- (d) the Company having provided such evidence as the Seller may reasonably require to demonstrate that the Company will have the financial resources to complete the purchase of the Sale Shares in accordance with the terms of the SPA;
- (e) no landlord of a property lease under which a Transaction Entity holds a leasehold interest in a property ("**Property Lease**") has terminated or threatened to terminate that Property Lease;
- (f) there has been no event or circumstance occurring from the period commencing on the date of signing of the SPA until Completion which:
 - (i) relates to the Business (as defined below) of any of the Transaction Entities, or which relates to the cinema industry in Singapore; and (ii) results in a material reduction in the value of the Sale Shares,

except where:

- (iii) the fact that such event or circumstance has occurred (or that there is a likelihood that it will occur) is specifically and fairly disclosed to the Company under the disclosure letter (which was today provided to the Company); or
- (iv) the event or circumstance relates to:
 - (A) changes in national or international financial markets or general economic conditions generally affecting other companies in the same industry (other than changes which relate specifically (and solely) to the cinema industry in Singapore);

- (B) changes or disruption to national or international political conditions generally affecting other companies in the same industry (other than changes which relate specifically (and solely) to the cinema industry in Singapore); or
 - (C) changes in industry, laws, regulations or accounting policies generally affecting other companies in the same industry (other than changes which relate specifically (and solely) to the cinema industry in Singapore);
- (g) either:
- (i) Golden Screen delivering to the Seller a counterpart of a new shareholders agreement to be executed between Golden Screen and the Company; or
 - (ii) the Company delivering to the Seller a counterpart of the deed of accession to the Shareholders Agreement duly executed by the Company; and
- (h) the Company, having obtained all necessary approvals from its shareholders ("**Shareholders**") as required for Completion,
- (each a "**Condition Precedent**").

For the purpose of this Announcement, "**Business**" means the business of acquiring, developing, constructing, managing or operating cinema complexes in Singapore.

2.4.3 Completion

If one or more Conditions Precedents are not satisfied or waived by (i) 5.00pm on 21 July 2017; or (ii) such other date as is agreed by the Parties in writing, the SPA will automatically terminate, unless otherwise mutually agreed between the Company and the Seller (the "**Parties**"), except that if the Condition Precedent set out in paragraph 2.4.1(d) above is not satisfied or waived by the Seller by (i) 5.00pm on 21 June 2017; or (ii) such other date as is agreed by the Parties in writing, the SPA will automatically terminate, unless otherwise mutually agreed between the Parties.

2.5 Current business and operations

The Company is supportive of the current management, business and operations of the Golden Village Cinema business in Singapore.

3. SOURCE OF FUNDS

The Proposed Acquisition will be funded by a combination of bank borrowings, internal cash resources as well as proceeds from fund raising exercises to be undertaken by the Company. The Company will update Shareholders on any material developments and will make such necessary announcements as and when appropriate.

4. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION

4.1 Relative figures under Rule 1006 of the Catalyst Rules

For purposes of Chapter 10 of the Listing Manual, Section B: Rules of Catalyst (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited and based on (i) the latest announced consolidated financial statements of the Group for the financial year ended 31 March 2017 ("**FY2017**") and (ii) aggregated figures derived from the unaudited combined financial statements of the Singapore Subsidiaries for the financial year ended 31 December 2015 (being the latest publicly available financial statements of the Singapore Subsidiaries), the relative figures under Rule 1006 of the Catalyst Rules are as follows:

Listing Rule	Content	Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable
1006(b)	The net profits ⁽¹⁾ attributable to the assets acquired, compared with the Group's consolidated net profits.	48.50%
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	28.06% ⁽²⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
1006(e)	The aggregate volume or amount of proven and probable reserves to be acquired, compared with the aggregate of the Group's proven and probable reserves.	Not applicable

Notes:

- (1) "Net profits" means profit before income tax and minority interests.
- (2) The market capitalisation of the Company, determined by multiplying the 1,048,740,820 shares in issue as at the date of this announcement by the weighted average price of the Company's shares of approximately S\$0.6262 on 12 June 2017, which is the market day preceding the date of the SPA.

4.2 In order to provide more information to the Shareholders, the Company will be convening an Extraordinary General Meeting to obtain the approval of the Shareholders for the Proposed Acquisition and other related corporate actions.

5. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the Proposed Acquisition are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the Proposed Acquisition. The figures presented below are based on (i) the Group's latest announced consolidated financial statements for FY2017 and (ii) aggregated figures derived from the unaudited combined financial statements of the Singapore Subsidiaries for the financial year ended 31 December 2015 (being the latest publicly available financial statements of the Singapore Subsidiaries).

Effects on net tangible assets

Had the Proposed Acquisition been effected on 31 March 2017, the financial effect on the net tangible assets ("NTA") of the Group for FY2017 is as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	48,746	233,000
Number of issued shares (excluding treasury shares)	1,048,740,820	1,048,740,820
Net tangible assets per share (Singapore cents)	4.65	22.22

Effects on earnings

Had the Proposed Acquisition been effected on 1 April 2016, the financial impact on the effect on the Company's earnings per share for FY2017 is as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Net profit attributable to shareholders after tax and minority interests (S\$'000)	18,816	29,360
Weighted average number of issued shares (excluding treasury shares)	1,048,740,820	1,048,740,820
Earnings per shares (Singapore cents)	1.79	2.80

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Company or the Group after Completion of the Proposed Acquisition.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than their respective shareholding interests in the Company, if any).

7. SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Acquisition. As such, no service agreements will be entered into with any new director of the Company in connection with the Proposed Acquisition.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 1002 Jalan Bukit Merah #07-11, Singapore 159456 for a period of three months from the date of this announcement.

9. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to keep Shareholders informed, as and when there are further updates or developments in due course.

10. 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 Acquisition, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in 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.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's shares, as there is no certainty that Completion will take place. In the event of any doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Melvin Ang Wee Chye
Executive Chairman
13 June 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (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.