



mm2 Asia Ltd.

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Press Release

MM2 ASIA'S HY2017 NET PROFIT ROSE 97% TO S\$8.9 MILLION

1. *Group revenue increased by 175.6% to S\$35 million, with core business revenue increasing by 104.7% to S\$21.7 million.*
2. *Expects higher contribution to revenue from production work in North Asia.*

SINGAPORE, 14 November 2016 – mm2 Asia Ltd. (“mm2 Asia”, “mm2 全亚影视娱乐有限公司” or collectively with its subsidiaries, the “Group”), is pleased to announce its financial results for the half year ended 30 September 2016 (“HY2017”), its net profit rose 97% to S\$8.9 million.

Commenting on the FY2016 results, mm2 Asia CEO, Mr Melvin Ang (洪伟才) said: ***“We have made significant progress in terms of both organic and inorganic growth in our HY2017 results. Our acquisitions have started to contribute and drive us to the next level. We have also expanded into the North Asia markets, and with the scale of these productions due to the market size, we envisage a larger contribution from these markets going forward. We are also progressively expanding our cinema operations. When the proposed acquisition of 13 new cinema locations in Malaysia is completed, it will make us the fourth largest cinema operator in that market.”***

FY2016 Financial Highlights

In S\$'million unless otherwise stated	HY2017	HY2016	Change
Revenue	35.0	12.7	175.6%
Gross Profit	19.8	8.4	135%
Gross Margin	56.4%	66.1%	-14.7%
Profit before tax	10.9	5.4	101.9%
Profit after tax	8.9	4.5	97.8%

Performance Review

The Group's HY2017 revenue increased by 175.6% to S\$35.0 million from S\$12.7 million for the half year ended 30 September 2015 ("HY2016"). This increase was due primarily to the additional revenue generated from a newly acquired subsidiary, the UnUsUaL Pte Ltd. ("UnUsUaL"), as well as additional revenue generated from its cinema operations business.

UnUsUaL involved in event and concert promotion, has contributed S\$5.2 million in revenue for HY2017, while the cinema operations business added S\$6.1 million in revenue. The Group's core business also saw a 104.7% increase in revenue from S\$10.6 million in HY2016 to S\$21.7 million in HY2017. Consequently, the Group's HY2017 gross profit increased by 135.7% from S\$8.4 million in HY2016 to S\$19.8 million in HY2017.

The Group had an increase of 186.7% in general and administrative expenses, which went from S\$3.0 million in HY2016 to S\$8.6 million in HY2017. The increase was due to higher employee compensation costs as a result of higher headcount resulting from the Group's expansion as well as the acquisition of the cinema business in the period under review. There was also an increase in rental expenses of S\$1.1 million, mainly due to the new cinema operations business.

Finance costs also increased to S\$313,000 in HY2017, mainly as a result of additional interest expenses for new exchangeable notes and finance costs from additional bank borrowings and finance lease liabilities taken up during the period.

As a result, the net profit for HY2017 increased by 97.8% to S\$8.9 million from S\$4.5 million in HY2016. This translates into a net profit attributable to shareholders of S\$7.8 million for HY2017.

Business Outlook

The Group continues to harness its capabilities to offer services over the integrated production and distribution process for movies and TV/online content to address the demand for locally produced content in Singapore and Malaysia. The Group is expanding to develop into an Asian based content creation and entertainment company both within and outside the area, with the attainment of an increasing number of regional titles for distribution and a significant growth in the number of productions and co-productions in Singapore, Malaysia, Hong Kong, Taiwan, Beijing and Shanghai.

Productions in North Asia contributed approximately 71% of the Group's production revenue in HY2017, which was a significant increase from 21% previously. Productions from these markets are expected to form a larger slice of revenue in the coming financial year with the aim of increasing North Asian productions to access the China entertainment market.

In HY2017, the Group completed the acquisition of business assets from Mega Cinemas Management Sdn Bhd. The Group now owns and operates a total of five cinemas in Malaysia, allowing them to gain entry into the film exhibition space which will help to further strengthen their network of international film producers and distributors. The financial results of cinema operations in the last three months were included in the HY2017 consolidated financial statement and recorded 17% of the Group's total revenue. The Group expects to grow its cinema operations business in Malaysia while looking at similar opportunities in Singapore and China to strengthen the Group's image as a content creator and cinema operations business in the Asian Movie Industry.

The Group's new subsidiary, UnUsUaL made a substantial contribution of 15% to the Group's HY2017 revenue in just two months after the completion of its acquisition. With UnUsUaL's strong presence in Asia and a network of regional artists with whom they have worked with, it not only provides additional revenue for the Group but also synergises with the Group's focus on the Chinese speaking entertainment market and continuing growth in North Asia.

The Group will also aggressively expand in the area of new media content. Its majority stake in MM2 View Pte Ltd and with an Over-the-top ("OTT") content platform under development puts it

in good position to produce, distribute and exhibit transmedia content and enter new market segments.

For the full financial year ended 31 March 2017 (“FY2017”), the Group will continue to seek opportunities to expand the business in areas that complement its core business of regional film production and distribution, in order to further strengthen its financial performance.

“We are making good progress to carry through our vision to become a global lifestyle entertainment player. Our core business of movie production and distribution is now bolstered by our post-production, cinema operations, and event and concert promotion businesses. The team is working hard on our OTT platform and hope to produce, distribute and exhibit new transmedia content, as well as enter new market segments.”

Mr Ang concluded.

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Note to media: Please read this press release in conjunction with the Company’s announcement released on the SGXnet on the same date.

About mm2 Asia Ltd.

Headquartered in Singapore, mm2 Asia is a producer of films and TV/online content. As a producer, mm2 Asia provides services that cover the entire filmmaking process, including securing financing, producing and distributing as well as securing advertising and sponsorship.

mm2 Asia further strengthened its competitive advantage through acquiring a majority stake in local 3D animation company, Vividthree Productions, and event and concert production company, UnUsUaL Group of Companies. The Group also established its own cinema chain, mmCineplexes, through the ownership of five cineplexes in Malaysia.

In addition to Singapore, mm2 Asia also has a presence in Malaysia, Hong Kong, Taiwan and the PRC through its group of companies and/or strategic working partnerships. mm2 Asia has co-produced and/or distributed over 80 films across Asia since 2008 including co-producing well-known films such as the ‘Ah

Boys to Men' and 'Long Long Time Ago' series; and distributing titles such as Malaysia's 'The Journey' and Taiwan's 'Café.Waiting.Love'.

In 2014, mm2 Asia made its debut on the Singapore Exchange Securities Trading Limited (SGX stock code: 1B0), becoming the first Singapore film production company to achieve this.

For more information, please visit www.mm2asia.com.

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