



YUUZOO CORPORATION LIMITED

(Company Registration No:36658)

(Incorporated in Bermuda)

PROPOSED EQUITY INVESTMENT IN RELATIVITY HOLDINGS LLC, AN INDEPENDENT MOVIE STUDIO AND ENTERTAINMENT GROUP

1. INTRODUCTION

The board of directors (the “**Board**”) of Yuuzoo Corporation Limited (the “**Company**”) wishes to announce that the group has entered into a term sheet and a letter of intent (collectively known as the “**Agreements**”), dated 28 October 2016 with Relativity Holdings LLC (“**Relativity**”) to make a minimum equity investment of fifty million US Dollars (USD50,000,000) and up to hundred and fifty million US Dollars (US\$150,000,000) (the “**Equity Investment**”).

The parties acknowledge and agree that the Agreements constitute a binding agreement to conclude the transaction subject to satisfaction of conditions precedent set forth in the term sheet. The parties agreed on completing long form documentation (the “**Long Form Agreements**”), including a subscription agreement mentioning the terms and conditions as set forth in the Agreements, and containing such additional terms and conditions as are customary for transactions of this type, provided that until and unless such Long Form Agreements are completed the existing Agreements will govern the transaction and remain fully binding.

2. INFORMATION ON RELATIVITY

Relativity was incorporated on 9 December 2008 under the laws of the state of Delaware as a limited liability company. Relativity is engaged in the development, production, financing, and distribution of feature films and television programs.

Relativity Media LLC, Relativity Capital Holdings LLC, Relativity Media Holdings I LLC, Beverly Blvd LLC, Relativity Productions LLC, Relativity Distribution LLC, Relativity Real LLC, Relativity Rogue LLC, Relativity Jackson LLC, Relativity Sports Management LLC, Relativity Sports LLC, Relativity BAU, Madvine, Relativity Digital, Netflix Rent-A=System, Relativity Music Group, Relativity EuropaCorp Distribution and Sky Land Entertainment Limited are wholly-owned or controlled subsidiaries of Relativity.

Relativity Media LLC (<http://relativitymedia.com>) is headquartered in Beverly Hills, California, USA. It was founded in 2004 by Lynwood Spinks and Ryan Kavanaugh, who still serves as the CEO of the Company.



Relativity Studios, the Company's largest division, has produced, distributed or structured financing for more than 200 motion pictures, generating more than \$17 billion in worldwide box-office revenue and earning 60 Oscar nominations.

3. PARTICULARS OF THE ASSETS TO BE ACQUIRED, THEIR VALUATION AND NET PROFITS ATTRIBUTABLE TO THE ASSETS BEING ACQUIRED

The Company will be issued class-A preferred shares (the "**Preferred Units**") of Relativity. The Preferred Shares will be senior to all other existing units of equity of Relativity. Following the Initial Equity Investment, the Company will own 33.3% of Relativity.

4. RATIONALE FOR AND BENEFITS OF THE EQUITY INVESTMENT

The proposed Equity Investment is in line with the Company's business strategy to add high quality media content for distribution through the Company's "YuuZoo" social e-commerce platform and for online and mobile payments to be made using the Company's "YuuPay" payment system. The Company has a global partnership and franchisee network covering 68 countries with more than 4 billion consumers, through which network the company will distribute the content and use its payment platform to collect the payments.

5. PRINCIPAL TERMS OF THE PROPOSED EQUITY INVESTMENT

5.1 Consideration

The Company will invest a minimum of fifty million US Dollars (US\$50,000,000) and up to hundred and fifty million (US\$150,000,000) in Relativity (the "**Consideration**").

- An initial minimum of twenty seven million five hundred thousand US Dollars (US\$27,500,000) (the "**Initial Investment**") will be paid based on the following schedule:
 - Five million (US\$5,000,000) will be put into an escrow account which will be treated as the first payment for the Initial Investment (the "**Deposit**"). If the Conditions Precedent as defined below are not met, the Deposit is returned to the Company.
 - Twenty two million five hundred thousand US Dollars (US\$22,500,000) will be paid within 21 days from the signing of the Agreement, subject to Conditions Precedent.
- An additional investment (the "**Additional Investment**") of twenty two million five hundred thousand (US\$22,500,000) will be paid in tranches over five (5) months, subject to the Initial Investment having been made. The Company has the right to use any combination of cash or ordinary shares in the Investor's listed securities for the Additional Investment.
- For a period of one (1) year following the Closing Date (as defined below), the Company may elect to invest up to an additional hundred million US Dollars (US\$100,000,000)



stake in Relativity, provided such investment will obtain an equity stake as follows, if any such investment is made:

- Within six months of the Closing Date (as defined below), any investment shall be calculated in accordance with pre-money valuation of Relativity being hundred million US Dollars (US\$100,000,000);
- After six months from Closing Date (as defined below), but within one year of the Closing date, any investment shall be calculated in accordance with the pre-money valuation of Relativity being hundred fifty million US Dollars (US\$150,000,000); and
- After one year from Closing Date (as defined below), but within two years of the Closing Date (as defined below), any investment shall be calculated in accordance with the pre-money valuation of Relativity being two hundred million US Dollars (US\$200,000,000).

The Consideration was arrived at pursuant to arm's length negotiations between the Company and Relativity on a willing-buyer, willing-seller basis, after taking into account the financial position of Relativity and its working capital requirements.

The Consideration will be funded by a combination of debt financing and/or other fund raising exercise to be carried out by the Company.

5.2 Board Seat

Following the Initial Equity Investment, the Company will be entitled to one board seat out of three seats at the board of directors of Relativity.

5.3 Exclusivity, distribution rights and use of the YuuPay online and mobile platform

For a period of twenty four months from date of the Agreements, Relativity agreed not to accept any other equity investment without the prior written approval of the Company.

Relativity has agreed to make available for distribution through the Company's "YuuZoo" platform on standard commercial terms, all of Relativity's film, television, sport, fashion and music assets.

Relativity has also agreed to use the Company's "YuuPay" online and mobile payment platform for all online and mobile payments by Relativity, its clients and its users.

5.4 Conditions Precedent

The closing date (the "**Closing Date**") for the Equity Investment will be upon completion of the following conditions precedent (the "**Conditions Precedent**"), provided that the Company's and Relativity's obligations are expressly conditioned upon:

- Simultaneous completion of Relativity's existing corporate debt restructuring; and
- The Company having obtained SGX approval.

5.5 Liquidity Event

In connection with any liquidity event, distribution of net amounts received or to be received by Relativity or its equity holders, after the payments or satisfaction of necessary contractual obligations incurred in connection with such liquidity event (the “**Liquidity Proceeds**”) shall be made pursuant to the following order of priority:

- First, the Company as a holder of the Preferred Shares shall receive first dollar Liquidity Proceeds in the amount of its actual Equity Investment
- Second, Relativity’s secured lenders as a holder of Preferred B shares; and
- Third, to the extent any Liquidity Proceeds remain, each member (including Preferred A, Preferred B and common) shall receive distributions in accordance with such member’s percentage.

6. RELATIVE FIGURES UNDER RULE 1006

The relative figures for the proposed investment computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST, are as follows:-

<p>Rule 1006(a) The net asset of the assets to be disposed of compared with the Company’s net asset value</p>	<p><i>Not Applicable</i></p>
<p>Rule 1006(b) The net profits attributable to the assets acquired compared with the Company’s net profits</p>	<p><i>Not Applicable</i></p>
<p>Rule 1006(c) The aggregate value of the consideration given or received compared with the Company’s market capitalisation on 27 October 2016 being the market day preceding the date of the Agreements ⁽²⁾</p>	<p>62.6%</p>
<p>Rule 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</p>	<p><i>Not Applicable</i></p>

Notes:

(1) The aggregate value of the consideration for the proposed minimum Equity Investment is US\$50,000,000 (which is equivalent to S\$69,765,000 based on the exchange rate of US\$1:S\$1.3953 on 27 October 2016) compared to the Company’s market capitalisation of S\$111,472,966 (based on 679,299,000 shares in issue and the weighted average price of S\$0.1641 per share of the Company transacted on 27 October 2016, being the full market day immediately prior to the signing of the Agreement) is approximately 62.6%.

Pursuant to the test of Rule 1006(c) above, the Equity Investment is a major transaction for the purpose of Chapter 10 of the Listing Manual of the SGX-ST. Accordingly, the Equity Investment is subject to the approval of the shareholders of the Company at an EGM to be convened. A circular setting out the relevant information on the Equity Investment, together with a notice of EGM to be convened, will be despatched to the shareholders in due course.



7. FINANCIAL EFFECTS OF THE EQUITY INVESTMENT

The pro forma financial effects of the Company after the Equity Investment set out in this Announcement below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company following the completion of the Equity Investment.

The computation of the pro forma financial effects of the Equity Investment have been prepared based on the audited consolidated financial statements of the Company and the unaudited consolidated pro forma financial statements of Relativity for the financial year ended 31 December 2015 and are based on the following assumptions:

- (a) In calculation of the net tangible assets (the “NTA”) and NTA per share, for illustrative purposes, it is assumed that the minimum Equity Investment had been effected on 31 December 2015
- (b) In calculation of the earnings per share (the “EPS”), for illustrative purposes, it is assumed that the minimum Equity Investment had been effected on 1 January 2015
- (c) The Consideration of US\$50 million is fully paid, and assumed to be fully funded by external financing.

	Before Proposed Acquisition	After Proposed Acquisition
NTA attributable to owners of the Company (S\$'000)	84,201	84,201
NTA per share (S\$ cents)	13.32	13.32
Net profit attributable to owners of the Company (S\$'000)	32,735	(225)
EPS (S\$ cents) ⁽¹⁾	5.18	<i>Not Meaningful</i>
Number of issued shares ⁽²⁾	632,222,000	632,222,000

Notes:

- (1) EPS is calculated based on the consolidated profit/(loss) attributable to owners of the Company divided by the weighted average number of shares in issue during the financial year 2015.
- (2) Number of issued shares is derived based on the weighted average number of shares in issue during the financial year 2015.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Equity Investment (other than through their respective shareholding interests in the Company).

9. SERVICE AGREEMENT

No new director will be appointed to the Board of the Company in connection with the Equity Investment.



10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Equity Investment will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Equity Investment.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubts about the actions they should take.

11. DIRECTORS' 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 Equity Investment, 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.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The Agreements are available for inspection during normal business hours at the Company's registered office at 20 Science Park Road # 03-11/14 Teletech Park, Science Park 2, Singapore 117674 for three months after the date of this announcement.