



MOKO.mobi Limited

ASX Release:

Acquisition of **All Night Media**

MOKO to acquire UK-based mobile content delivery solutions business, “All Night Media”

- **MOKO has signed binding agreement to acquire the UK based mobile content delivery solutions business, All Night Media (“ANM”)**
- **ANM is a UK based mobile content delivery business; building and managing mobile content solutions for UK mobile carriers and provides additional and accretive revenues for the MOKO Group. ANM is forecast to generate approx. \$3 million in sales for the FY 13 year.**
- **The total consideration payable is approximately US\$725,000 plus a further amount expected to be approximately GBP£150,000 representing ANM’s net cash assets upon completion, with the transaction to be structured as follows:**
 - US\$75,000 payable in cash upon completion, with a further three quarterly deferred cash payments of US\$150,000 each from January 2013;
 - The payment for the net cash assets following completion; and
 - 4,000,000 ordinary shares in MKB (representing the final US\$200,000 of the consideration – based on an MKB share price of \$0.05 and an AUD:USD exchange rate of 1:1)
- **MOKO intends to fund the cost of the acquisition from existing cash resources and the issue of convertible securities with a total purchase price of between AU\$700,000 and AU\$1,600,000 (and face value of between AU\$875,000 and AU\$2,000,000), to Bergen Global Opportunity Fund, LP, a New York based investment fund (Bergen).**

25 SEPTEMBER 2012

The Company is pleased to report that it has signed binding contracts to acquire the UK based mobile content delivery business, All Night Media (“ANM”).

ANM is a UK-based mobile content delivery and content aggregation business, with expertise in building and managing mobile content for UK mobile carrier partners.

ANM’s business extends and complements MKB’s business, which involves the provision of a global mobile social entertainment platform and associated marketing and advertising services.

ANM had sales of US\$1.3 million with a net profit of US\$180,000 in 2010 and grew to \$2.2 million in 2011 with a net profit of US\$185,000. In the current financial year, the business is forecast to have revenues of US\$2.9 million and a trading profit of US\$500,000.

ANM is currently operating profitably at an EBITDA level.

The total consideration payable to the vendors of ANM is US\$725,000, plus the amount of ANM's net cash assets upon completion (expected to be approximately GBP150,000), comprising:

- (a) US\$525,000 in cash, payable in four instalments, as outlined below;
- (b) the amount of the net cash assets; and
- (c) 4,000,000 ordinary shares in MKB (assuming an AUD:USD exchange rate of 1:1 and an MKB share price of \$0.05, this equates to US\$200,000).

US\$75,000 of the purchase price is payable in cash upon completion, together with the issue of the 4,000,000 ordinary shares. The net cash assets payments is due shortly after completion when the completion accounts are prepared, and the balance of the purchase price is payable in three deferred consideration payments as follows:

- a. US\$150,000 on 7 January 2013;
- b. US\$150,000 on 7 April 2013; and
- c. US\$150,000 on 7 July 2013;

In order to fund the cash payments due in respect of the acquisition of ANM and for general working capital purposes, MKB has entered into a convertible securities agreement (the "Agreement") with Bergen Global Opportunity Fund, LP ("Bergen"), a New York-based investment fund that is actively investing in public and private companies globally. Under the Agreement, MKB will issue to Bergen four convertible securities ("Convertibles") for a total purchase price of between approximately AU\$700,000 and AU\$1,600,000 (and face value of between AU\$875,000 and AU\$2,000,000). The key terms of the Convertibles are set out in the attachment "The Key Aspects of the Investment" that follows.

This ANM acquisition will strengthen the Group's position in the UK market; provide new carrier links and additional users and mobile advertising inventory that can also be exploited by MOKO's new OfferMobi mobile advertising capabilities. MOKO will not be retaining any management personnel, as this function will be absorbed within the MOKO GROUP's current management structure.

The Key Aspects of the Bergen Investment

1. Access to funding. The investment agreement provides MKB with access to funding in a difficult capital markets environment over the next 12 months. The investment will be made as follows:

- an investment in a \$125,000 18-month interest-free convertible security will be made on execution of the agreement at the purchase price of \$100,000;
- an investment in a \$375,000 18-month interest-free convertible security will be made at the purchase price of \$300,000 following the next scheduled AGM of MKB, and
- investments in two additional \$187,500 to \$562,500 18-month interest-free convertible securities will be made approximately quarterly thereafter (\$187,500

once a quarter, which can be increased to up to \$562,500 by mutual consent), each at a purchase price equal to 80% of the face value of the Convertible.

The regularity and size of the tranches is intended to enable MKB's management to focus on the execution of its business plan and corporate activities.

2. Conversion prices. The conversion price of the convertible securities is equal to 90% of the average of three consecutive daily volume-weighted average prices ("VWAPs") of MKB's shares during a specified period immediately prior to the date of the conversion. For no more than \$250,000 of the face value of the convertible securities, Bergen will have the right to utilize an alternative conversion price equal to 130% of the average of MKB's VWAPs during the 20 trading days prior to the execution date of the Agreement.

3. Additional safeguards. MKB has additional safeguards against dilution. These include the following:

- MKB can opt not to issue convertible securities to Bergen if the price of its shares is lower than a specified floor price.
- MKB has the right to buy back most of the Convertibles within an agreed period of time.
- The Agreement contains certain rights of termination for MKB.
- MKB has the right to force Bergen to convert the Convertibles if the market price of the shares exceeds a specified agreed price.

Importantly, Bergen has agreed to certain limitations on conversion of the Convertibles and sales of the shares received in the conversions. The terms of the agreement do not permit for equity securities to be issued, and there is no agreement to issue equity securities under the agreement, if shareholder approval is first required under the Listing Rules. The settlement of the first tranche will not require such approval.

4. Interest-free investment and focus on capital appreciation. Bergen's return on investment depends on MKB's share price appreciation and, consequently, the convertible securities accrue no interest.

5. Options priced at a premium. MKB has agreed to grant Bergen, at the time of conversion of the Convertibles, such number of options to acquire ordinary shares in MKB at an exercise price of 120% of the average of the VWAPs of MKB's shares for the 20 trading days immediately prior to the date of the conversion, provided that this is no less than AU\$0.035, and with an expiry date that is 36 months following the date of their grant, as is equal to 50% of the number of shares issued in the conversion. This maximises Bergen's interests in MKB's share price appreciation.

6. Other. Bergen will receive a one-off commencement fee in connection with its investments in MKB, to be satisfied by way of issuance of 1,708,428 shares.

ENDS.