

**ENTRY INTO NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO
PROPOSED AMENDMENTS TO THE TERMS OF THE S\$54 MILLION IN PRINCIPAL AMOUNT OF
EXCHANGEABLE BONDS ISSUED ON 30 DECEMBER 2022**

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 announcements dated 16 June 2022, 25 September 2022, 2 December 2022, 5 December 2022, 12 December 2022, 17 December 2022, 30 December 2022, 11 January 2023, and the Company’s circular dated 2 December 2022 (“**2022 Circular**”) in relation to, *inter alia*, the issue of an aggregate principal amount of S\$54,000,000 in exchangeable bonds (“**Bonds**”).
- 1.2. The Board wishes to announce that the Company has, on 16 July 2025, entered into a non-binding memorandum of understanding (“**MOU**”) with Mr. Tan Boon Seng (the “**Bondholder**”) in relation to proposed amendments to the terms of the Bonds (“**Proposed Amendments**”). As at the date of this announcement, the Bondholder holds the entire aggregate principal amount of S\$54,000,000 in Bonds.
- 1.3. The MOU is only an expression of intent by the parties relating to the Proposed Amendments and does not create any legally binding nor enforceable obligations on the parties, save for customary provisions relating to, *inter alia*, confidentiality, costs and governing law.

2. SALIENT TERMS OF THE PROPOSED AMENDMENTS

- 2.1. The actual terms of the Proposed Amendments will be negotiated and agreed upon between the parties to the MOU at the definitive agreement stage in respect of the Proposed Amendments.
- 2.2. Under the prevailing terms of the Bonds and as disclosed in the 2022 Circular:
- (a) the maturity date of the Bonds is the third anniversary of the issue date of the Bonds (i.e. 29 December 2025) (“**Maturity Date**”);
 - (b) the Bonds are exchangeable into ordinary shares of mm Connect Pte. Ltd. (“**mm Connect**”), such that the Bondholder may receive up to 100% of the shares held by the Company in mm Connect (“**Proposed Transfer**”); and
 - (c) the Bondholder shall have 60% board representation on the board of directors of mm Connect from the date which the Bonds are issued and up to such time all outstanding sums under the Bonds have been repaid and/or satisfied in full.
- 2.3. Pursuant to the Proposed Amendments, it is proposed that the terms of the Bonds will, *inter alia*, be amended as follows:
- (a) the Maturity Date will be extended by six (6) years to 30 December 2031 (“**New Maturity Date**”);

- (b) in the event that the Company fails to fully redeem the Bonds by the New Maturity Date, the maturity date of the Bonds shall be extended by a further period of two (2) years with an extension amount of no more than 20% of the original principal amount of the Bonds, until 30 December 2033 ("**New Extended Maturity Date**"), subject to the prior written approval of the Bondholder;
- (c) the Bonds shall be redeemed within the New Maturity Date based on the following redemption schedule:

Redemption Date	Principal Redemption Amount
30 December 2026	S\$4 million
30 December 2027	S\$10 million
30 December 2028	S\$10 million
30 December 2029	S\$10 million
30 December 2030	S\$10 million
30 December 2031	S\$10 million

- (d) the Bondholder shall no longer be entitled to 60% representation on the board of mm Connect, and shall instead be entitled to appoint only one (1) director to the board of mm Connect;
- (e) the Bondholder shall no longer have the right to require the Company to transfer or procure the transfer of all the Exchange Group Shares¹ to himself *in lieu* of payment of any outstanding sum (including but not limited to interest) on (i) redemption of the Bonds pursuant to the expiry of the Bonds on the New Maturity Date or New Extended Maturity Date (as the case may be); and/or (ii) expiry of the Shortened Grace Period,² and the Bondholder shall not be required to exercise such right;
- (f) the interest rate on the Bonds will be revised to 6% per annum;
- (g) any proceeds arising from the sale of any asset within the mm Connect group of companies, tangible or intangible including intellectual property and brand shall be used to redeem the Bonds on an inverse order basis;
- (h) the Bonds will continue to bear interest in the manner set out in the terms of the Bonds up till the New Maturity Date or the New Extended Maturity Date (as the case may be); and
- (i) the Bonds may be redeemed in whole or in part.

2.4. If required, the Company will seek the approval of shareholders of the Company ("**Shareholders**") for the Proposed Amendments. Shareholders should note that should the Proposed Amendments be effected, the Proposed Transfer will not occur and mm Connect will be re-consolidated as a wholly-owned subsidiary of the Company.

¹ "**Exchange Group Shares**" refers to the shares of mm Connect and its subsidiaries, which consists of mm2 Screen Management Sdn Bhd, mm2 Star Screen Sdn Bhd, Cathay Cineplexes Pte Ltd and mm Plus Pte Ltd.

² "**Shortened Grace Period**" means the grace period which the Company has to make payment of the redemption amount payable, such grace period commencing from the date of issue of default notice to the Maturity Date (assuming that the event of default in respect of which the default notice was issued occurs after the second anniversary of the issue date of the Bonds).

3. **RATIONALE FOR THE PROPOSED AMENDMENTS**

3.1. The Board and the Company are of the view that the Proposed Amendments are necessary for the following reasons:

- (a) **Preserving cash and avoiding risk of default:** While the extension of the Bonds' maturity date will result in additional costs, including higher overall interest payable, it will enable the Company to (i) preserve cash that would otherwise be used for redemption in December 2025, and (ii) avoid the risk of defaulting on the redemption obligations under the terms of the Bonds at that time.
- (b) **Control and ownership of mm Connect:** The Company will be able retain ownership and control of mm Connect, and the extended maturity date of the Bonds provides a six (6) year (or longer) runway to explore strategic options and maximise the value of mm Connect's businesses and assets.
- (c) **Alternatives to the Proposed Amendments have been evaluated and deemed unfavourable:** The Company has reviewed and considered other available alternatives to redeeming the Bonds on the current Maturity Date and have evaluated that such alternatives are less favourable to the Company.

4. Taking into account the foregoing in its entirety, the Board is of the view that the Proposed Amendments are necessary and in the interests of the Company and its Shareholders.

5. **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

To the best of the Board's knowledge, as of the date of this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Amendments, other than through their respective shareholdings in the Company (if any).

6. **FURTHER ANNOUNCEMENTS**

The Company will make further announcement(s) in relation to the Proposed Amendments as and when there are any material developments on the matter, including the signing of any definitive agreements.

7. **CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing in the Company's securities. The Proposed Amendments are subject to the execution of definitive agreements and other conditions precedent, and there is no certainty that any transaction will materialise. Persons in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
Executive Chairman
16 July 2025