



MM2 ASIA LTD.

*(Incorporated in Singapore)
(Registration No. 201424372N)*

RESPONSE TO QUESTIONS FROM SHAREHOLDER

The Board of Directors (the “**Board**”) of mm2 Asia Ltd. (the “**Company**” or “**mm2**”, together with its subsidiaries, the “**Group**”) would like to thank the Company’s shareholder (“**Shareholder**”) for submitting questions in advance of the Company’s Extraordinary General Meeting (“**EGM**”) to be held on 17 December 2022 at 1.30 p.m. Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed thereto in the Company’s circular dated 2 December 2022 and the Company’s clarification announcement dated 5 December 2022 (the “**EGM Announcements**”).

The Company has made editorial amendments to some of the questions received to ensure that they are clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions received by the Company.

The Company’s responses to the questions received from the Shareholder are set out in Appendix A.

It is important to note that these questions and responses should be read in conjunction with the EGM Announcements.

By Order of the Board

Melvin Ang Wee Chye
Executive Chairman
12 December 2022

Appendix A

Questions from Shareholder

1. **Instead of a simple, straightforward rights issue, perhaps underwritten by UOBKH, why did the Company opt for such a complicated bonds and warrants transaction to raise funds?**

Shareholders such as myself who believe in the future outlook and prospects of the company are unable to participate and are sidelined if the resolutions proposed were to be passed.

Please clearly elaborate the rationale why a complicated bonds and warrants transaction was chosen over a simpler, straightforward transaction such as rights issue? Alternatively, why didn't the Company simply borrow from the bank or other financial institutions? Are banks and financial institutions unwilling to lend the company money, or is the substantial shareholder or banks or financial institutions or brokerages unwilling to underwrite a rights issue? Please elaborate.

Company's Response

As disclosed in our FY2022 Annual Report, Announcements and the EGM circular, approximately S\$54.85 million of the Convertible Debt Securities are due on 31 December 2022. These Convertible Debt Securities were subject to two previous extensions as per our announcements dated 21 January 2021 and 22 December 2021. A key term of the second extension was that there would be no further extensions granted.

On 15 April 2021, the Company undertook approximately S\$54.65 million of rights issue underwritten by UOB Kay Hian Private Limited and it was fully subscribed notwithstanding that it was during the pandemic period. Given that the prior exercise was just over a year ago, Management, in consultation with potential underwriters, is of the opinion that there is no certainty for the Company to raise the target amount via another rights issue by 31 December 2022.

Borrowing the targeted amount required from current lenders was also considered. Given the current gearing, existing financial covenants and overall aim to reduce total debt and the financing costs of the Company, undertaking further straight borrowings is seen as a less effective solution.

Taking into consideration the timing for the repayment of the borrowings and the uncertainties as mentioned above, the current EB and Warrant deal, underwritten by UOB Kay Hian Private Limited, is deemed to be the most viable option in the immediate term to raise the required amount. Furthermore, there is a possibility that the Exchangeable Bonds and Warrants would later be converted into equity, substantially reducing the debt of the Group.