

**MM2 ASIA LTD.**  
(Incorporated in Singapore)  
(Registration No. 201424372N)

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**FULL AND FINAL SETTLEMENT OF THE AGGREGATE OF S\$55,840,000 IN PRINCIPAL AMOUNT OF CONVERTIBLE SECURITIES DUE 31 DECEMBER 2022 ISSUED BY MM CONNECT PTE. LTD., A WHOLLY-OWNED SUBSIDIARY OF MM2 ASIA LTD.**

- **EXECUTION OF DEEDS OF AMENDMENT AND SETTLEMENT AND PROPOSED ISSUE OF UNLISTED UNSECURED, REDEEMABLE, CONVERTIBLE AND EXCHANGEABLE BONDS BY MM2 ASIA LTD.**
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## **1. INTRODUCTION**

1.1 The Board of Directors ("**Board**") of MM2 Asia Ltd. ("**Company**", and together with its subsidiaries, "**Group**") refers to the following:

- (a) Company's announcements dated 7 February 2018, 21 January 2021 and 22 December 2021 in relation to the issue of S\$47,850,000 in aggregate principal amount of convertible notes and convertible bonds by mm Connect Pte. Ltd., a wholly-owned subsidiary of the Company ("**mm Connect**"); and
- (b) issue by mm Connect of additional S\$7,990,000 in principal amount of convertible notes and convertible bonds as disclosed in the Company's recent annual reports.

Convertible securities mentioned in (a) and (b) above are collectively referred to in this Announcement as "**mm Connect Convertible Securities**". Maturity date for all of the mm Connect Convertible Securities is 31 December 2022 ("**Maturity Date**").

1.2 The Board wishes to announce that the Company and mm Connect have on 30 December 2022 completed the execution of deeds of amendment and settlement ("**Settlement Deed**") with the holders of the mm Connect Convertible Securities ("**CNCB Holders**") in relation to the full and final settlement of all principal amount due to them under the outstanding mm Connect Convertible Securities ("**Outstanding Convertible Securities**") together with any accrued but unpaid interest thereon, ("**Aggregate Outstanding Amount**") via a combination of cash and unlisted, unsecured, redeemable, convertible and exchangeable bonds ("**Bonds**") to be issued by the Company ("**CNCB Settlement**").

1.3 Pursuant to the terms of the Settlement Deed, CNCB Holders and the Company have further entered into binding term sheets ("**Term Sheets**") which sets out the salient terms and conditions of the Bonds to be issued to the CNCB Holders.

## **2. CNCB SETTLEMENT**

### **2.1 Salient terms of the Settlement Deeds**

- (a) Pursuant to the terms of the Settlement Deeds, the Company, mm Connect and the CNCB Holders have agreed as follows:
  - (i) 50% of the Aggregate Outstanding Amount shall be repaid by mm Connect by

cash on or before the Maturity Date ("**Cash Settlement**") and the remaining Aggregate Outstanding Amount shall be repaid by issuance by the Company of the Bonds, in accordance with the terms of a bonds subscription agreement ("**Bonds Subscription Agreement**") to be entered into by the CNCB Holders and the Company. A CNCB Holder may elect to receive more Bonds but the cash portion cannot exceed 50% of the Aggregate Outstanding Amount;

- (ii) parties will negotiate in good faith and enter into the Bonds Subscription Agreement expeditiously; and
  - (iii) with effect from the date of completion of the CNCB Settlement ("**Termination Date**"), all Outstanding Convertible Securities and the existing subscription agreements entered into with the CNCB Holders (including guarantees provided by the Company thereunder, if any) in respect of the Outstanding Convertible Securities ("**Existing Subscription Agreements**") will be terminated and cease to have any effect. Save for any antecedent breaches of the Existing Subscription Agreements prior to the Termination Date, the Company and mm Connect shall be released and discharged from their obligations and liabilities under the Existing Subscription Agreements and in respect of the Aggregate Outstanding Amount.
- (b) The Company has, before the Maturity Date, paid to the CNCB Holders all amounts under the Cash Settlement. The Company is in negotiation with the CNCB Holders to finalise the terms of the Bonds Subscription Agreement and appropriate announcement will be made upon signing of the Bonds Subscription Agreement.

## 2.2 Salient terms of the Term Sheets

### (a) Conditions precedent

Pursuant to the terms and condition of the Term Sheets, the proposed issue of the Bonds is conditional upon, *inter alia*, (i) the Board's approval; (ii) trading in the shares ("**Shares**") in the capital of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") not being suspended at the time of completion of the issue of the Bonds; (iii) the general share issue mandate ("**Existing Share Issue Mandate**") approved by the Company's shareholders at the annual general meeting of the Company held on 29 July 2022 being valid, subsisting and adequate for the purposes of the issue of the Bonds and Conversion Shares (as defined below); and (iv) such other conditions precedent to be agreed and set out in the Bonds Subscription Agreement to be entered into.

### (b) Key terms and conditions of the Bonds

The Bonds will be issued to the CNCB Holders in accordance with the terms and conditions of the Bonds Subscription Agreement to be entered into incorporating the following key terms and conditions as set out in the Term Sheets:

**Issuer** : The Company

**Issue Price** : 100% of the face value or such other price at the discretion of the Company

- Purpose** : The issue of the Bonds forms part of settlement and repayment of existing debts of mm Connect
- Maturity Date** : The date falling second anniversary of the date of issuance of the Bonds.
- Notice of maturity date will be sent by the Company to all holders of the Bonds at least 1 month before the maturity date
- Coupon** : 6.00% per annum, calculated based on the outstanding principal amount of the Bonds on the actual number of days and a 360-day year commencing from 1 January 2023, payable on an accrued basis, semi-annually in cash
- Bondholder's Option** : Subject to the terms and conditions of the Bonds, a holder of the Bonds ("**Bondholder**") is entitled to exercise either a conversion right or an exchange right (but not both) in respect of up to 100% of his/its Bonds as follows:
- (a) **Conversion Right:** conversion of the outstanding principal amount of the Bonds into fully registered and freely tradable new ordinary shares ("**Conversion Shares**") in the share capital of the Company (subject to regulatory and other necessary approvals) at the Bonds Conversion Price, and such conversion may be requested at any time, from and including the respective date on which the Bondholder's Bonds are issued and registered up to the close of business in Singapore on Maturity Date ("**Conversion Period**") unless previously redeemed or purchased and cancelled.
  - (b) **Exchange Right:** exchange of the outstanding principal amount of the Bonds into fully registered and freely tradable ordinary shares of mm Connect owned by the Company (subject to regulatory and other necessary approvals) at the Bonds Exchange Price, and such exchange may be requested at any time during the Conversion Period provided that mm Connect has completed an IPO and subject to the applicable restrictions and requirements of the relevant IPO stock exchange and jurisdiction including without limitation, approval of the Company's shareholders, where required. Provided always that in the event that the Company does not have sufficient shares of mm Connect to fully satisfy the Exchange Right of all

the Bondholders of the Bonds for any reason whatsoever, the Company shall have the right to transfer the available mm Connect shares to the holders of the Bonds *pro rata* to their respective holding of Bonds. The remaining principal amount outstanding under the Bonds will only be eligible for Conversion Rights.

The completion of the conversion or exchange of the Bonds shall be effected within 20 SGX-ST business days of the date of receipt of the written notice from the Bondholder (or such longer period as may be required to comply with any applicable fiscal, other laws and regulations, the requirements of CDP or the relevant centralised depository and/or rules of the SGX-ST or the relevant stock exchange including without limitation compliance with the condition subsequent).

The Company shall, at least one month before the end of the Conversion Period, give notice to Bondholders of the last date of the Conversion Period and shall make such announcement of such last date of the Conversion Period as may be required under any applicable law or rules of the SGX-ST, as the case may be.

The allotment and issuance of the Conversion Shares are proposed to be made pursuant to the authority granted under the existing share issue mandate of the Company

**Bonds Conversion Price** : S\$0.06 per Conversion Share, subject to any SGX-ST's requirements governing volume weighted average price to prevailing share price discount of the Company if applicable and any adjustment from time to time

**Bonds Exchange Price** 20% discount to the IPO price of mm Connect.

The Bonds Exchange Price shall be adjusted for market standard anti-dilution clauses which shall include *inter-alia*, rights issues, new share issuance at a discount to prevailing share price issued by mm Connect. For the avoidance of doubt, such market standard anti-dilution adjustments shall only be applicable for post IPO issuances

**Adjustments** : The Bonds Conversion Price shall from time to time be subject to adjustments under certain circumstances provided for in the terms and conditions of the Bonds. Such circumstances relate to, *inter-alia*, share consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares, options or other securities, issues at

less than the Bonds Conversion Price then in effect, issues at less than current market price of the shares in Company, modification of rights of conversion and other offers to Company's shareholders

**Redemption at Maturity** : Unless previously exchanged or converted in accordance with Bondholder's Option, the Bonds shall be redeemed by the Company at the Maturity Date at a redemption price equal to (i) 109% of their outstanding principal amount plus (ii) any accrued and unpaid interest on the outstanding principal amount of the Bonds

**Redemption at the Option of the Company** : The Company has the right but not the obligation to effect an early redemption of the Bonds at the Early Redemption Amount at any time following one month from the Issue Date ("**Early Redemption**"). The Company has the sole discretion to effect the Early Redemption from any and not all of the Bondholders.

Early Redemption Amount: an amount representing a yield to Early Redemption of 10% p.a. computed on the aggregate outstanding principal amount of the Bonds and such computation shall include any unpaid accrued interest thereon, and interest coupons paid

**Status of Bonds** The Bonds shall constitute the direct unconditional unsecured subordinated obligations of the Company, shall at all times rank *pari passu*, and rateably without any preference or priority among themselves and shall be subordinated to and rank after all the secured and unsecured obligations of the Company

**Status of Conversion Shares** The Conversion Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing ordinary shares of the Company, save for any dividends, rights, allotments or other distributions the record date for which precedes the relevant registration date

**Non-Transferability** The Bonds are non-transferable, save that they may be transferred to permitted transferees with the prior written consent of the Company

**Representations and Warranties of the Company** The Company represents and warrants, including but not limited to the following:

1. no material adverse change since the most recent audited financial statements;
2. existence, compliance with law, corporate power and authority, enforceability, valid and due

authorisation; and

3. no conflict with law or material contractual obligations, no default under material agreements, taxes, solvency, accuracy of disclosures, amongst others

**Representations  
and Warranties of  
the Bondholders**

The Bondholders each represents and confirms to the Company that:

1. he/it is not a substantial shareholder of the Company;
2. he/it is not a substantial shareholder, related company, associated company or sister company of any of the Company's substantial shareholders;
3. he/it does not fall under the list of persons stated in Rule 812 of the listing manual of the SGX-ST ("**Listing Manual**");
4. he/it, his/its directors and his/its shareholders are not an associate of and have no relationship (including any business relationship) with the Company and any director, chief executive officer, substantial shareholder or controlling shareholder of the Company;
5. he/it will be holding the Bonds and any conversion shares to be issued upon conversion of the Bonds as principal and for his/its own benefit and is not acting in concert with any parties to obtain or consolidate control of the Company;
6. he/it is not acting in concert with any party in relation to the issuance of the Bonds and is not acting in accordance with any instruction of any party for the issuance of the Bonds; and
7. he/it acknowledges that the Bonds issuance is made by the Company in reliance on "safe harbour" exemptions provided under the Securities and Futures Act 2001 of Singapore ("**SFA**"), subject to relevant restrictions thereunder. He/it represents and warrants that he/it is, and will at all times be, for as long as he/it is a Bondholder, (i) an institutional investor under section 274 of the SFA; or (ii) an accredited investor or a relevant person to which section 275 of SFA applies and will be bound by sections 275 and 276 of the SFA

<b>Further Bonds</b>	The Company may from time to time issue further Bonds in one or more tranches which are convertible into shares on the same or similar terms as the Bonds
<b>Events of Default</b>	Upon the occurrence of any event of default (including where a resolution is passed or an order is made for the winding-up or dissolution of the Company) and if such event of default is continuing, holders of at least 75% of the principal amount of the Bonds then outstanding may, by notice given to the Company, declare the Bonds immediately due and payable whereupon the Bonds shall become immediately due and payable and the Bondholders will have the right to require the Company to redeem all their outstanding Bonds at a price equal to 100% of the outstanding principal amount plus accrued and unpaid interest
<b>Alteration to terms of Bonds</b>	Any material alteration to the terms of the Bonds after issue to the advantage of the Bondholders shall be subject to the approval of the Company's shareholders, except where such alterations are made pursuant to the terms of the Bonds
<b>Governing law</b>	Governed by the laws of Singapore
<b>Listing and Trading of the Bonds</b>	The Bonds will not be listed or tradable on the SGX-ST
<b>Condition Subsequent</b>	All the necessary regulatory approval such as additional listing application for the Conversion Shares and (where required) shareholder approval of the Company

(c) **Authority to issue Conversion Shares**

Subject to the completion of the CNCB Settlement, the proposed issue of the Bonds and the Conversion Shares will be made pursuant to the Existing Share Issue Mandate.

The maximum number of Conversion Shares to be allotted and issued by the Company pursuant to the full conversion of the Bonds is approximately up to 511,700,000 (based on the issue size of an aggregate of up to S\$30,702,000 in principal amount of the Bonds, the Bonds Conversion Price of S\$0.06 per share and assuming no adjustments to the Bonds Conversion Price). The 511,700,000 Conversion Shares represent approximately 18.3% of the Company's issued share capital of 2,790,609,220 Shares as at the date of this Announcement, and 15.5% of the enlarged issued share capital of the Company assuming (i) full conversion of the Bonds; and (ii) no further conversion of the Company's existing convertible securities. The Bonds Conversion Price represents (i) a premium of 33.3% over S\$0.045, being the closing market price of the underlying shares on 30 December 2022; and (ii) a premium of 32.7% over S\$0.0452, being the volume weighted average price, for trades done on the SGX-ST on 30 December 2022, which is the full market day on the effective date of the Settlement Deeds.

Under Rule 803 of the Listing Manual, an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting. The allotment and issuance of the Conversion Shares to the CNCB Holders will not result in a transfer of controlling interest in the Company.

(d) **No prospectus and offer information statement**

Subject to the completion of the CNCB Settlement, the proposed issue of the Bonds will be made pursuant to the exemptions under Sections 274 and 275 of the SFA relating to offers of securities or securities-based derivatives contracts to an institutional investor or a relevant person. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

(e) **Additional listing application**

Subject to the completion of the CNCB Settlement, the Company will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares subsequent to the issuance of the Bonds. The Company will make the necessary announcements once the approval in-principle for the listing and quotation of the Conversion Shares has been obtained from the SGX-ST. The conversion right of the Bonds is subject to the approval in-principle for the listing and quotation of the Conversion Shares being obtained from the SGX-ST.

### 3. **FINANCIAL EFFECTS**

In this Announcement, any pro forma financial effect is presented on the assumptions that none of the outstanding convertible securities of the Company are converted into Shares. The pro forma financial figures set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial performance of the Group after the CNCB Settlement. No representation is made as to the actual financial position and/or results of the Group after the completion of the CNCB Settlement.

The following financial effects of the CNCB Settlement are computed based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2022 and the following bases and assumptions:

- (a) the financial effects on the net tangible assets ("**NTA**") per share / net tangible liabilities ("**NTL**") per Share is computed based on the assumption that (i) the CNCB Settlement was completed; and (ii) the receipt of the gross proceeds (before any transaction costs) from the issuance by the Company of S\$54,000,000 exchangeable bonds ("**EB Completion**")<sup>1</sup> took place, on 31 March 2022;
- (b) the financial effects on the borrowings and gearing ratio are computed based on the assumption that (i) the CNCB Settlement was completed; and (ii) EB Completion took place, on 31 March 2022; and

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<sup>1</sup> The Company obtained approval from its shareholders to issue the exchangeable bonds with attached warrants at the extraordinarily general meeting held on 17 December 2022. Please refer to the Company's announcement dated 2 December 2022 and 17 December 2022 as well its circular to Shareholders dated 2 December 2022 for further information.



- (c) the financial effects on the earnings per share (“EPS”) / loss per share (“LPS”) is computed based on the assumption that (i) the CNCB Settlement was completed; and (ii) EB Completion took place, on 1 April 2021.

### NTA/(NTL) PER SHARE

	<b>As at 31 March 2022</b>		
	<b>Before EB Completion and CNCB Settlement</b>	<b>After EB Completion but before the completion of CNCB Settlement</b>	<b>After both EB Completion and completion of the CNCB Settlement</b>
Current assets (S\$'000)	208,348	262,348	234,256
Non-current assets (S\$'000)	370,740	370,740	370,740
Total assets (S\$'000)	579,088	633,088	604,996
Current liabilities (S\$'000)	284,641	284,641	225,847
Non-current liabilities (S\$'000)	91,955	145,955	176,657
Total liabilities (S\$'000)	376,596	430,596	402,504
Net assets (S\$'000)	202,492	202,492	202,492
Less: Goodwill and intangible assets (S\$'000)	(237,086)	(237,086)	(237,086)
<b>(NTL)/NTA (S\$'000)</b>	<b>(34,594)</b>	<b>(34,594)</b>	<b>(34,594)</b>
Number of issued Shares	2,790,609,220	2,790,609,220	2,790,609,220
<b>(NTL)/NTA per Share (cents)</b>	<b>(1.24)</b>	<b>(1.24)</b>	<b>(1.24)</b>

### BORROWINGS AND GEARING RATIO

	<b>As at 31 March 2022</b>		
	<b>Before EB Completion and CNCB Settlement</b>	<b>After EB Completion but before the completion of CNCB Settlement</b>	<b>After both EB Completion and completion of the CNCB Settlement</b>
Total borrowings (S\$'000)	209,760	263,760	235,667
Less: Cash in hand (S\$'000)	14,571	68,571 <sup>(1)</sup>	40,478 <sup>(1)</sup>

Net borrowings (S\$'000)	195,189	195,189	195,189
Shareholders' equity (S\$'000)	202,492	202,492	202,492
<b>Net gearing times (times)</b>	<b>0.96</b>	<b>0.96</b>	<b>0.96</b>

<sup>(1)</sup> Before repayment of bank borrowings and other liabilities of the Company.

## **EPS**

### **For the financial year ended 31 March 2022**

	<b>Before EB Completion and CNCB Settlement</b>	<b>Before EB Completion and CNCB Settlement</b>	<b>After both EB Completion and completion of the CNCB Settlement</b>
(Loss)/Profit attributable to equity holders of the Company (S\$'000)	(34,982)	(37,682) <sup>(1)</sup>	(35,760) <sup>(2)</sup>
Weighted average number of issued Shares	2,680,153	2,680,153	2,680,153
<b>(LPS)/EPS (cents)</b>	<b>(1.31)</b>	<b>(1.41)</b>	<b>(1.33)</b>

<sup>(1)</sup> Including interest expense from EB Completion amounting to S\$2.7 million, being 5% per annum of the principal amount of S\$54,000,000.

<sup>(2)</sup> Including interest expenses arising from (1) above and from the Bonds but excluding any fair value computation, if required, of the equity component embedded in the Bonds.

## **4. USE OF PROCEEDS**

No fresh proceeds are raised from the transactions contemplated herein including the proposed issue of the Bonds as partial settlement of the Aggregate Outstanding Amount.

The CNCB Settlement involving partial cash repayment and partial satisfaction by way of the proposed issue of the Bonds which would be beneficial to the Group as it will enable the Group to improve the maturity profile of the Group's debts and liabilities.

## **5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or, as far as the Directors are aware, controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated herein (other than in his capacity as a director or shareholder of the Company).

## **6. 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 transactions contemplated herein, 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 this 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 this Announcement in its proper form and context.

**7. FURTHER ANNOUNCEMENTS**

The Company will make further announcements if and when there are any material developments regarding the transactions contemplated herein as and when appropriate.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Settlement Deeds and the Term Sheets are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 1002 Jalan Bukit Merah, #07-11 Singapore 159456 for a period of three (3) months commencing from the date of this Announcement.

**9. CAUTIONARY STATEMENT**

Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should seek their own professional advice and consult with their own stockbrokers.

By Order of the Board

**MM2 Asia Ltd.**

Melvin Ang Wee Chye

Executive Chairman

31 December 2022