



## **mm2 Asia Ltd.**

(Company Registration No. 201424372N)  
(Incorporated in Singapore)  
(the "Company")

---

### **ISSUE OF S\$47,850,000 IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE DEBT SECURITIES BY MM CONNECT PTE. LTD., A WHOLLY-OWNED SUBSIDIARY OF MM2 ASIA LTD.**

---

#### **1. INTRODUCTION**

The board of directors (the "**Directors**") of mm2 Asia Ltd. (the "**Company**", and, together with its subsidiaries, the "**Group**") refers to the announcements made by the Company on 2 November and 24 November 2017 in relation to the acquisition by MM Plus Pte Ltd of 100% of the issued and paid of shares of Cathay Cineplexes Pte Ltd ("**Cathay Cineplexes**"), which involved the "Cathay" brand and marks along with all its associated intellectual property rights related to the Cathay Cineplexes business (the "**Cathay Acquisition**").

In connection with the Cathay Acquisition, the Directors wish to announce that as of today, MM Connect Pte Ltd (the "**Issuer**") has entered into subscription agreements (the "**Subscription Agreements**") with certain subscribers ("**Subscribers**") in connection with the issuance by the Issuer of an aggregate of S\$47,850,000 convertible notes ("**Convertible Notes**") and convertible bonds ("**Convertible Bonds**" and, together with the Convertible Notes, the "**Convertible Securities**"). Completion under the Subscription Agreements took place on 7 February 2018.

#### **2. KEY TERMS OF THE CONVERTIBLE SECURITIES**

##### **2.1 Interest and Redemption**

Under the Subscription Agreements, the Convertible Securities will bear interest at the rate of 2% per annum, which shall, along with the principal, be payable in cash upon redemption or conversion (as applicable) in accordance with the terms of the Subscription Agreements.

Unless converted in accordance with the terms of the Subscription Agreements, the Convertible Securities shall be redeemed by the Company at a redemption price equal to 100% of the Convertible Securities issue price, together with all accrued interest, at the Convertible Securities maturity date, payable in cash.

Each Subscription Agreement provides for the Subscribers to subscribe for Convertible Notes and Convertible Bonds in the ratio of 1:2.

## 2.2 Maturity Date

The maturity date of the Convertible Notes shall be the earlier of:-

- (a) the date (the "**IPO Date**") on which an Initial Public Offering ("**IPO**") of the Issuer is first open for acceptance; or
- (b) the third anniversary of the date of issuance of the Convertible Notes.

The maturity date of the Convertible Bonds shall be the third anniversary of the date of the issuance of the Convertible Bonds, or, if an IPO has taken place on or before such third anniversary, the second anniversary of the IPO Date.

## 2.3 Conversion

The Convertible Notes may be converted into fully paid up shares in the Issuer in the event that the Issuer seeks an IPO prior to the Maturity Date, at a conversion price set at a 15% discount to the IPO price, at the election of the Subscribers.

The Convertible Bonds may, in addition, be converted into fully paid up shares in the Issuer if the Issuer achieves an IPO prior to the Maturity Date in the following circumstances:-

- (i) (provided that the Convertible Bonds have not otherwise been converted/redeemed in accordance with the terms of the Subscription Agreements) at the option of the Subscribers at any time after such IPO and up to and including the second anniversary date of such IPO, at a conversion price set at a 20% premium to the IPO price (the "**CB Conversion Price**"); or
- (ii) at the option of the Issuer for so long as the Convertible Bonds are outstanding, in the event that closing price of the Issuer's shares on the relevant stock exchange exceeds 150% of the CB Conversion Price for 30 consecutive trading days, at the CB Conversion Price.

## 2.4 Payment Restriction

There are certain restrictions on payments to Subscribers under the Subscription Agreements if other debt obligations of the Parent Company are outstanding and not paid in full when due, or other defaults occur.

## **2.5 No Voting Rights**

For the avoidance of doubt, the Convertible Securities constitute debt instruments and will not carry any voting rights in the Issuer or the right to participate in any dividend or other distribution by the Issuer.

## **2.6 Guarantee by the Company**

In consideration of the Subscribers subscribing for the Convertible Securities, the Company has provided a continuing guarantee for the due and punctual payment by the Issuer of its obligations under the Subscription Agreements.

## **3. Use of Proceeds**

The Board intends to use the proceeds of the Convertible Securities for the Cathay Acquisition, the Group's cinema business and/or for its working capital requirements.

As the Convertible Securities bear interest at a rate of 2%, which is below the interest payable on the Group's current bank borrowings, and is convertible into new fully paid shares under certain circumstances, the Board believes that the Subscription Agreements are in the best interest of the Group to partially fund and expand its current cinema business.

## **By Order of the Board**

Melvin Ang Wee Chye  
Executive Chairman  
7 February 2018