



MM2 ASIA LTD.

(Company Registration No. 201424372N)

(Incorporated in Singapore)

(the "**Company**")

RESPONSES TO SGX QUERIES REGARDING PROPOSED SALE OF THE MM2 ASIA LTD. CINEMA BUSINESS

mm2 Asia Ltd (the "**Company**") refers to its announcements, dated 28 July 2021 (the "**1st Announcement**") and 10 August 2021 (the "**2nd Announcement**"), respectively, relating to the proposed sale of not less than 80% of the shares in mmConnect Pte Ltd ("**mmConnect**"), the wholly owned subsidiary of the Company, to Kingsmead Properties Pte Ltd ("**Kingsmead**") (the "**Proposed Kingsmead Transaction**"). The SGX-ST has posed certain clarification queries to the Company, which are set out below, along with the Company's responses. Capitalised terms defined in the 1st Announcement will have the same meaning when used in this response.

- (a) **SGX Query:** With regard to paragraphs 3.2 and 3.4.1 of the 1st Announcement, please clarify if the SPA will be entered into prior to the extraordinary general meeting to be convened for the Proposed Kingsmead Transaction and the transactions contemplated thereby. Please also clarify what these other "transactions contemplated thereby" include.

The Company's Response: The Company is currently in the midst of drafting the Sale and Purchase Agreement ("**SPA**") in relation to the Proposed Kingsmead Transaction, and will make an announcement of its terms when this has been entered into. The completion of the Proposed Kingsmead Transaction will be expressly made subject to the approval of the shareholders of the Company in an extraordinary general meeting ("**EGM**") to be convened **after** the SPA has been entered into. Shareholders' approval will be sought for the Proposed Kingsmead Transaction and the words "transactions contemplated thereby" refer to all the component parts of the Proposed Kingsmead Transaction, which have not been finalised at this time. All such material terms will be set out in more detail in the announcement that the Company will make when the SPA has been entered into and will also be included and explained in the circular that will be issued to the Company's shareholders along with the notice of the EGM.

- (b) **SGX Query:** With regard to paragraph 3.4.2(b) of the 1st Announcement, please explain how the Company will comply with the listing requirements for a placement and in particular, Listing Rule 805(2).

The Company's Response: Paragraph 3.4.2(b) of the 1st Announcement states that if mmConnect obtains the approval in principle from the SGX for a listing on the Catalist board and proceeds to launch an initial public offer (the "**IPO**"), prior to the completion of the Proposed Kingsmead Transaction, then Kingsmead will have the option to convert the Deposit into new ordinary shares of mmConnect at an issue price that represents a discount of 20% to the IPO price.

The above is on the basis that the Company is pursuing, in parallel, the Proposed Kingsmead Transaction as well as the IPO. If the IPO proceeds, then the Proposed Kingsmead Transaction

will be terminated and Kingsmead will have the right to convert the Deposit into mmConnect shares.

Listing Rule 805(2) states that a listed issuer must obtain its shareholders' approval in general meeting for the issuance of shares or convertible securities by its principal subsidiary that would result in (i) the principal subsidiary ceasing to be a subsidiary of the issuer or (iii) a 20% reduction (or more) of the issuer's equity interest in the principal subsidiary. As the total amount of the Deposit is S\$6m, the Company does not anticipate that Rule 805(2) would be triggered. However, in the event that mmConnect proceeds with the IPO, the IPO would be subject to the approval of the Company's shareholders in general meeting. Should the proposed conversion of the Deposit into mmConnect shares trigger the shareholders' approval requirement under Listing Rule 805(2), the Company will also seek the approval of shareholders for this at the general meeting convened for the approval of the IPO.

- (c) **SGX Query:** With regard to paragraph 3.4.2(c) of the 1st Announcement, please explain how the Company will ensure compliance with the listing requirements for a placement.

The Company's Response: Paragraph 3.4.2(c) of the 1st Announcement states that if certain conditions are not satisfied for the Proposed Kingsmead Transaction to be completed (notably, the non-satisfactory completion of due diligence in the Cinema Business by Kingsmead, Kingsmead not securing financing for the Proposed Kingsmead Transaction, or the parties failing to execute a definitive shareholders' agreement to regulate the rights of the Company and Kingsmead in mmConnect), then the Deposit may, at Kingsmead's election, be exchanged (the "**Exchange Right**") into newly issued shares of the Company at a share price of 8.0 cents per new share, the election to be made on or before 31 December 2021.

As at 27 July 2021, the last trading date prior to the date of the 1st Announcement, the Company's share price closed at 6.7 cents, and the issue price of 8 cents under the Exchange Right would represent a 21.67% premium to the said closing price.

In the event that the Proposed Kingsmead Transaction is not completed and the Exchange Right is triggered, the Company will make an application for the listing and quotation of such new shares to be issued, and would be relying on its general mandate to issue the said shares.

- (d) **SGX Query:** We note that the Company announced:-
- (i) on 1 December 2020 that it is evaluating the feasibility of a possible spin-off and listing on the Catalist board of the SGX-ST, of its cinema operation business conducted through mmConnect;
 - (ii) on 9 December 2020 that it has entered into a Heads of Agreement for the possible merger of its cinema business with Golden Village cinemas in Singapore, with Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "**Proposed Merger**" and "**OSGH**" respectively) and that the spin-off is being proceeded with in parallel with the work on the Proposed Merger. In the event that the IPO is completed successfully, the Company and OSGH will discuss in good faith the basis on which the Merger and Proposed Transaction would take place; and
 - (iii) in the 2nd Announcement that the Proposed Transaction will "be pursued in parallel with the Cinema IPO" and "both the Proposed Kingsmead Transaction and the Cinema IPO would be subject to the approval of the Company's shareholders in general meeting".

Please clarify: (1) whether and how the Proposed Kingsmead Transaction affects the Proposed Merger; (2) if the Company and OSGH intend for the Proposed Merger to precede the Cinema IPO; (3) whether the resolution for the Proposed Kingsmead Transaction is conditional upon the resolution for the Cinema IPO not being carried.

The Company's Response: The Board of Directors of the Company (the "**Board**") is exploring various options for the Cinema Business in tandem, as each would have their own specific conditions. For example, the Proposed Merger would be subject to the approval of the Competition and Consumer Commission of Singapore, and as set out in the 2nd Announcement, a successful IPO would be dependent on factors beyond the Group's control such as favourable market conditions. As such, the Board is of the view that it is their obligation to also pursue the Proposed Kingsmead Transaction when the opportunity was presented to the Company.

Currently all of the three transactions, namely the IPO, the Proposed Merger and the Proposed Kingsmead Transaction are being pursued independently of one another, and are not inter-conditional. Each one of such proposals is subject to approval of the Company's shareholders being obtained. Depending on the timing and, importantly, the approval of the Company's shareholders, the Company will proceed with the relevant transaction. In the event that the Proposed Kingsmead Transaction is finalised, approved by shareholders and completes, it is envisaged that the Company will not pursue the IPO or the Proposed Merger.

- (e) **SGX Query:** Please explain the interaction between and the sequence of the various transactions (i.e. the Proposed Merger, the Cinema IPO and the Proposed Kingsmead Transaction), the conditions for the completion of the various transactions, and implications if any of these transactions is not completed.

The Company's Response: Please refer to the Company's response to query (d) above.

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
Executive Chairman

17 August 2021