



Sustainability Report

FY2021

TABLE OF CONTENTS

- 1 Message From the Board
- 2 Disclosures during COVID-19
- 3 About This Report
- 4 About Our Group
- 5 Group Structure
- 6 Value Chain
- 7 External Initiatives
- 8 Membership of Association and Awards
- 9 Governance and Sustainability Approach
- 10 Stakeholder Engagement
- 11 Identifying Our Focus
- 12 Economic Performance
- 13 Energy
- 14 Diversity and Equal Opportunity
- 15 Marketing and Labelling
- 16 GRI Content Index

MESSAGE FROM THE BOARD

Dear Stakeholders,

The Board of Directors (the “Board”) is pleased to present the annual Sustainability Report (the “Report”) of mm2 Asia Ltd. (the “Company” or “mm2”, together with its subsidiaries, the “Group” or “we” or “us” or “our”). This Report is prepared in accordance with the Global Reporting Initiative (“GRI”) guidelines on Environmental, Social and Governance (“ESG”) topics, in relation to the Financial Year ended 31 March 2021 (“FY2021”).

2021 marks the fourth year of our sustainability reporting journey. We continue to maintain oversight over our sustainability directions, strategies and initiatives along with sustainability risks and opportunities management despite the impact of the COVID-19 pandemic during the financial year. We are pleased to communicate our Group’s continual commitment, approach and progress towards sustainable business practices.

In today’s fast-changing business climate, sustainable development and practices have become critical success factors for companies in ensuring long-term value creation. Macroeconomic and geopolitical uncertainties, as well as the COVID-19 pandemic, have posed major challenges for businesses around the world. We recognise the importance and value of aligning strategies to meet stakeholders’ needs as well as having an established and consistent sustainability management framework. This report will provide a transparent presentation of our efforts to build sustainable growth.

mm2’s sustainability efforts continue to be led by our senior management while the Board manages and monitors the direction, approach and performance of the material ESG factors identified. The Board also ensures that our sustainability goals are aligned with our strategy and business objectives.

We believe that once the pandemic improves, our existing competencies that we have built and nurtured as well as our regional network will put us in a favourable position for quick recovery. In September 2020, we also launched Cathay CineHome, an online movie streaming platform to cater to the changing demands of our customers . Moving forward, we plan to play an increasingly active role in the streaming platform industry as we continue to seek collaboration opportunities.

On behalf of mm2, we would like to take this opportunity to thank our stakeholders who have been supporting us through our journey to sustainable development.

Sincerely,

Board of Directors of mm2 Asia Ltd

DISCLOSURES DURING COVID-19

The World Health Organisation declared the novel coronavirus, or COVID-19 outbreak as a global pandemic on 11 March 2020. The effects of the pandemic, as well as the measures implemented locally and globally, have resulted in both economic and operational disruptions to the Group. Content for cinemas were delayed, and new productions could not proceed as planned.

Demand for cinematic products also decreased as cinemas were closed since this was one of the measures implemented by the Singapore government to prevent the spread of the pandemic. Consumers have migrated to online streaming, irreversibly changing the media landscape. Movie investors were also advised that films would be delayed and the theatrical window would be compromised.

Our cinemas were ordered to be closed from 26 March 2020 to 12 July 2020. After the cinemas reopened in July 2020, limited seating capacities as a result of government restrictions, and consumer sentiment led to a reduction in the demand for films in cinemas.

For the health and safety of our employees and customers, mm2 has responded fully to the government's call to institute safe distancing measures and telecommuting arrangements to the best of our abilities. Split-team working arrangements were implemented with work-from-home arrangements as the default. All our employees were provided with face masks and hand sanitisers. For employees who are required to be physically present at our premises, temperatures were taken and recorded. During this period, we consistently communicated with employees and informed them of the latest COVID-19 guidelines and related health advisory.

ABOUT THIS REPORT

Report Period and Scope

This Report was prepared in accordance with Rule 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Mainboard Listing Manual and made references to the guidelines set out in SGX-ST’s Practice Note 7.6 Sustainability Reporting Guide. The Report was also prepared with reference to the guidelines of the Global Reporting Initiative (“GRI”) Standards – Core Option and its reporting principles. The GRI Standards were selected as they are internationally recognised and it is a widely adopted reporting framework that supplies guidance suited for our business model. This report also takes reference from Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B for sustainability reporting.

The scope of this report covers the sustainability performance and practices of the operations across our Group from 1 April 2020 to 31 March 2021 (“FY2021”), excluding Vividthree Holdings Ltd, UnUsUaL Limited, and their respective subsidiaries, where the Sustainability Report will be published separately. We have included comparative data reflecting our progress towards our strategic goals as well as our Group’s achievements.

External assurance has not been sought in this sustainability report and we have relied on internal data monitoring and verification to ensure accuracy.

Only electronic copies of this report will be made available at our corporate website: www.mm2asia.com as well as on Singapore Exchange Network (“SGXNET”). Physical copies will not be published as part of our efforts for environmental conservation.

Key Reporting Principles

We have incorporated the following principles to develop a comprehensive report:

Materiality

- Focusing on issues that impact business growth and are utmost importance to stakeholders

Stakeholder Inclusiveness

- Responding to stakeholder expectations and interest

Sustainability Context

- Presenting performance in the wider context of sustainability

Completeness

- Including all information that is of significant economic, environment and social impact to enable stakeholders to assess the Group’s performance

ABOUT THIS REPORT

Report Contact and Feedback

Your feedback and suggestions are valued and welcomed on the contents of the Report. We can be reached at www.mm2asia.com.

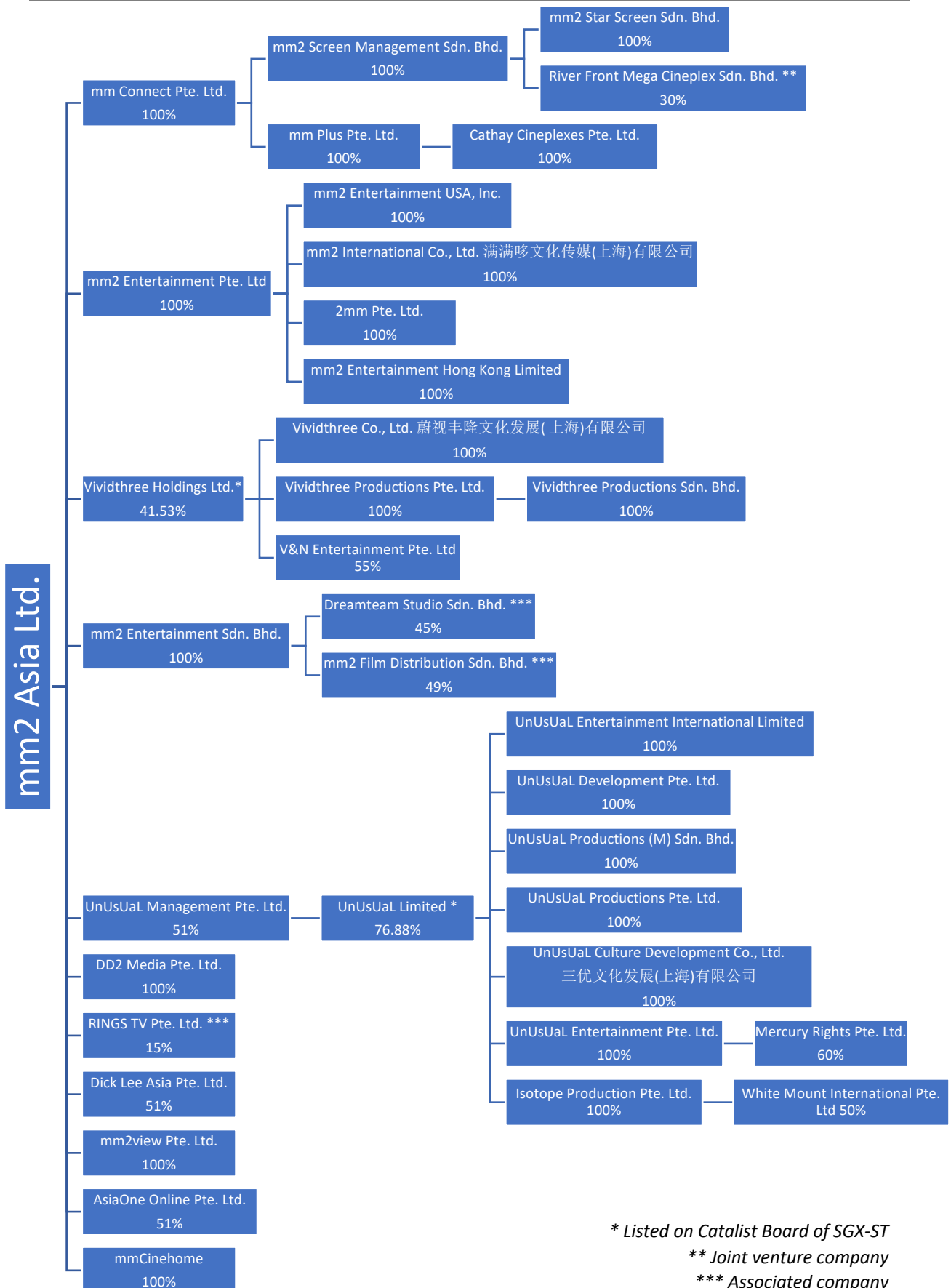
GROUP STRUCTURE



Headquartered in Singapore, mm2's history dates back to 2008 and our Group's continued passion and accomplishment in the content industry has propelled us as Singapore's leading media and entertainment company. mm2 was listed on the Catalist Board of SGX-ST in December 2014 and successfully transferred to the Mainboard of SGX-ST in August 2018.

Our Group's primary business activities include content creation, distribution and sponsorship, cinema operations, event production and concert promotion, and post-production and content production, covering operations in Singapore, Malaysia, Hong Kong, Taiwan, China and the United States of America.

GROUP STRUCTURE



* Listed on Catalist Board of SGX-ST

** Joint venture company

*** Associated company

VALUE CHAIN

The Group has integrated sustainability in our business through a sustainable supply chain for various aspects of our operations from content creation and production to its distribution and exhibition. We believe that sustainable supply chain management could drive organisational excellence and deliver desirable business results to the stakeholders.

Our suppliers are evaluated on a continuous basis to ensure that their performance is aligned with stringent internal criteria, such as service excellence, product quality, delivery timeliness, business ethics and reputation, established in our Group's Supplier Evaluation Policy and Procedures. In addition, our suppliers are also required to perform annual declarations and adhere to the Supplier Code of Conduct. Aspects of value chain management have also been incorporated into our risk assessment and management processes while ESG aspects are incorporated in our supply chain assessment.

mm2 production will also be exploring and incorporating more eco-friendly practices into their business activities, such as reducing the amount of plastic waste on shoots, using recycled or rented props instead of buying especially if it is on a project basis. Through continuous sourcing of new suppliers, we are able to maintain a steady pool of suppliers to ensure we have alternative arrangements should any of our suppliers fail to meet our stringent standards.

In FY2021, our Group did not have long term agreements with any key suppliers as services procured varied from project to project.



EXTERNAL INITIATIVES

Deeply entrenched in mm2's corporate culture is the spirit of giving back to society. mm2 believes that as an organisation formed from various communities, it is only natural to give back to the communities that has nurtured us, by making a positive impact. We have multiple programmes and activities in place that involve the Board of Directors ("Board"), employees as well as the local communities.



The major external initiatives by mm2 include:

1. Partnerships with Community Chest

In June 2020, mm2 and AsiaOne helped organize LIVE IT UP an online charity concert in June 2020. The charitable donations raised during the concert will go towards local charities SPD and Community Chest, who provide support for people with disabilities, low-income families, the elderly, and disadvantaged individuals. These groups are amongst the most affected by COVID-19 and may need further assistance in this current climate.

2. mm2-NTU Bursary Fund

Since 2017, through the NTU Development Office, mm2 set up the mm2-NTU Bursary Fund with the aim to support students who need financial aid to pursue their studies in Digital Animation or Digital Filmmaking. mm2 has pledged to donate a total amount of S\$160,000 between 2017 and 2021, funding 2 bursary awards of S\$6,000 each annually. S\$100,000 of the total donation will go into the Endowed Fund, which allows for the sustainable generation of returns in perpetuity, ensuring the continuity of the mm2-NTU Bursary Fund. mm2 shall continue its support for the fund.

MEMBERSHIP OF ASSOCIATION AND AWARDS

Our subsidiary, mm2 Entertainment Hong Kong Limited, is a member of The Singapore Chamber of Commerce (Hong Kong). Being a member of The Singapore Chamber of Commerce help to foster closer economic relationships and business understanding between Singapore, Hong Kong, People's Republic of China and other countries, and share statistics and information relating to industry which are beneficial to members.



In addition, our CEO is also a member of the Singapore Media Festival advisory board, which contributes professional guidance and advice to Infocomm Media Development Authority (“IMDA”) for Singapore Media Festival. The involvement in Singapore Media Festival helps mm2 discover the latest trends, talents and content in Asia for film, TV and digital media. We also continuously strive to obtain more accreditations that are key and beneficial to our Group’s success and standing within the industry.



Awards

In FY2021, our Singapore movie “Number 1” won the Golden Horse Award for Best Makeup and Costume Design. This prestigious award is a testament to our dedication and a recognition by the industry for our excellence in film making.

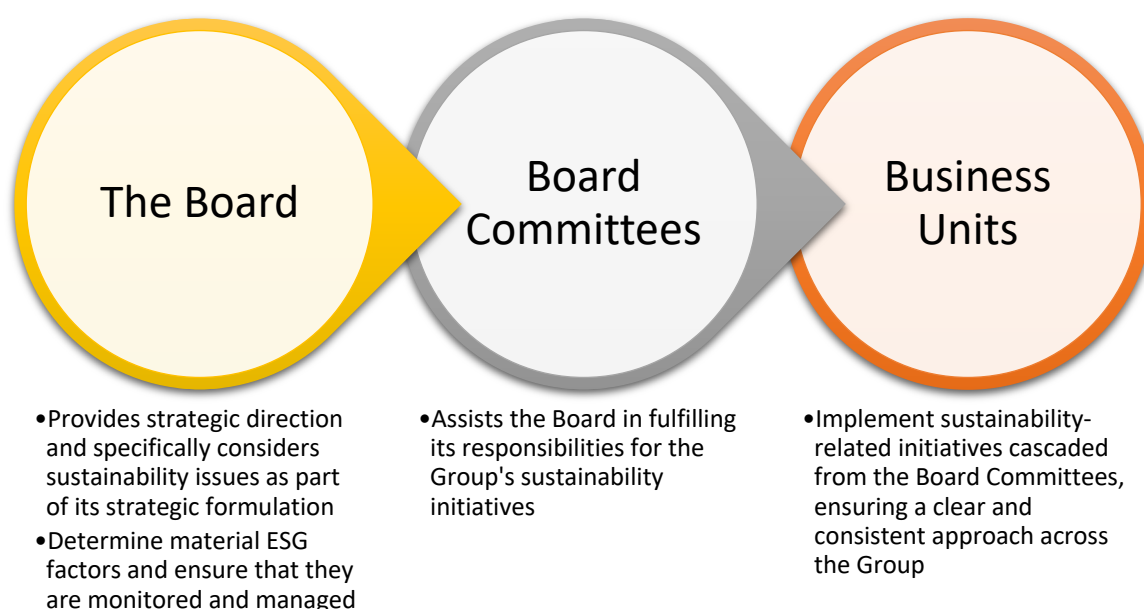


Raymond Kuek and Ong Kuo Sin accepting the Golden Horse Award for Best Makeup and Costume Design for the movie “Number 1”.

GOVERNANCE AND SUSTAINABILITY APPROACH

Our Board and management continue to strive to enhance our shareholder's value while protecting stakeholder's interests by maintaining high standards of corporate governance, professionalism, integrity and commitment at all levels.

The Board provides guidance and monitors the sustainability direction, strategy and practices, while management are tasked with the implementation and execution of sustainability policies and practices by implementing environmental, social and governance ("ESG") practices across all departments within the Group, as well as monitoring our sustainability performance and reporting to the Board. We have actively engaged and communicated with our key stakeholders to understand their needs and expectations, while addressing their concerns in an appropriate manner.



Conflict of interest policy

mm2 has a zero-tolerance for corruption and dishonest behaviour, in all dealings with our colleagues, business partners, shareholders as well as suppliers. We have put in place a conflict-of-interest policy and ensured that the policy is made available to all employees to circumvent any potential conflict of interest. We are committed to conducting our affairs in full compliance with all applicable laws, rules and regulations. In FY2021, all of our key management personnel, including our Executive Directors and Executive Officers have completed, and submitted to the Board, the annual conflict of interest disclosures.

Fraud and whistleblowing policy and procedures

Whistleblowing avenues are put in place for employees to highlight any inappropriate matters. We have also published the policy on our website <<https://www.mm2asia.com/corporate-governance.php>>. The whistleblowing policies and channels were made available to our employees to

GOVERNANCE AND SUSTAINABILITY APPROACH

raise concerns about possible improprieties on matters such as financial reporting, misconduct, unlawful activities, and dishonest practices.

Our Audit Committee (“AC”) will decide on the appropriate disciplinary action based on the completed investigation results and ensure that employees will be protected from reprisals or victimisation for whistleblowing in good faith and without malice. In FY2021, there were no reports received for misconduct or malpractice by any of our employees or key management staff.

Our sustainability approach







It is vital to execute the established governance framework and policy throughout the strategic and operational level instead of merely embracing it as a guiding principle. Our stakeholders are identified by our management team through day-to-day operations. We always value stakeholders’ input and seek to communicate with them regarding our sustainability efforts in all areas of our business, including the risk management system and internal controls which safeguard stakeholders’ interests.

We evaluate the needs and expectations of our key stakeholder groups to maintain mutual relationships and align them with our value creation strategy. With our focus on innovation, we will continue to enter into collaborations to co-produce high quality digital and live content with potential business partners.

IDENTIFYING OUR FOCUS

In mm2, we are committed to develop and maintain strong relationships with our stakeholders. Through open two-way communication with them, we align our sustainability approach with their needs and expectations.

We engage our stakeholders and set goals collaboratively with them as follows:

Stakeholder Group	Engagement Activities	Stakeholder's Expectations	Frequency
Customers 	Offer various content services to enhance customer experience around Asia	To provide an excellent platform in our cinemas to directly engage the consumers, enhance our brand experience, and build stronger customer relationships	Ad-hoc
Suppliers 	Maintain business dealings with suppliers that offer top notch standards in areas such as ethical conduct and workplace standards	To comply with terms and conditions of purchasing policies and procedures, and maintain high ethical standards	Ad-hoc
Employees 	Provide training and development courses for employees to remain competitive	To ensure staff rights, welfare, personal development and a good working environment	Ad-hoc
Investors 	Hold annual meetings and regular board meetings to keep shareholders updated on the Group's economic performance	To ensure profitability, transparency, timely reporting and fair purchasing practices	Annually/ Ad-hoc
Business Partners 	Continue to actively pursue business opportunities to expand and strengthen our capabilities and competencies to become a leading media and entertainment company in Asia	To build main drivers of our Group's growth in the medium-to-long term, with an expectation of a higher number of film productions and co-productions coming out of North Asia	Ad-hoc
Governments and Regulators 	Ensure respectful relationships with regulators and disclose pertinent information in a timely manner	To ensure societal and environmental-friendly business approaches, compliance with regulations, timely reporting and resolution of issues	Ad-hoc

IDENTIFYING OUR FOCUS

We will review the material topics selected for disclosure on an annual basis by gathering feedback from our stakeholders and align it to our business goals.

Based on the feedback gathered from our internal and external stakeholders, we have re-evaluated and identified relevant material topics which would have significant ESG impact and are material to the organisation and stakeholders.

Four (4) material ESG topics were identified and details are provided in the table below. For future sustainability reporting, we will re-evaluate and review our material ESG topics to ensure their relevance to our Group and compliance with GRI Standards.

Material topics for FY2021 remain the same as those disclosed in the previous financial year:

Economic Performance	Energy	Diversities and Equal Opportunities	Marketing and Labelling
<ul style="list-style-type: none">•Our economic performance, value generated and distributed to communities where our business operates	<ul style="list-style-type: none">•Our efforts to optimise consumption and management of energy for our business operations	<ul style="list-style-type: none">•Our fair employment practices to achieve a diverse and inclusive environment for our employees, providing provide appropriate training and career development for our people	<ul style="list-style-type: none">•Our compliance to classify our films in accordance to IMDA-enforced Singapore classification guidelines

ECONOMIC PERFORMANCE

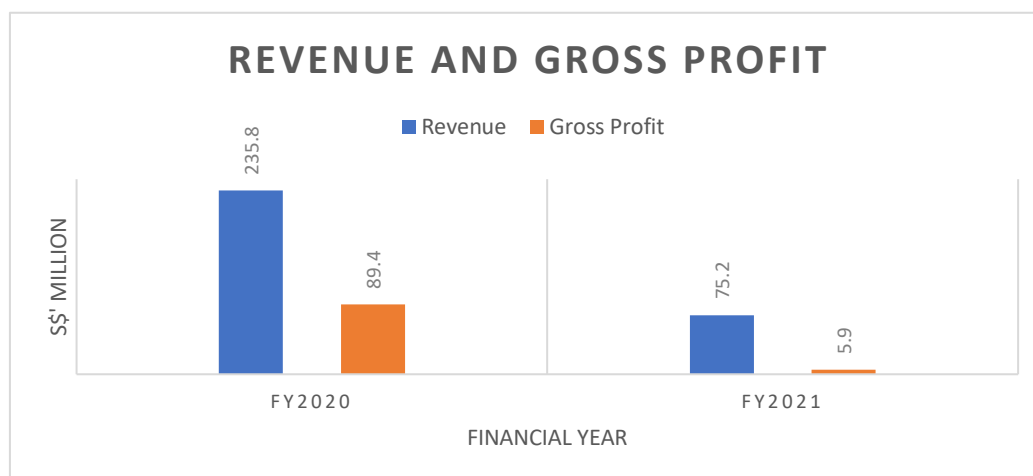
At mm2, we believe sustainable economic growth benefits not just our shareholders, but all our stakeholders as well. Through sustainable economic values generated by our operations, HCSS will be able to distribute the economic benefits directly or indirectly to our stakeholders. As a socially responsible organisation, besides dividends to our shareholders, our economic benefits were distributed to governments through taxes, employees through salary and wages, and the society through the creation of jobs.

Highlights of our economic performance were as below:

Revenue (S\$' 000)		Gross Profit (S\$' 000)		Net Profit (S\$' 000)	
FY2020	235,774	FY2020	89,387	FY2020	6,289
FY2021	75,230	FY2021	5,959	FY2021	-99,512

Cost of Sales (S\$' 000)		Employee Compensation (S\$' 000)		Net Profit Attributable to Equity Holders (S\$' 000)	
FY2020	146,387	FY2020	25,210	FY2020	3,334
FY2021	69,271	FY2021	18,495	FY2021	-90,777

In FY2021, the Group's revenue declined by approximately S\$160.6 million, mainly due to the outbreak of COVID-19, which has impacted the Group's major business in movies/ drama production progresses, film exhibitions and distributions as well as live entertainment since January 2020.



Despite the lower revenue recorded in FY2021, our economic performance for the 2nd half of FY2021 increased for our content production, distribution and sponsorship, cinema operations, and post-production. We have also received wage subsidy schemes from various governments amounting to approximately S\$6.5 million, including the Singapore Jobs Support Scheme ("JSS"). With these, the Group is confident that we are able to meet our fiscal responsibilities and operating capital requirements.

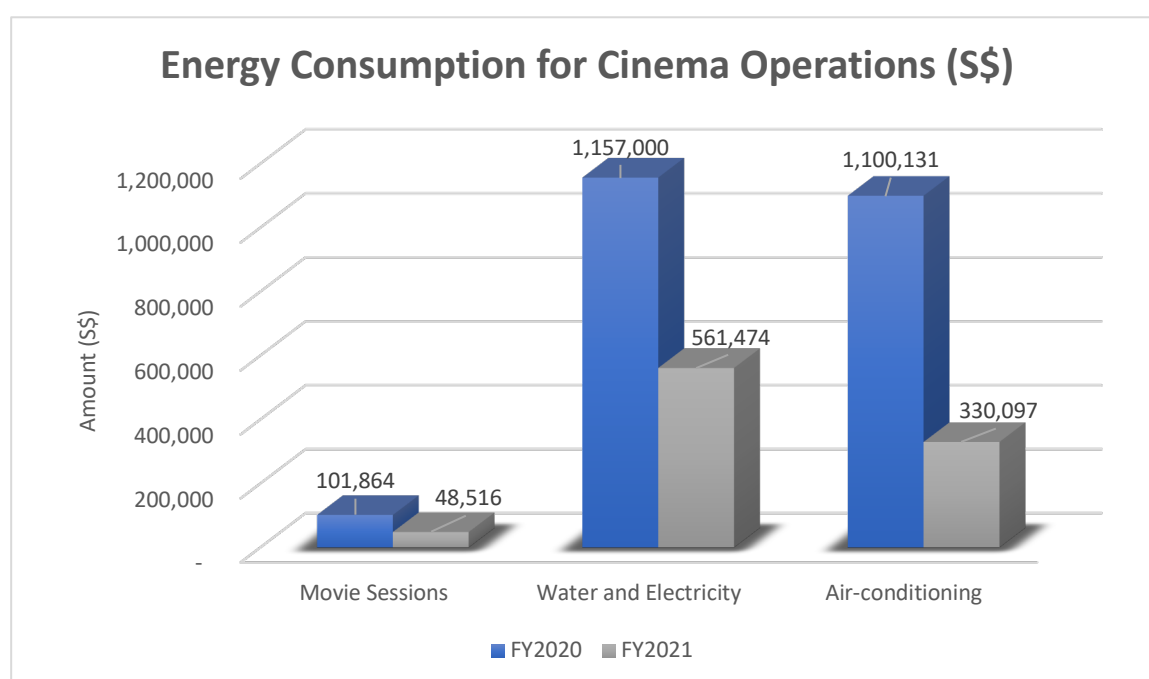
In the following financial year, we hope to report an improved economic performance as we target to commence and continue content production works that are already in our order books, once the COVID-19 pandemic situation has improved. We will also continue to seek potential synergistic business opportunities to sustainably drive the Group's performance.

ENERGY

Across our cinemas and offices, electrical energy is consumed for daily operations. Our Group is dedicated to protecting the environment through the integration of environmental considerations into our business operations. Besides adopting external initiatives such as “Reduce, Reuse, Recycle” initiated by the National Environment Agency, we will continuously explore any new technologies available to help reduce our energy consumption.

At mm2, we are also looking into new sustainable practices and areas to achieve our sustainability objectives. With the impact of the COVID-19 pandemic in FY2021, cinema operators were required to be closed from 26 March 2020 to 12 July 2020. After the reopening in July 2020, limited seating arrangements due to safe distancing measures and consumer sentiments led to reduced demand for films in cinemas.

During the period of closure, all electrical equipment was shut down and only turned on for maintenance or servicing. Air-conditioning was scheduled to be switched on on alternate days for a period of 2 hours to prevent the moulding of hall seats and carpets. In FY2021, the number of movie sessions dropped by 52.4% to 48,516. Water and electricity usage dropped 51.2% to a total cost of S\$561,474 while air-conditioning usage dropped 70% to a total cost of S\$330,097.



Several energy-saving measures were implemented during FY2021. With shortened operating hours, active hours of LED walls, e-posters and point-of-sales machines were shortened. Lights and air-conditioning in under-utilised areas were switched off and only turned on when required. Equipment not in use were switched off. Usage and active hours of air-conditioning in cinema halls were also reduced due to lower admission of cinema-goers. Alternate water taps in restrooms and cubicles were also turned off.

ENERGY

In the future, we plan to incorporate more efficient lighting, such as LED lighting for cinema walkways and lobbies and motion sensor lighting, when our operational capacity returns to normal after the COVID-19 pandemic. We will also consider including performance indicators of our energy saving initiatives.

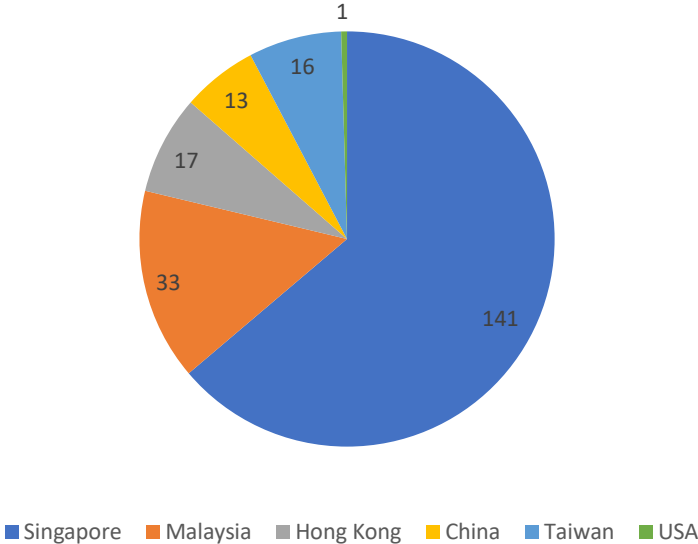
DIVERSITY AND EQUAL OPPORTUNITY



mm2 is an organisation made up of people from diverse backgrounds and communities. We believe that a diverse organisation is better suited for a sustainable business model. We strive to offer equal opportunities for recruitment, career progression and training, by adopting the five principles of Singapore’s Tripartite Guidelines on Fair Employment Practices. With operations in multiple countries and regions, we are committed to attracting, developing and retaining a diverse and inclusive workforce to ensure both our people and organisation thrive in a global marketplace.

As of 31 March 2021, our Group employed 441 employees, constituting 214 permanent employees and 227 temporary employees. Of the 441 employees, 434 are full-time staff, while 7 are employed on a part-time basis. The breakdown of our employees by country is as below:

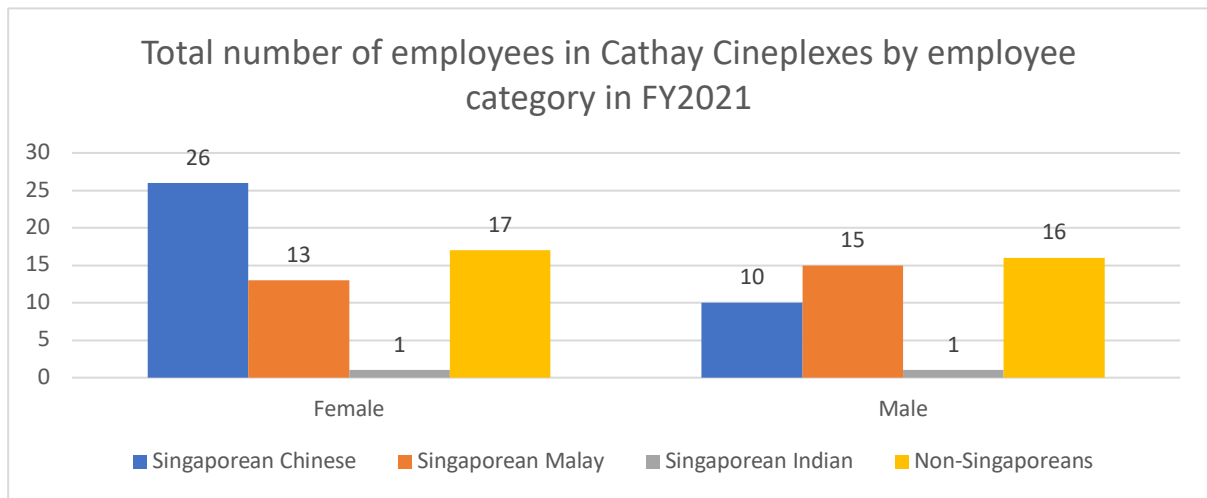
Number of Employees by Country



DIVERSITY AND EQUAL OPPORTUNITY

Cathay Cineplexes Pte Ltd

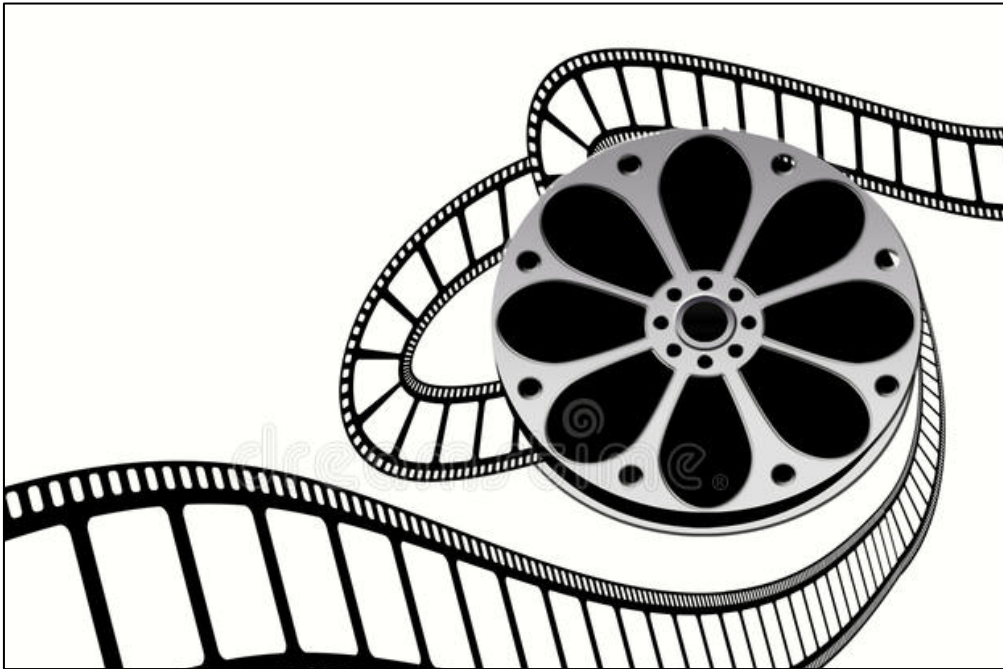
In Cathay Cineplexes, we are committed to creating a diverse and inclusive team and working environment. Our recruitment and selection process is based on aptitude, and there is no discrimination against race, age, gender, religion or nationality. In FY2021, we reviewed our diversity strategy and created teams with a balanced gender structure. We have a total of 99 employees in FY2021, over various ethnicities, with a split of 58% female and 42% male. The detailed breakdown is as below:



We offer equal growth opportunities by continuously assessing employees' performance for promotion. In addition, we also offer internships to students with mild intellectual disabilities as we believe that they deserve the chance to prove their capabilities and that they can be independent as well.

In the future, we will continue to uphold the principles of Singapore's Tripartite Guidelines on Fair Employment Practices and maintain a workforce with a diverse ethnicity and gender structure as well as varied educational backgrounds and career experiences. We will also include comparative data for year-on-year comparisons on our performance in terms of diversity and equal opportunity.

MARKETING AND LABELLING



At mm2, besides complying with relevant legislation and requirements, we are also continuously updating ourselves on industry best practices for communication of clear and concise information to our consumers.

All films produced by our Group are rated and evaluated according to the film classification guidelines enforced by the local authority, IMDA. We have also put in place review processes to ensure that we comply with the Films Act 1991, with each film being reviewed before release. Our films are also labelled with film classifications on the posters for advertising purposes.

Labelling of the producers' names, authorities' endorsement, production release dates, running time and casts are concisely included in all of our productions featured in advertisements, marketing collaterals and websites to ensure that clear and accurate information are provided to our consumers.

In addition to legislation requirements, we are also dedicated to ensuring that our marketing and advertising materials and activities adhere to the Singapore Code of Advertising Practice, administered by the Advertising Standards Authority of Singapore ("ASAS"). Our marketing team, as well as senior management, also review all information disclosed on our websites, advertisements, and films before publication.

We are proud to announce that in FY2021 there were no incidents of non-compliance with local regulations or with voluntary codes that resulted in a fine, penalty or warning. Moving forward, we will continue our commitment to responsible marketing and carefully ensure all films are correctly classified according to the guidelines. Moreover, we aim to maintain our record of zero non-compliance incidents with the local regulations or voluntary codes.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Remarks
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	Organisational Profile	
	102-1 Name of the organisation	Pg 1
	102-2 Activities, brands, products, and services	Pg 5
	102-3 Location of headquarters	Pg 5
	102-4 Location of operations	Pg 5
	102-5 Ownership and legal form	Pg 5
	102-6 Markets served	Pg 5
	102-7 Scale of the organisation	Pg 5, 6, 14, 17
	102-8 Information on employees and other workers	Pg 17 & 18
	102-9 Supply chain	Pg 7
	102-10 Significant changes to the organisation and its supply chain	Not applicable
	102-11 Precautionary principle or approach	Precautionary
	102-12 External initiatives	Pg 8
	102-13 Membership of associations	Pg 9
	Strategy	
	102-14 Statement from senior decision maker	Pg 1
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	Pg 5
	Governance	
	102-18 Governance structure	Pg 10
	Stakeholder Engagement	
	102-40 List of stakeholder groups	Pg 12
	102-41 Collective bargaining agreements	None
	102-42 Identifying and selecting stakeholders	Pg 12
	102-43 Approach to stakeholder engagement	Pg 12
	102-44 Key topics and concerns raised	Pg 13
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	Pg 6
	102-46 Defining report content and topic boundaries	Pg 3
	102-47 List of material topics	Pg 13
	102-48 Restatements of information	Not Applicable
	102-49 Changes in reporting	Not Applicable
102-50 Reporting period	Pg 3	
102-52 Reporting cycle	Pg 3	
	102-53 Contact point for questions regarding the report	Pg 3
	102-54 Claims of reporting in accordance with the GRI Standards	Pg 3
	102-55 GRI content index	Pg 20 and 21
	102-56 External assurance	Pg 3

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Reference and Remarks
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and the Boundary	Pg 14 to 19
	103-2 The management approach and its components	Pg 14 to 19
	103-3 The management approach and its components	Pg 14 to 19
MATERIAL TOPICS		
Economic Performance		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Pg 14
	201-4 Financial assistance received from government	Pg 14
Energy		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pg 15
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Pg 17
Marketing and Labelling		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	Pg 19
	417-2 Incidents of non-compliance concerning product and service information and labelling	Pg 19
	417-3 Incidents of non-compliance concerning marketing communications	Pg 19