



MM2 ASIA LTD.
ANNUAL REPORT 2023

CONTENT & MEDIA FOR ASIA



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CORPORATE PROFILE

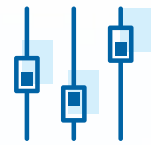
Headquartered in Singapore, mm2 Asia Ltd. (“**mm2 Asia**”, or together with its subsidiaries, the “**Group**”) champions “**Content and Media for Asia**”, with integrated businesses across the content, entertainment, cinema, event and concert industries in Singapore, Malaysia, Hong Kong, Taiwan, China and the United States of America. Since our listing on the Catalist Board of SGX-ST in December 2014, and the successful transfer to the Mainboard of SGX-ST in August 2017, mm2 Asia has strengthened its competitive advantage through its acquisitions of a majority stake in an award winning virtual reality, visual effects and computer-generated imagery studio, Vividthree Holdings Ltd. (SGX Stock Code: OMK), and an event production and concert promotion company, UnUsUaL Limited (SGX Stock Code: 1D1). With the establishment of mmCineplexes and the acquisition of Cathay Cineplexes Pte. Ltd., mm2 Asia is currently one of the key cinema operators in Malaysia and Singapore.

THE GROUP'S PRIMARY BUSINESS ACTIVITIES:

Core Business



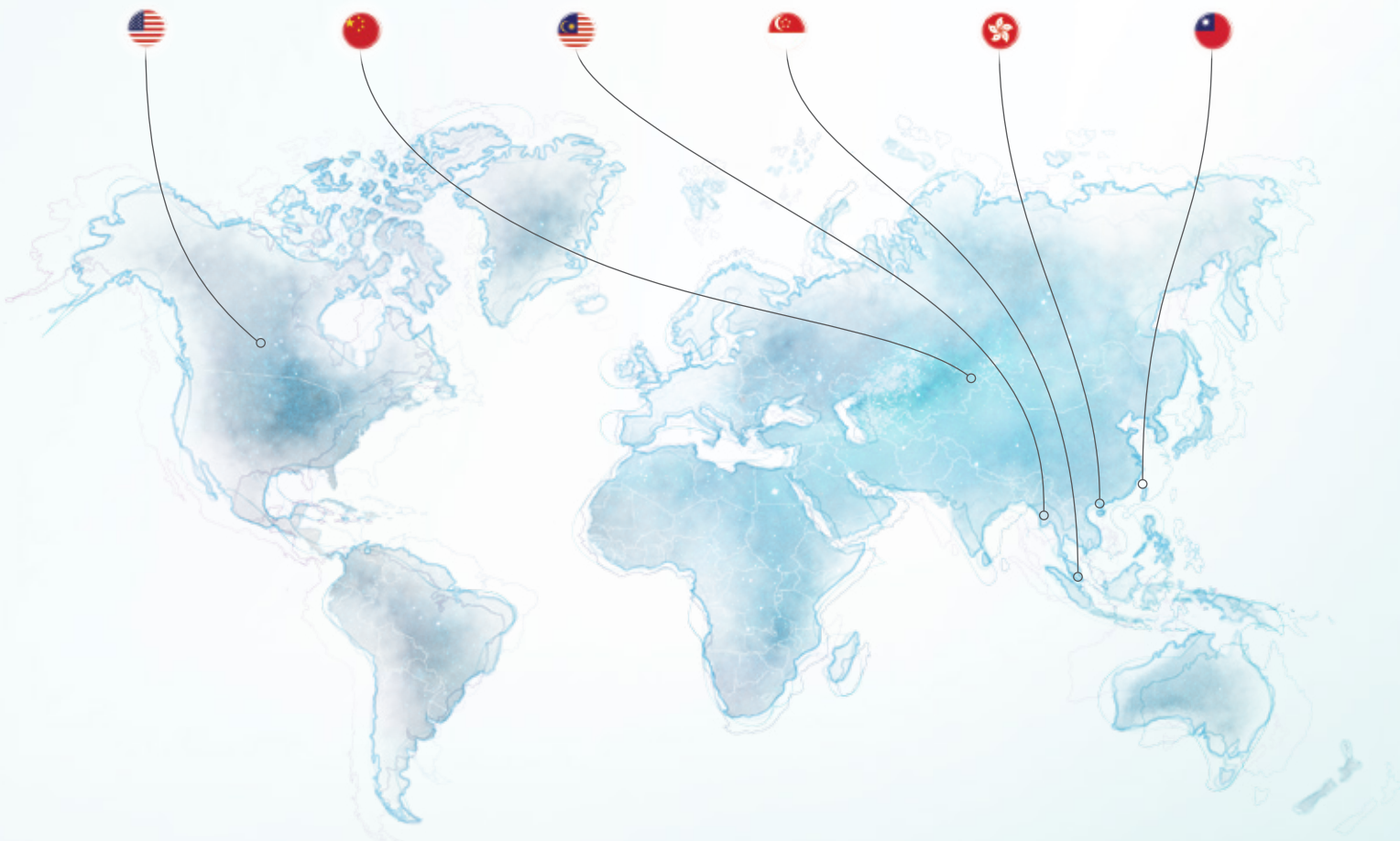
Digital and Live Production Business



Cinema Business



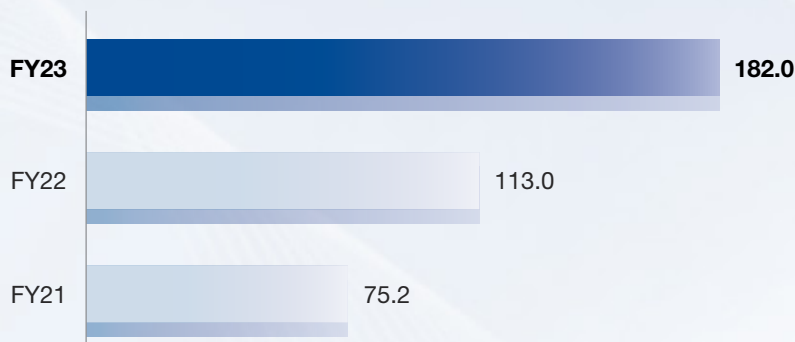
Concert and Event Business



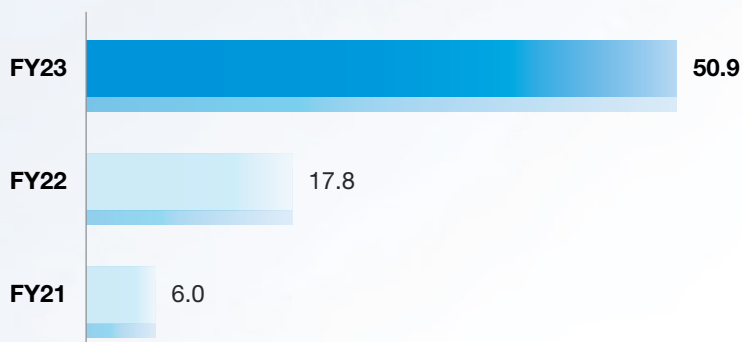
FINANCIAL HIGHLIGHTS



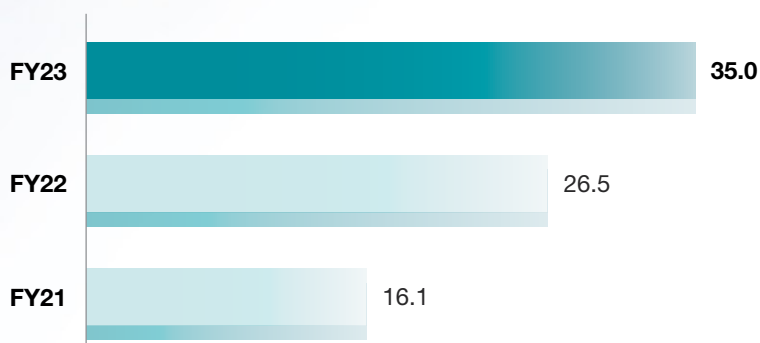
182.0
REVENUE
(\$ million)



50.9
GROSS PROFIT
(\$ million)



35.0
EBITDA⁽³⁾
(\$ million)



Note: Amounts presented in Financial Highlights are the combination of continuing operations⁽¹⁾ and discontinued operations⁽²⁾

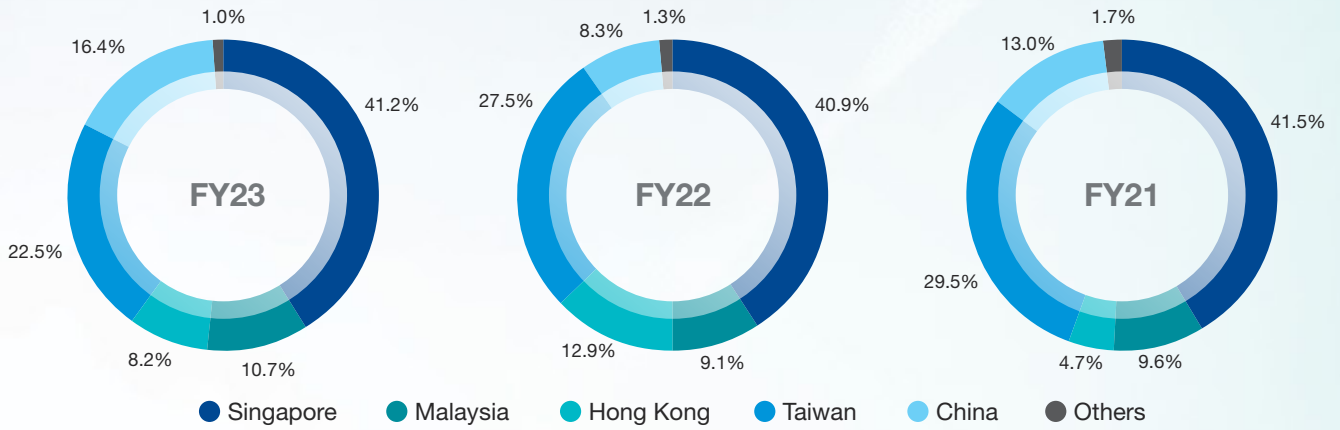
⁽¹⁾ Continuing operations comprised of Core Business, Digital & Live Production, Concert & Event and Other segments

⁽²⁾ Discontinued operations comprised of Cinema Business

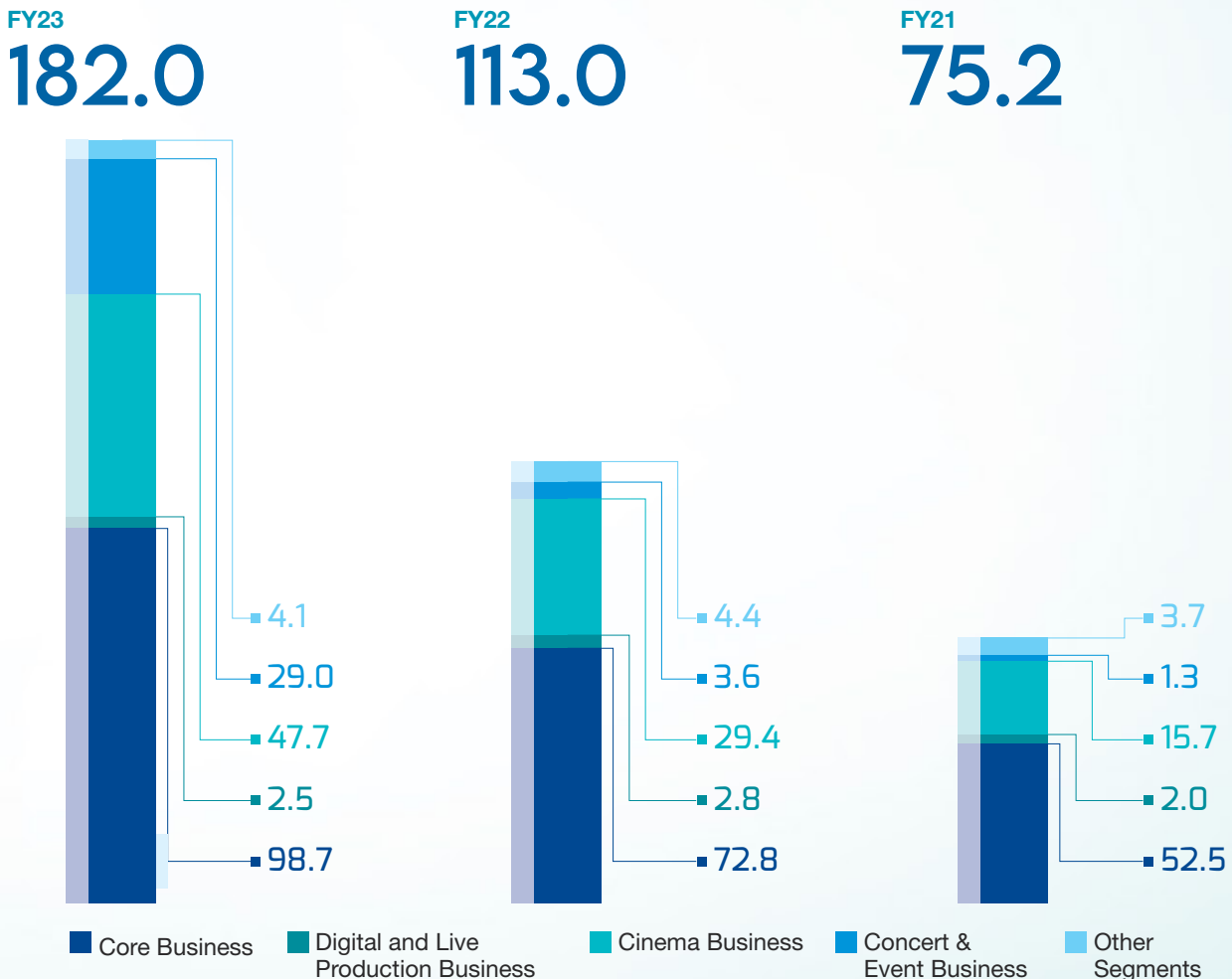
⁽³⁾ EBITDA defines as earnings before interest, tax, depreciation, amortisation, impairment and fair value losses/gains. The EBITDA presented after excluding the gain on deconsolidation of a subsidiary (mm Connect Group) of \$31.8 million for FY2023.

FINANCIAL HIGHLIGHTS

REVENUE BREAKDOWN BY GEOGRAPHICAL LOCATION⁽⁴⁾ (\$ million)

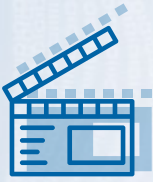


REVENUE BREAKDOWN BY BUSINESS SEGMENTS⁽⁴⁾ (\$ million)



⁽⁴⁾ Revenue after segments elimination

OUR BUSINESSES



CONTENT PRODUCTION DISTRIBUTION AND SPONSORSHIP

The Group's core business lies in film, TV and online content production, distribution and sponsorship. As a producer, mm2 Asia provides services across the entire content value chain, allowing us to derive revenue from all relevant stages of the filmmaking process – from inception to exhibition.

PRODUCTION INCOME

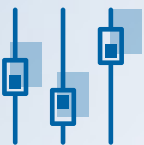
The Group derives production income from producer and consultancy fees, producer's bonuses, government subsidies, script development, exploitation of copyrights, pre-production, principal photography and other contributions.

DISTRIBUTION INCOME

Distribution income is derived through the distribution of content produced by the Group or third parties across various platforms – cinemas, Pay TV, Free TV, online, DVD, airlines and others. For films mm2 Asia has a stake in, we are entitled to a percentage of net receipts from the films distributed across these platforms. The Group also receives commissions from script licensing and other post-release licensing agreements such as adaptation and sequel rights.

SPONSORSHIP INCOME

The Group derives sponsorship income through offering content and platform solutions to advertisers to promote their products and services.



DIGITAL AND LIVE PRODUCTION BUSINESS

Vividthree Holdings Ltd. is listed on the Catalyst Board of the SGX-ST (Stock Code: OMK)

Vividthree Holdings Ltd. ("**Vividthree**") is an award-winning studio specialising in VFX⁽¹⁾ and CGI⁽²⁾ and location-based entertainment with immersive experience serving clients across Asia. Vividthree's offerings are divided into three business segments: Digital Content, MICE⁽³⁾ Experiences and Consumer Entertainment.

⁽¹⁾ VFX: Visual Effects

⁽²⁾ CGI: Computer-generated Imagery

⁽³⁾ MICE: Meetings, Incentives, Conferences and Exhibitions





CINEMA BUSINESS

The Group is presently the only player managing and operating cinemas in both Malaysia and Singapore. The Group operates 90* screens across 12* locations in Malaysia under the brand “mmCineplexes”. In Singapore, following the acquisition of Cathay Cineplexes Pte. Ltd., the Group became one of the key cinema operators in Singapore, with 44* screens across 6* locations under the brand “Cathay Cineplexes”.



90

Screens

12

Locations



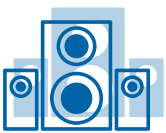
44

Screens

6

Locations

* As at 30 June 2023



CONCERT AND EVENT

UnUsUaL Limited is listed on the Catalist Board of the SGX-ST (Stock Code: 1D1)

As the Group’s event production and concert promotion’s arm, UnUsUaL Limited (“**UnUsUaL**”) produces and promotes large-scale events and concerts for renowned artistes and showrunners, offering comprehensive creative and technical solutions for events and concerts in Singapore and beyond.



CORPORATE MILESTONES



FINANCIAL & OPERATIONS REVIEW

REVIEW OF FINANCIAL PERFORMANCE FOR CONTINUING OPERATIONS

Revenue

The Group's revenue grew by approximately \$50.8 million or 60.8%, from \$83.5 million to \$134.3 million. This was mainly attributed to the gradual recovery of the Group's businesses from the effects of the COVID-19 pandemic and the lifting of governments' restrictions since April 2022. Revenues of each segment are analysed as follows:

The Core Business saw an increase in its total revenue (before segments elimination) by approximately \$27.9 million or 38.0%, from \$73.4 million to \$101.3 million. The increase was mainly due to film/drama productions by \$27.1 million, or 42.9%, as the segment completed more projects than the previous financial year.

The Digital and Live Experience Production ("**Digital & Live Production**") segment's total revenue (before segments elimination) increased slightly by approximately \$0.1 million or 3.6%, from \$2.8 million to \$2.9 million. This was mainly due to an improvement in the segment's revenue in Live Experience Production from \$0.4 million to \$0.6 million, as more projects were completed with higher value in FY2023.

The Concert and Event ("**Event**") segment's total revenue (before segments elimination) also saw a significant improvement by approximately \$25.6 million, up from \$3.6 million to \$29.2 million. This increase was a result of the reopening of live performances in Singapore and Malaysia, coupled with the lifting of COVID-19 restrictions, including the capacity limit for large-scale events since April 2022, additionally, this has led its promotion and production business to increase significantly.

Other segments comprise media advertising activities, news agency activities, software development for interactive digital media, brand consulting services, streaming digital films and short video content. This segment's revenue (before segments elimination) is primarily contributed by advertising and news agency activities, and the revenue slightly decreased by \$0.3 million or 6.8%, from \$4.4 million to \$4.1 million.

Cost of sales

The cost of sales increased by approximately \$31.8 million or 42.5%, from \$74.8 million to \$106.6 million. The increase in the cost of sales was in line with the increase in revenue from respective business segments, particularly the Core and Event segments, except for other direct fixed costs, such as depreciation, amortisation and direct staff cost, which have been incurred throughout the year.

Gross profit

Gross profit increased by approximately \$18.9 million, from \$8.8 million in FY2022 to \$27.7 million in FY2023 due to better performances from the Core and Event segments which contributed to the increase. As a result, the gross profit margin of the Group has improved from 10.5% to 20.6%.

Other income

Other income decreased by approximately \$1.6 million or 69.6%, from \$2.3 million to \$0.7 million, mainly due to lower government grant income from the Job Support Scheme (JSS) and government subsidy of approximately \$1.3 million compared to the previous financial year.

Other (losses)/gains - net

The Group recorded net other losses of approximately \$26.5 million compared to net other losses of \$3.8 million in the previous year. The increase in net losses in FY2023 was mainly due to fair value losses on financial instruments from convertible securities, which accounted for \$24.2 million.

FINANCIAL & OPERATIONS REVIEW

Administrative expenses

Administrative expenses consist of the following:

	FY2023 \$'000	FY2022 \$'000
Staff costs and Directors' fees (excluding those under the cost of sales)	7,509	6,731
Impairment loss on film intangibles and film inventories	-	2,417
Depreciation and amortisation	2,327	3,726
Other expenses with no material fluctuation	5,488	4,376
	15,324	17,250

The Group's administrative expenses decreased by approximately \$2.0 million or 11.6%, from \$17.3 million to \$15.3 million in FY2023. The decrease was attributed to:

- (i) the Core Business did not recognise any impairment of film intangibles and film inventories compared to last financial year;
- (ii) lower in amortisation and depreciation by total approximately \$1.4 million or 37.5%;

and partially offset by,

- (iii) an increase in staff cost by approximately a total of \$0.8 million or 11.9%, mainly contributed by the Event segment due to an increase in its business activities.

Finance expenses

Finance expenses increased by \$2.2 million or 33.3%, from \$6.6 million to \$8.8 million in FY2023 was mainly due to the issuance of new convertible securities in the 4Q FY2023 as well as interest rates hiked during FY2023.

Share of (losses)/profits of associated companies and former joint venture

The share of losses of associated companies and former joint venture from profits to losses of \$0.5 million in FY2023 was mainly contributed by the Core Business's associated company.

Net loss for the financial year

As a result of those mentioned above, excluding the \$24.2 million of fair value loss from the financial instruments (convertible securities), the Group's performance would have achieved a net profit of \$0.8 million in FY2023 compared net loss of \$17.2 million in FY2022. The significant improvement is mainly attributed to the Core Business and the Concert & Event segment whose financial performance has also returned to a profit position for the first time since the COVID-19 outbreak.

Earnings before interest, tax, depreciation, amortisation, impairment and fair value losses ("Adjusted EBITDA")

As described in the performance of each segment above, the Core Business and Event and Convert segments are the main segments contributing to the Group's improved Adjusted EBITDA in FY2023. The Adjusted EBITDA is analysed by segment as follows:

	FY2023 \$'000	FY2022 \$'000
Core Business	24,117	17,936
Digital & Live Experience Production	(2,236)	(1,755)
Concert & Event	3,624	(2,207)
Others	(1,686)	(1,019)
Segments elimination	16	(195)
	23,835	12,760

REVIEW OF FINANCIAL PERFORMANCE FOR DISCONTINUED OPERATIONS (CINEMA OPERATIONS)

As described in Note 41(a) to the financial statements, upon deconsolidation of the Cinema Operations from the Group's financial statement, the Cinema Operations financial results have been presented as "Discontinued Operations" as of 31 March 2023 and the previous financial year.

Revenue

The Cinema Operations revenue increased by approximately \$18.2 million or 61.7% from \$29.5 million to \$47.7 million in FY2023. The full-scale operation of the cinema's segment led to higher admission and box office collections since April 2022 which was the main factors that contributed positively to the overall performance of Cinema Operations.

Cost of sales

The cost of sales increased by approximately \$4.1 million, or 20.1%, from \$20.4 million to \$24.5 million in FY2023. The increase in the cost of sales was in line with the increase in revenue and its business activities.

Gross profit

Gross profit increased by \$14.1 million, or 154.9%, from \$9.1 million to \$23.2 million, and the increase was mainly due to higher admission. As a result, the cinema business's gross profit margin has increased from 30.8% to 48.6% in FY2023.

Other income

Other income of cinema business has decreased by approximately \$7.5 million, from \$8.7 million to \$1.2 million in FY2023, was mainly due to a lower concession income, government grant income from Job Support Scheme (JSS) and Rental Support Scheme (RSS) for approximately \$7.3 million compared to the previous financial year.

Other (losses)/gain - net

The Cinema Operations recorded net other losses of approximately \$0.6 million in FY2023 million as compared to net other gains of \$6.2 million in FY2022. Included in FY2023, the cinema operation recorded an unrealised loss on foreign exchange of \$2.3 million from its intercompany balances. There was no change in the fair value in its financial instruments compared to last financial year that the cinema operations had recognised a gain on fair value of its financial instrument of \$6.0 million and a gain on remeasurement of its convertible securities of \$1.1 million.

Administrative expenses

The cinema business had incurred administrative expenses of \$30.6 million in FY2023, which are fairly consistent with the previous financial year of \$30.0 million. During the current financial year, the Cinema Business recognised an impairment loss on its goodwill amounted to \$117.7 million (2022: \$12.0 million) as the recoverable amount exceeded the carrying amount of the goodwill.

Finance expenses

In FY2023, finance expenses of the Cinema Operation comprised:

- (i) interest expenses on borrowings of \$4.7 million (FY2022: \$4.7 million); and
- (ii) interest expenses on lease liabilities of \$1.8 million (FY2022: \$2.2 million), a decrease of \$0.4 million or 18.2%, was mainly due to the closure of a cinema outlet in Singapore.

Net loss for the financial year

As a result of those mentioned above, excluding the \$117.7 million (2022: \$12.0 million) of impairment loss on its goodwill, the Cinema Operation's performance would have a net loss of \$13.1 million compared net loss of \$12.9 million in FY2022.

The Group recognised a gain on deconsolidation of the Cinema Operations of \$31.8 million after the Company lost control over the Cinema Operations' board representative in FY2023. The details of the deconsolidation of the Cinema Operation is mentioned in Note 41(a) to the financial statements.

Earnings before interest, tax, depreciation, amortisation, impairment and fair value gains/losses ("Adjusted EBITDA")

In FY2023, the Cinema Operations' Adjusted EBITDA reduced by \$1.8 million or 14% from \$12.9 million to \$11.1 million.

FINANCIAL & OPERATIONS REVIEW

REVIEW OF FINANCIAL POSITION

Current assets

Current assets increased by \$19.4 million or 9.3%, from \$208.3 million to \$227.7 million contributed by:

- (i) a net decrease in trade and other receivables by approximately \$4.3 million or 4.2% from \$102.9 million to \$98.6 million mainly attributable to the Core Business;
- (ii) a decrease in cash and cash equivalents by approximately \$5.2 million or 35.6%, from \$14.6 million to \$9.4 million, mainly due to cash provided by operating activities of \$8.9 million, cash utilised in investing activities of \$1.3 million and in financing activities of \$12.3 million; and
- (iii) an increase in other current assets (i.e. costs incurred by the Group in fulfilling a contract with its customers (third party commissioned projects) for ongoing projects by approximately \$31.9 million or 38.2%, from \$83.5 million to \$115.4 million due to increase of the number of ongoing projects. These project costs will be recognised as the cost of sales to match its revenue upon completion.

Non-current assets

Non-current assets decreased by \$169.3 million or 45.7%, from \$370.7 million to \$201.4 million contributed by:

- (i) a decrease in other receivables and deposits by \$18.1 million or 90.5% was mainly due to reclassification to intangible assets as the Group's Concert and Event segment obtained the intellectual property right from the non-related party amounting to \$14.3 million;
- (ii) an increase in investments in associated companies by \$90.0 million, after the Management determined that the Company had loss of control of mm Connect Pte. Ltd and subsequently, the Company's investment in mm Connect Pte. Ltd. is classified as an associated company as at 31 March 2023;
- (iii) a decrease in property, plant and equipment (including right-of-use assets) by approximately \$44.6 million or 74.6% was mainly due to depreciation charge in FY2023 and deconsolidation of the Cinema Operations; and
- (iv) a decrease in intangible assets and goodwill by \$191.0 million was mainly due to the deconsolidation of the Cinema Operations.

Current liabilities

Current liabilities decreased by \$78.5 million or 27.6%, from \$284.6 million to \$206.1 million, contributed by:

- (i) a net decrease in trade and other payable by \$21.1 million or 23.0%, mainly due to the deconsolidation of the Cinema Operations;
- (ii) a net increase in contract liabilities (i.e. advance billing but services yet to be delivered to clients and to be recognised as revenue upon services completed) by \$8.4 million or 103.7% was mainly attributable to the Core Business (approximately \$10.6 million) due to higher in advance billings for ongoing projects;
- (iii) a decrease in short-term borrowings by approximately \$36.8 million or 23.8%, from \$154.4 million to \$117.6 million. The reduction is mainly due to the deconsolidation of Cinema Operations' borrowings and other borrowings of the Group's segments has become due within next 12 months; and
- (iv) a net decrease in lease liabilities by \$27.8 million or 98.9% was mainly due to the deconsolidation of Cinema Operations.

Non-current liabilities

Non-current liabilities increased by approximately \$39.4 million or 42.8%, from \$92.0 million to \$131.4 million, mainly attributable to:

- (i) the recognition of financial guarantee issued by the Company to the Cinema Operations amounting to \$14.5 million, of which \$1.1 million was recognised in current other payables and \$13.4 million in non-current other payables in line with the maturity of the borrowings of the Cinema Operations; and
- (ii) the issuance of the \$54.0 million Exchangeable Bond by the Company on 30 December 2022 with a maturity of three-anniversary of the issue date.

REVIEW OF CASH POSITION

As at 31 March 2023, the Group's cash and cash equivalents, net of bank overdraft, amounted to approximately \$8.9 million, as compared to \$13.6 million in the previous financial year. The decrease in cash and cash equivalents mainly attributable to the following:

Net cash used in operating activities

In the current financial year, the non-cash adjustments to operating activities (comprised of continuing and discontinued operations), other than interest, tax, depreciation and amortisation, mainly contributed by:

- (i) impairment losses of \$117.7 million;
- (ii) loss on unrealised foreign exchange of \$4.3 million;
- (iii) loss on fair value changes on financial instruments of \$21.6 million; and
- (iv) gain on deconsolidation of a subsidiary of \$31.8 million.

Accordingly, the Group generated approximately \$39.2 million net cash inflow from operating activities before net working capital changes of continued and discontinued operations compared to \$26.0 million net cash inflow from operating activities before net working capital changes in the previous financial year.

After applying net working capital changes, it generated net cash inflows of approximately \$8.9 million (2022: \$26.2 million). The net working capital changes are derived from the following:

- (i) a net decrease in receivables of \$1.2 million;
- (ii) a net increase in other current assets of \$32.8 million due to higher project costs incurred and a higher number of projects;
- (iii) a net decrease in trade and other payables of \$6.0 million;
- (iv) a net increase in contract liabilities of \$10.5 million due to an increase in progress billing for ongoing projects; and
- (v) corporate tax payments of \$1.9 million during the year.

Net cash used in investing activities

In the current financial year, the net cash outflows from investing activities amounted to approximately \$1.3 million as compared to \$5.5 million outflows in the previous financial year were mainly contributed (i) the addition of property, plant and equipment of \$1.0 million and (ii) deconsolidation of a subsidiary's cash balance of approximately \$0.8 million.

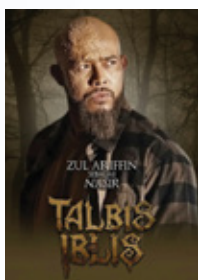
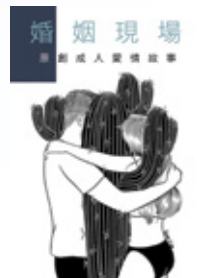
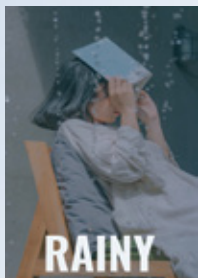
Net cash generated from financing activities

In the current financial year, net cash utilised in financing activities amounted to approximately \$12.3 million (2022: \$17.9 million), mainly contributed by:

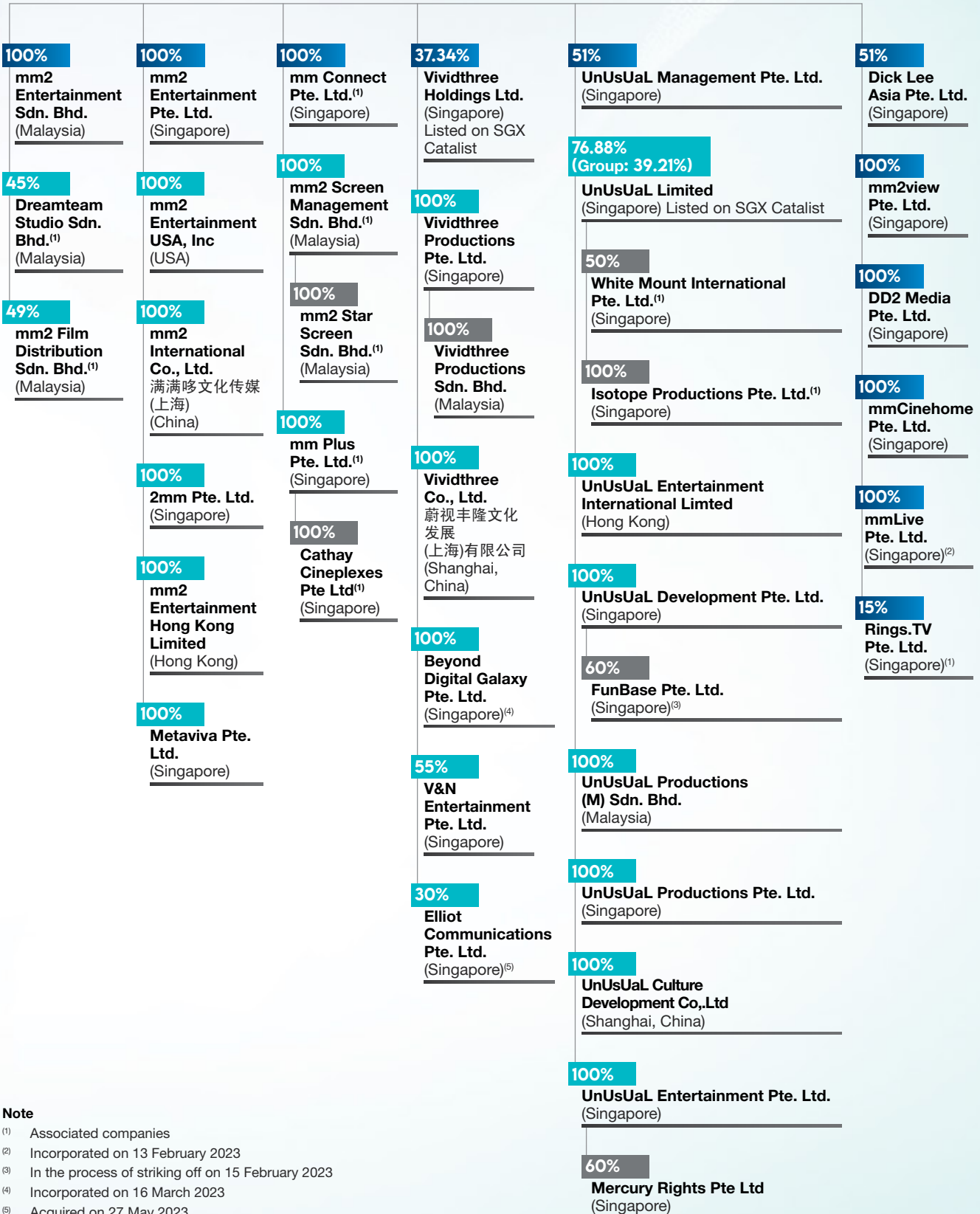
- (i) proceeds from bank borrowings of approximately \$30.7 million mainly derived from the Core Business;
- (ii) proceeds from the issuance of Exchangeable Bonds for \$54.0 million by the Company;
- (iii) proceeds from the issuance of ordinary shares pursuant to the private placement occurred the previous financial year, for approximately \$9.8 million by the Company;
- (iv) proceeds from the issuance of new convertible securities for \$15.4 million by the Cinema Operations;
- (v) repayment of borrowings for \$85.8 million was mainly derived from the Core and Cinema Operations;
- (vi) repayment of lease liabilities of \$23.6 million was mainly contributed by the Cinema Operations; and
- (vii) interest payments of \$12.7 million (comprising interest on bank borrowing of \$10.8 million and interest on lease liabilities of \$1.9 million).

As a result, the Group recorded a net cash decrease of approximately \$8.9 million in the current financial year, compared to a net cash decrease of approximately \$13.6 million in the previous year.

ORDER BOOK



GROUP STRUCTURE



Note

- ⁽¹⁾ Associated companies
- ⁽²⁾ Incorporated on 13 February 2023
- ⁽³⁾ In the process of striking off on 15 February 2023
- ⁽⁴⁾ Incorporated on 16 March 2023
- ⁽⁵⁾ Acquired on 27 May 2023

CHAIRMAN'S STATEMENT



MELVIN ANG

Founder & Executive Chairman

DEAR SHAREHOLDERS

FY2023 marks the third year since the start of the COVID-19 pandemic. It is often said that the night is darkest right before the dawn. In FY2023, we finally stepped out of the darkness and into the dawning of a new day. Demand is picking up and the markets are starting to recover. It also means that we will have to work even harder than before to accomplish the recovery that we have been planning for so long.

The media industry in Southeast Asia and Asia has never been an easy ride, but there are huge opportunities on the horizon. Opportunities such as the growth of digital platforms, the growing demand for regional content, the arrival of more international players in the Asian market, and the growth of talent in Asia amongst other things.

mm2 is well-positioned to be the frontrunner to tap into these opportunities. We have a strong portfolio of brands, a deep understanding of the Asian market, and a talented team network. We have also been investing in new content and technologies, which will give us a competitive edge in the years to come.

Our corporate focus in the coming year will be in these three key areas:

- **Streamlining our existing businesses.** We will revisit our successes of the last decade of operations and identify areas where we can improve our efficiency and profitability.
- **Leveraging on our competencies.** We will continue to invest in content creation, growing our business market presence and relationships with strategic partnerships. We will also look for new ways to leverage our expertise in production, distribution, and marketing.
- **Growing our market presence in Asia.** We will continue to ramp up operations for non-Chinese content in the region. We will also explore new markets and channels to reach our audiences.

I am confident that this is the dawning of a new era for mm2. We have the brand, the presence across multiple markets, the deep talent pool, the resources, and the vision to succeed. The media landscape is changing rapidly, and we need to work hard to stay ahead of the curve.

On behalf of the Group, I would like to express my sincere appreciation to all our valued shareholders, customers, and business associates for their continued support and confidence in the Group. I would also like to thank the management and staff of the Group at all levels for their service and contributions, loyalty, and hard work. We have faced the challenges of the pandemic together, and together we will continue to grow our organization to create long-term value for all our stakeholders.

Thank you again for your support.

Melvin Ang Wee Chye

Executive Chairman & Executive Director



CHANG LONG JONG
Group CEO

DEAR SHAREHOLDERS

FY2023 has been another challenging year. Even as the impact of COVID-19 abated in Singapore and the region, new economic headwinds emerged, slowing down the pace of recovery. Nevertheless, as governments across Asia eased pandemic restrictions, our businesses began to pick up. While we have yet to return to pre-pandemic numbers, the results have been encouraging. The road to full recovery and beyond is within sight.

The total revenue for the year grew more than 61% (vs FY2022) to \$134.3 million, driven predominantly by the core content creation business and the concert and events segment. The core content creation business grew by 38% (vs FY2022) to \$101.3 million, setting a new revenue record. The previous revenue record for the core business was \$99.5 million, achieved in pre-pandemic FY2019.

The concerts business bounced back significantly after the capacity restrictions of public performances were progressively lifted from April 2022. Total revenue from the concert and events segment of \$29.2 million was achieved in the year, more than eight times that of the previous year. The gross profit of \$7.6 million compared favourably to a gross loss of approximately \$0.8 million in FY2022.

The cinema business continued to improve with revenue and gross profit growing to \$47.7 million (an increase of 62%) and \$23.2 million (an increase of 156%) respectively. More work involving the ongoing cost rationalisation and development of new revenue models is needed to turn around the business. As announced on 30 December 2022 and completed on 24 March 2023, the Group and the bondholder entered into an Exchangeable Bond Subscription Agreement with free detachable warrants, issued by mm2 Asia Ltd.. In compliance with relevant accounting guidelines and considering the terms and conditions of the Agreement, the Group assessed and determined that the cinema business is

to be presented as discontinued operations in the Group's financial results and deconsolidated from Group's balance sheet. Notwithstanding the de-consolidation, the Group still retains 100% equity interest in mm Connect as an associated company.

One of the more exciting developments in FY2023 was the launch of the Y2Y (Youth to Youth) initiative by mm2 Entertainment in Singapore. The initiative is a first-of-its-kind programme to connect with and benefit young media talents in Singapore by providing them with real industry projects to work on and opportunities to learn from accomplished industry practitioners. Through this initiative, the Group aims to discover the next generation of filmmakers and content creators; and strengthen its reach and engagement of young audiences through the networks of these young talents.

Looking ahead, we are optimistic that the coming year will see a strong rebound for most of our business segments. The demand for content continues to grow, fuelled by intense competition among international streamers in the region. We are witnessing massive pent-up demands for live concerts, with fans craving concert experiences insatiably in the post-pandemic era. We will continue to build on the recovery momentum while continuing to exercise financial prudence and cost control.

We would like to thank all our valued stakeholders for their continued encouragement and support throughout the year. We are grateful to our Board of Directors for their invaluable guidance and tremendous support. To all our hard-working colleagues, a big 'thank you' for your devotion and indefatigable spirit. I am confident that the experience of the past couple of years has forged our resilience and fortitude, paving the way for better days ahead.

Chang Long Jong
Chief Executive Officer

BOARD OF DIRECTORS



MELVIN ANG

Founder & Executive Chairman

Melvin Ang is the Founder and Executive Chairman of mm2 Asia, responsible for supervising the overall business operations and management of the Group, as well as business planning and providing executive leadership and supervision to the Group's senior management team.

Mr Ang graduated from Macquarie University with a Master of Business Administration in 1996. In August 1997, he was employed by the Television Corporation of Singapore as Vice President, Business Development. Mr Ang was subsequently employed by SPH MediaWorks Ltd as Chief Operating Officer of its Media Business Group between November 2000 and April 2003.

Between July 2003 and March 2007, Mr Ang was employed as Managing Director of Mediacorp Studios. Before setting up mm2 Malaysia and mm2 Singapore in January 2009, he served as Media Prima Berhad's Executive Advisor between July 2007 and December 2008.



TAN LIANG PHENG

Lead Independent Director

Tan Liang Pheng is the Group's Lead Independent Director and Chairman of the Remuneration Committee. He worked for 35 years in two multinational corporations, responsible for their accounting, treasury and financial functions. He later sat on the Board of Directors of Tetra Pak Group of Companies in Singapore. In 2009, Mr Tan was appointed as General Manager of Iviria Pte. Ltd. and was subsequently promoted to Executive Director in 2010. Mr Tan served as Executive Director of Iviria Pte. Ltd. until November 2012.

Mr Tan was admitted as a Fellow member of the Association of Chartered Certified Accountants (UK) in 2003. He is a member of the Institute of Singapore Chartered Accountants.



JACK CHIA

Independent Director

Jack Chia is an Independent Director and the Chairman of the Audit Committee. He graduated from the National University of Singapore with a degree in Accountancy and from the International University of Japan with a Master of Arts in International Relations. Mr Chia is qualified as a Fellow of the Institute of Singapore Chartered Accountants and has also completed the General Manager Program at Harvard Business School.

After twenty years in both the private and public sectors, substantially in Japan and China, with Arthur Andersen, Singapore Technologies, Government of Singapore Investment Corporation and the Enterprise Singapore Board, Mr Chia decided to embark on a career as a professional director, specializing in corporate governance.

Mr Chia's present directorships include CFM Holdings Limited, Ying Li International Real Estate Limited and CDW Holding Limited.

BOARD OF DIRECTORS



THOMAS LEI
Independent Director

Thomas Lei is an Independent Director and the Chairman of the Nominating Committee. He was admitted to the Singapore Bar in 1989 and has been in active practice ever since, primarily advising on commercial law and litigation matters. Mr Lei was a director of, and is currently, a consultant with Lawrence Chua Practice LLC, a law firm based in Singapore. Mr Lei started his career at Chor Pee & Co (later Chor Pee and Partners) and subsequently joined the firm of Engelin Teh & Partners in April 2000. Mr Lei read law at the National University of Singapore where he obtained a LL.B. and is a member of the Law Society of Singapore.



TERRY MAK
Non-Executive Director

Terry Mak is a Non-Executive Director. He is the founder of Media Station Ltd which has been providing consultancy services to clients in Information, Media and Technology sectors since 2010. In 1991, he joined TVB International Ltd as Divisional Manager (Southeast Asia) and, in 2001, was promoted to Assistant General Manager to oversee its worldwide content distribution business. After working at TVB for 14 years, Mr Mak left TVB in 2005, to work for Celestial Pictures Ltd, as its Executive Vice President, where he was responsible for managing Celestial's film library and movie channel network. Mr Mak held the position of Chief Operating Officer at MCC International Pte. Ltd. between 1 June 2012 and 31 July 2014.

He graduated from Hong Kong Baptist University with a Bachelor of Science in Chemistry in 1979 and from University of Connecticut in 1981 with an MBA.



DENNIS CHIA
Non-Executive Director

Dennis Chia was appointed as Non-Executive Director of mm2 Asia Ltd. on 31 August 2017. Mr Chia is currently the Chief Financial Officer of StarHub Ltd. In his prior roles, he was the Senior Vice President and Chief Financial Officer of STATS ChipPAC (Worldwide), a leading provider of advanced semiconductor packaging and test services; Vice President of Finance, Asia Pacific Operations (APO) of Lear Corporation; and the Chief Financial Officer of Behringer Corporation and Frontline Technologies Corporation, where he led their successful listings on the Singapore Exchange.

Mr Chia is a Chartered Accountant and currently a council member with the Institute of Singapore Chartered Accountants. He has a Bachelor's (Honours) degree in Accountancy from the National University of Singapore and also holds a Master's degree in Business Administration from University of Hull, United Kingdom.

OUR TEAM



CHANG LONG JONG Group CEO

Chang Long Jong is our Group CEO and is responsible for overseeing and managing the Group's business operations, especially the production division, as well as sourcing new business opportunities for the Group. Prior to joining the Group in April 2017, Mr Chang was Deputy CEO and Chief Customer Officer of Mediacorp Pte. Ltd. ("Mediacorp"), overseeing all of Mediacorp's major media assets including TV, Radio, Newspaper, Magazines and Over-the-Top (OTT) service Toggle. He has a 30-year career in the business with invaluable experience in channel management, content development and production, content licensing and distribution, media business development and talent management.

CHONG HOW KIAT

Chief Financial Officer

With close to 20 years of financial experience in property management and development, construction and media industries, Chong How Kiat is responsible for all finance related matters of the Group.

HOCK ONG

Chief Corporate Development Officer CEO, Cinema Business

Hock Ong has extensive debt and capital markets experience spanning Hong Kong, Malaysia, Thailand, Vietnam and China, and has played key roles in several multi-million dollar transactions in different markets. He oversees the Group's cinema business and is responsible for all corporate finance matters related to the Group.

NG SAY YONG

Chief Content Officer Managing Director, mm2 Singapore

Ng Say Yong previously held management positions at Mediacorp TV and has produced and directed numerous highly-successful TV dramas and films. He is responsible for the overall creative content development of the Group's productions.

LESLIE ONG

CEO & Executive Director, UnUsUaL Limited

With over 20 years of extensive experience in concert and event production and promotion, Leslie Ong is responsible for UnUsUaL's overall management operations, strategic planning and business development.

CHARLES YEO

Chief Creative Officer & Executive Director, Vividthree Holdings Ltd.

Charles Yeo is responsible for business development and strategy, and raising investments for projects for Vividthree. He also provides creative direction and input for Vividthree's projects. He has accumulated over 14 years of experience in the production and post-production industry, with a special focus on digital immersive content for location-based entertainment and visual effects, since 2003 when he first ventured into the industry with Vividthree.

JONATHAN ZHANG

**CEO & Executive Director,
Vividthree Holdings Ltd.**

Mr Zhang is responsible for overseeing the strategic direction and operational goals of Vividthree. His 15 years of professional experience was spread across two international banks, three listed companies (SGX, ASX and NASDAQ) and private companies across industries in management roles with regional responsibilities.

TOONG SOO WEI

General Manager, mm2 Singapore

Previously held management positions at J Team Productions, Neo Studios and Homerun Asia, Toong Soo Wei has produced over 25 films since 2008 and is responsible for the overall operations of mm2 Singapore.

GARY GOH

General Manager, mm2 Singapore

Gary heads the New Business Department to drive the commercial short form content business. He is also responsible for developing movie projects in new markets such as Thailand, Indonesia and USA, forming business partnerships and spearheading market development for the Group.

ANGELIN ONG

**General Manager, mm2 Malaysia / North Asia
Chief Operating Officer, Cinema Business**

Angelin Ong is vastly experienced in operations management, initiating new business ideas, brand management and content acquisition and distribution across various platforms. She is responsible for the overall operations of the Group's cinema business and operations in mm2 Malaysia and North Asia markets.

HA YU

Chief Creative Advisor, mm2 Hong Kong

A veteran actor with over 50 years of experience acting, directing and producing films, Ha Yu is responsible for the overall creative strategy of the mm2 Hong Kong office.

RICHARD LIM

General Manager, Cathay Cineplexes

Richard Lim has over 20 years of experience in the music industry, spanning from sales to marketing, artiste management and running his own music company. He is now responsible for the overall operations of Cathay Cineplexes.

MIZUSHIMA EMI

**Associate Director, Regional Business
Development & Corporate Partnerships, Cathay
Cineplexes**

With prior experience in sales and marketing spanning across various industries, Mizushima Emi's primary role is to lead her team in achieving revenue-driven business goals. These include increasing revenue streams and securing strategic collaborations in the region for the cinema business.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Melvin Ang Wee Chye

(Executive Chairman & Executive Director)

Tan Liang Pheng

(Lead Independent Director)

Chia Seng Hee, Jack

(Independent Director)

Lei Chee Kong, Thomas

(Independent Director)

Mak Chi Hoo, Terry

(Non-Executive Director)

Chia Choon Hwee, Dennis

(Non-Executive Director)

AUDIT COMMITTEE

Chia Seng Hee, Jack *(Chairman)*

Tan Liang Pheng

Lei Chee Kong, Thomas

REMUNERATION COMMITTEE

Tan Liang Pheng *(Chairman)*

Mak Chi Hoo, Terry

Lei Chee Kong, Thomas

NOMINATING COMMITTEE

Lei Chee Kong, Thomas

(Chairman)

Melvin Ang Wee Chye

Tan Liang Pheng

COMPANY SECRETARY

Lissa Siau Kuei Lian (ACIS)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

1002 Jalan Bukit Merah
#07-11 Redhill Industrial Estate
Singapore 159456

PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

B-09-01, 02, 03
Menara Bata PJ Trade Centre
No. 8 Jalan PJU 8/8A
Bandar Damansara Perdana
47820 Petaling Jaya, Selangor
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop No. 2
1st Floor International Plaza
No. 20 Sheung Yuet Road
Kowloon Bay, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

Room 1602
No. 150 Hui Xin International Building
Pu Hui Tang Road
Shanghai, China 200030

SHARE REGISTRAR

B.A.C.S. Private Limited

77 Robinson Road
#06-03 Robinson 77
Singapore 068896

INDEPENDENT AUDITOR

CLA Global TS Public Accounting Corporation

(Formerly known as Nexia TS Public Accounting Corporation)

80 Robinson Road
#25-00
Singapore 068898

Engagement director:

Loh Hui Nee

(Appointment with effect from financial year ended 31 March 2022)

PRINCIPAL BANKERS

United Overseas Bank Limited

80 Raffles Place
UOB Plaza 1
Singapore 048624

Hongkong and Shanghai Banking Corporation

10 Marina Boulevard
#48-01 Marina Bay
Financial Centre Tower 2
Singapore 018963

COMPANY WEBSITE

<http://www.mm2asia.com>

STOCK CODE

1B0

CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) and the Management (the “**Management**”) of mm2 Asia Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) are committed to achieving high standards of corporate governance to ensure investor confidence in the Group as a trusted business enterprise. The Board and the Management of the Company continues to uphold good corporate governance practices to enhance long-term sustainability of the Group’s business, performance and shareholders’ interest.

This Report describes the Group’s corporate governance structures and practices adopted by the Group for the financial year ended 31 March 2023 (“**FY2023**”), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (last amended 11 January 2023) (the “**Code**”) and accompanying Practice Guidance, which forms part of the continuing obligations of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Board believes that it has substantially complied with the principles and guidelines as set out in the Code where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

- A. **BOARD MATTERS**
- B. **REMUNERATION MATTERS**
- C. **ACCOUNTABILITY AND AUDIT**
- D. **SHAREHOLDER RIGHTS AND ENGAGEMENT**
- E. **MANAGING STAKEHOLDERS RELATIONSHIP**

A. **BOARD MATTERS**

The Board's Conduct of its Affairs

Principle 1: *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

Provision 1.1 – Duties of the Board

The Board assumes responsibility for stewardship of the Company and the Group, and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It has oversight responsibility over the management of the business and affairs of the Group. The Board also sets the tone for the Group where ethics and values are concerned.

The Company is headed by an effective Board which comprises six Directors (the “**Directors**”) of whom the Executive Chairman and Executive Director, two Non-Executive Directors and three Independent Directors. Together, the Directors command a wide range of business, media, accounting and financial investments experience that collectively contribute to the success of the Group. The Board oversees the business activities, overall management, formulate strategic direction and performance of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for shareholders.

Besides its statutory responsibilities, the Board also:

1. provides entrepreneurial leadership, and guidance on the overall strategic direction, oversees the proper conduct of the business, performance and affairs of the Group and ensures that the necessary financial, human and operational resources are in place for the Group to meet its objectives;
2. sets objective performance criteria to evaluate the Board, individual Directors and Board Committees’ performance and succession planning process;
3. reviews the adequacy and effectiveness of the Group’s risk management and internal controls framework including financial, operational, compliance and information technology controls and establishing risk appetite and parameters to safeguard shareholders’ interests and the Group’s assets;
4. reviews and approves key operational and business initiatives, major funding proposals and other corporate actions, significant investment and divestment proposals, including determining the Group’s operating and financial performance, the Group’s annual budgets and capital expenditure, release of the Group’s financial results and other strategic initiatives proposed by Management;

CORPORATE GOVERNANCE REPORT

5. approves all Board appointments/re-appointments and appointment of Chief Executive Officer (“**CEO**”) and other persons having authority and responsibility for planning, directing and controlling the activities of the Company (“**Key Management Personnel**” or “**KMP**”), evaluates their performance and reviews their remuneration packages;
6. establishes goals and priorities for Management and reviews Management’s performance by monitoring the achievement of these goals;
7. approves the nominations for the Board by the Nominating Committee;
8. reviews recommendations made by the Audit Committee on the appointment, re-appointment or removal of Chief Financial Officer/Group Financial Controller, independent and internal auditors;
9. reviews recommendations made by the Remuneration Committee and approves the remuneration packages for the Board and KMP;
10. identifies the key stakeholder groups and recognises that their perceptions affect the Company’s reputation;
11. sets the Company’s values and standards (including ethical standards), and ensures that obligations to shareholders and other stakeholders are understood and met; and
12. considers sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Independent Judgement

All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group. The Directors have the appropriate core competencies and diversity of experience that enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary from the Board and the Management on matters relating to their area of responsibilities and actively help the Management in the development of strategic proposals and oversees the effective implementation by the Management to achieve the objectives set. The Board puts in place a code of conduct and ethics, set appropriate tone-from-the-top and desired organisation culture and ensure proper accountability within the Company.

Conflict of Interest

Every Director of the Company is required to disclose any conflict or potentially conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction within the Group as soon as practicable after the relevant facts have come to his knowledge. On an annual basis, each Director is also required to submit details of his associates for the purpose of monitoring interested person transactions. When there is conflict or potential conflict of interest, the concerned Directors shall, abstain from voting, and recuse themselves from discussion or decision making involving the issue of conflict and related matters.

Provision 1.2 – Directors’ Orientation and Training

All newly-appointed Directors attend an orientation programme to familiarise themselves with the Group’s business, operations and governance practices. The Board has the opportunity to visit/participate in concerts and/or events hosted by the Company and meet with the Management to gain a better understanding of the Group’s business operations. In addition, Directors are provided with the contact numbers and email addresses of key executives, the Company Secretary and Auditors to facilitate efficient and direct access of information to make informed decision to properly discharge their duties and responsibilities. A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board. There was no new Director appointed during the financial year.

To keep pace with a fast-changing regulatory environment, the Board is kept informed of any relevant changes to legislation and regulatory requirements. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“**ACRA**”) which are relevant to the Directors are also circulated to the Board. The Company Secretary and her representatives inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company as well as the key amendments and impact of the Code and Listing Manual of the SGX-ST requirements. The Independent Auditors would update the Audit Committee and the Board on new and revised financial reporting standards annually.

CORPORATE GOVERNANCE REPORT

Directors and Management also attend courses to keep abreast of changes in the law and governance matters that may affect the Group. The Board values ongoing professional development and recognises the importance of all Directors receiving regular training so as to be able to serve effectively on and contribute to the Board.

The Company had arranged for all the Directors to undergo a one-time training on sustainability reporting. As at the date of this annual report, all Directors of the Company have attended and completed the sustainability training courses conducted by providers that represent different constituencies in the capital markets.

The Board as a whole is updated regularly on risk management, corporate governance, insider trading (if any) and key changes to the relevant regulatory requirements and financial standards, so as to enable them to properly discharge their duties as Board or Board Committee members. The Independent Directors are also engaged full time in their respective professions, keeping them updated in their fields of knowledge.

In FY2023, the independent auditor, Messrs CLA Global TS Public Accounting Corporation (“CLA”) briefed the AC and Board on the developments in financial reporting standards.

Provision 1.3 – Board Approval

The Group has adopted internal guidelines governing matters that require the Board’s approval which has been clearly communicated to the Management.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those prescribed limits to Board Committees and specific members of the key management via a structured Delegation of Authority matrix, which is reviewed on a regular basis and accordingly revised when necessary.

The matters require Board’s approval include:

- annual budget, corporate strategies and business plans;
- material and/or significant acquisition and disposal of assets/investments;
- corporate/financial restructurings;
- incorporation and dissolution of subsidiaries and/or associates entities;
- any non-ordinary business agreement, e.g. joint venture agreement, investment, guarantee, banking facilities, profit sharing agreement;
- financing activities;
- issuance of shares, declaration of dividend and other returns to shareholders;
- risk appetite and risk tolerance for different categories of risk;
- nomination of Directors and KMP;
- matters as specified under the SGX-ST’s interested person transaction policy;
- announcements or press releases of the Group’s financial results and the release of the Annual Reports; and
- any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company’s Constitution.

While matters relating in particular to the Company’s objectives, strategies and policies require the Board’s direction and approval, Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

CORPORATE GOVERNANCE REPORT

Provision 1.4 – Delegation by the Board to Board Committees

To assist in the execution of its responsibilities, the Board had established three Board Committees. The Committees are the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively, “**Board Committees**”) and delegates specific areas of responsibilities to these Board Committees. Each of the Board Committee functions within clearly written terms of reference (“**TOR**”), which have been approved by the Board. The composition of the Board Committees for FY2023 is tabulated below:

Directors	AC	NC	RC
Melvin Ang Wee Chye (“ Melvin Ang ”)	–	Member	–
Tan Liang Pheng (“ Tan Liang Pheng ”)	Member	Member	Chairman
Jack Chia Seng Hee (“ Jack Chia ”)	Chairman	–	–
Thomas Lei Chee Kong (“ Thomas Lei ”)	Member	Chairman	Member
Dennis Chia Choon Hwee (“ Dennis Chia ”)	–	–	–
Terry Mak Chi Hoo (“ Terry Mak ”)	–	–	Member

The Board Committees have the delegated power to deliberate any issue that arises in their specific areas of responsibilities within their respective TOR and report to the Board with their decisions and/or recommendations. The ultimate responsibility and authority for the decisions and actions on all matters rests with the Board. Each Board Committee’s activities and roles are elaborated further in Provisions 4.1, 6.1 and 10.1.

Provision 1.5 – Board Meetings and Attendance

Provision 1.6 – Access of Information

The Board and Board Committees meet regularly and whenever necessary to discharge their duties. When required, the Board also sets aside time at the scheduled meetings to meet without the presence of Management. An annual schedule of Board and Board Committee meeting dates is set by the Directors in advance.

Ad-hoc meetings are convened when required to address any significant issues that may arise in-between scheduled meetings. Where physical meetings are not possible, timely communication with members of the Board and Board Committees is achieved through electronic means and circulation of written resolutions for approval by the Board or relevant Board Committees. The Company’s Constitution (“**Constitution**”) provides that the Directors may conduct meetings by means of telephone or video conference or other methods of simultaneous communication.

All draft agendas for meetings are reviewed by the Chairman of the Board and the Chairman of the respective Board Committees. Board papers and/or other information are forwarded to the Directors prior to the meeting for their review and perusal. Members of Management are invited to attend the meetings to present information and/or render clarification when required. However, sensitive matters may be tabled or discussed at Board meetings without any board papers distributed. Board and Board Committees papers are provided electronically and can be accessed via tablet devices.

Presentations are also made by senior executives on performance of the Group’s business and business strategies at these meetings. This allows the Board to have a good understanding of the Group’s operations and be actively engaged in robust discussions with the Group’s senior executives.

CORPORATE GOVERNANCE REPORT

Directors are entitled to request for further explanation, briefings or discussions on any aspect of the Group's operations or business from Management. As and when required, Board members meet to exchange views outside the formal environment of Board meetings. The number of meetings held by the Board and Board Committees and attendance records taken during FY2023 are as follows:

Name of Director	Annual General Meeting		Extraordinary General Meeting		Board Meeting		NC Meeting		RC Meeting		AC Meeting	
	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended	No. Held	No. Attended
Melvin Ang	1	1	1	1	4	4	1	1	NA	NA	NA	NA
Tan Liang Pheng	1	1	1	1	4	4	1	1	1	1	4	4
Jack Chia	1	1	1	1	4	4	NA	NA	NA	NA	4	4
Thomas Lei	1	1	1	1	4	4	1	1	1	1	4	4
Dennis Chia	1	1	1	-	4	3	NA	NA	NA	NA	NA	NA
Terry Mak	1	1	1	1	4	4	NA	NA	1	1	NA	NA

NA: Not applicable

Provision 1.7 – Independent Access to Management and Company Secretary

The Board has separate and independent access to Management and the Company Secretary where required, to obtain additional information to facilitate informed decision-making. Information provided includes background or explanatory materials related to matters to be reviewed and matters under review by the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. Any material variance between the projections and actual results in respect of budgets, is also disclosed and explained.

Minutes of the Board and Board Committee meetings which provide a fair and accurate record of the discussions and key deliberations and decisions taken during the meetings, are circulated and made available to the Board and Board Committees so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Company Secretary and/or her representatives attend the Board and Board Committees meetings and are responsible for ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary and/or her representatives also periodically update the Board on relevant regulatory changes affecting the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Access to independent professional advice at the Company's expense

The Company has in place the procedure to enable the Directors, whether as a group or individually, to obtain independent professional advice at the Company's expense as and when necessary in furtherance of their duties. Independent advisors include legal, financial, tax, board compensation and merger & acquisition functions. The appointment of such professional advisor is subject to approval by the Board.

CORPORATE GOVERNANCE REPORT

Principle 2: The board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Composition and Guidance

Provision 2.1 – Board Independence

Provisions 2.2 and 2.3 – Proportion of Non-Executive and Independent Directors

Provision 2.4 – Board Composition & Diversity

Provision 2.5 – Meetings of Non-Executive Directors and Independent Directors

The Board comprises six Directors, of whom the Executive Chairman and Executive Director, three independent and Non-Executive Directors (the “**Independent and Non-Executive Directors**”) and two Non-Executive Directors. Majority of the Board is made up of Non-Executive Directors which is in compliance with Provision 2.3 of the Code. The Chairman is not independent and the Independent Directors of the Company do not make up a majority of the Board as recommended by Provision 2.2 of the Code, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affair as matters requiring the Board’s approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively. There is no individual or small group of individuals that dominate the Board’s decision-making process. The NC will continue to review the Board composition and size as and when the circumstances arise and make appropriate recommendations to the Board. The composition of the Board is as follows:

Melvin Ang	(Executive Chairman and Executive Director)
Tan Liang Pheng	(Lead Independent Director)
Jack Chia	(Independent and Non-Executive Director)
Thomas Lei	(Independent and Non-Executive Director)
Terry Mak	(Non-Executive Director)
Dennis Chia	(Non-Executive Director)

The NC reviews annually the independence of each Director taking into account the existence relationships or circumstances, including those provided in the Code. Every Independent and Non-Executive Director is required to complete a confirmation of independence form drawn up based on Principle 2 of the Code for the NC review and recommendation to the Board. None of the Independent and Non-Executive Directors and their immediate family member are a substantial shareholder of or partner in or an executive officer of or a Director of, any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or materials services aggregated over any financial year in excess of \$50,000 (to an individual) or \$200,000 (to a firm), which may include auditing, banking, consulting and legal services, in the current or immediate past financial year.

Taking into consideration the foregoing, the NC has determined that Tan Liang Pheng, Jack Chia and Thomas Lei, to be independent. Each of these Directors has also confirmed their independence.

The Board concurred with the views of the NC. Each of the Independent Director abstained from the deliberation of his own independence.

The Company recognises that Independent Directors may over time develop significant insights in the Group’s business and operations, and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on the number of years which they have served on the Board.

The dates of appointment and last re-election of each Director are set out below:

Name of Director	Designation	Date of appointment	Date of last re-election
Melvin Ang	Executive Chairman and Executive Director	20 August 2014	17 September 2020
Tan Liang Pheng	Lead Independent Director	4 November 2014	29 July 2022
Jack Chia	Independent Director	4 November 2014	29 July 2022
Thomas Lei	Independent Director	4 November 2014	30 July 2021
Terry Mak	Non-Executive Director	4 November 2014	30 July 2021
Dennis Chia	Non-Executive Director	31 August 2017	17 September 2020

CORPORATE GOVERNANCE REPORT

The profile of the Directors including their academic and professional qualifications and other appointments are set out on pages 31 to 33 of this Annual Report.

The NC noted that none of the Independent and Non-Executive Directors has served on the Board beyond nine years from the date of his first appointment. To-date, none of the Independent and Non-Executive Directors of the Company has been appointed as Director of the Company's principal subsidiaries, which is based in Singapore and overseas.

The Board and Board Committees are made up of a team of high caliber leaders whose diverse expertise and experience in accounting and finance, strategic planning, business administration and management, legal, regulatory and media knowledge. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and govern the Group effectively. The Directors' objective judgment, collective experience and knowledge are invaluable to the Group and this has allowed for the useful exchange of ideas and views.

The Board has adopted a Board Diversity Policy on 14 July 2023 to assist the NC and the Board in identifying prospective candidates for directorship that meet the criteria as determined by the NC and that support the diversity's objectives. The Board Diversity Policy promotes the diversity among the Directors in order to improve performance and to avoid groupthink and foster constructive debate and ensure that composition is optimal to support the Group's needs in the short-term and long-term goals. The diversity includes the appropriate mix of complementary skills, business and industry experience, gender, age, ethnicity, geographic background, length of service and other distinctive qualities of the board members. The Company recognises that an effective Board requires Directors to possess not only integrity, commitment, relevant experiences, qualifications and skills in carrying out their duties effectively but also include right blend of skills, industry knowledge and diverse background towards promoting good corporate governance.

In concurrence with the NC, the Board is of the view that the current board members have the appropriate structure, size, diversity and composition to provide effective guidance and make decisions in the best interests of the Group. Each Director has been appointed based on the strength of his calibre, experience, grasp of corporate strategy and potential contribution to the Company and its business. As there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

As the NC has assessed the current level of diversity on the Board to be satisfactory, the Company generally does not set concrete timeline for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity as an ongoing process. The targets to achieve diversity on the Board are assessed from time to time, based on the composition of the Board and operations of the Group at the relevant time.

The NC reviews the size and composition of the Board and Board Committees of the Company to ensure that the size of the Board and Board Committees is conducive to effective discussion and decision-making and that the Board and Board Committees have the appropriate mix of skills, knowledge and experience as well as an appropriate balance of Independent Directors. The NC, with the concurrence of the Board and Board Committees, considers their current board size appropriate for effective decision-making and provide appropriate balance and diversity of skills, experience and knowledge of the Company, taking into account the scope and nature of the Group's operations.

The Independent and Non-Executive Directors exercise objective judgment on the Group's affairs independently from Management. The Independent and Non-Executive Directors also contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities. The Independent and Non-Executive Directors also meet regularly without presence of Management to facilitate more open discussions and feedback was thereafter provided to the Chairman of the Board after such meeting.

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

Provision 3.1 – Chairman and CEO should be separate persons

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, and accountability to achieve greater independent decision-making to the Board.

Melvin Ang, was appointed as the Executive Chairman of the Board on 20 August 2014 and Chang Long Jong was appointed as the CEO of the Company on 3 April 2017. Both the Chairman and the CEO are not related to each other and will act independently in their own capacity.

CORPORATE GOVERNANCE REPORT

Provision 3.2 – Role of Chairman and CEO

The Chairman presides over the business of the Board and monitors the translation of the Board's decisions and directions into executive action. In addition, the Chairman provides close oversight, guidance, advice and leadership to the CEO and Key Management Personnel. The Chairman also plays a crucial role in fostering constructive dialogue between shareholders, the Board and Management at the Company's general meeting. The Chairman leads the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the Board, Management and Company Secretary.

The Chairman leads the Board and ensures the effectiveness on all aspects of its role. His responsibilities include, *inter alia*:

1. constructively determining and approving, with the full Board, the Company's strategy;
2. ensuring that the Board is properly organised, functioning effectively and meeting its obligations and responsibilities;
3. setting the agenda and ensuring adequate time is available for discussion of all agenda items, in particular, strategic issues;
4. ensuring that Directors receive complete, adequate and timely information;
5. fostering effective communication and constructive relations amongst the Directors, within Board Committees, between shareholders, between the Directors and Management;
6. encouraging the constructive exchange of views within the Board and between board members and Management;
7. facilitating the effective contribution of Non-Executive and Independent Directors;
8. promoting a culture of openness and debate at the board level and promoting high standards of corporate governance; and
9. establishing a relationship of trust with the CEO.

The role of CEO includes overseeing and managing the business operations, especially the production division, as well as sourcing new business opportunities for the Group. The CEO would report to the Executive Chairman.

All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

Provision 3.3 – Lead Independent Director

As the Executive Chairman is not independent, to be in compliance with Provision 3.3 of the Code, the Board has appointed Tan Liang Pheng as the Lead Independent Director to lead the Independent Directors, to provide independent view and foster constructive discussion. He also acts as the main liaison on board issues and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Executive Chairman or Management are inappropriate or inadequate. The Independent Directors, led by Tan Liang Pheng meet at least once annually without the presence of the Executive Directors to discuss matters of significance, which are thereon reported to the Board and/or Chairman accordingly.

Board Membership

Principle 4: *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Provisions 4.1 and 4.2 – Nominating Committee Composition and Role

The Board established the NC in 2014 which comprises two Non-Executive and Independent Directors and one Executive Director, a majority of whom including the Chairman of the NC are independent. The Lead Independent Director, Tan Liang Pheng is also a member of the NC. Please refer to Provision 1.4 above on the names of the members and the composition of the NC.

CORPORATE GOVERNANCE REPORT

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The NC's responsibilities include the following:

- a) make recommendations to the Board on new appointments and re-appointment of Directors (including Alternate Director, if any) to the Board;
- b) make recommendations to the Board on the re-nomination of retiring Directors standing for re-election at the Company's Annual General Meeting ("AGM"), having regard to the Directors' contribution and performance (e.g. attendance, preparedness, participation and candour);
- c) ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
- d) review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and KMP;
- e) review the process and criteria for evaluation of the performance of the Board, its Board Committees and individual Directors;
- f) review the size and composition of the Board with the objective of achieving a balanced board in terms of the mix of experience and expertise;
- g) determine annually whether or not a Director is independent;
- h) in respect of a Director who has multiple board representation on various companies, to decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced when service on multiple boards;
- i) review and approve any new employment of related persons and the proposed terms of their employment;
- j) ensure complete disclosure of key information of Directors in the Company's annual reports as required under the Code;
- k) decide on how the Board's performance may be evaluated and recommend objective performance criteria to the Board;
- l) report to the Board on its activities and proposals;
- m) review training and professional development programs for the Board, if necessary; and
- n) carry out such other duties as may be agreed by the NC and the Board.

Provision 4.3 – Reviewing and Recommending Nomination for Re-appointment of Directors

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge and experience of the candidate to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for consideration and/or approval.

Under the Listing Rule 720(5) of the SGX-ST and Regulation 110 of the Constitution, require all Directors to submit themselves for re-nomination and re-election at least once every three years, and at least one-third of the Directors for the time being to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the following AGM of the Company in accordance to Regulation 120 of the Constitution. The NC makes recommendation to the Board on re-appointment of Directors based on, among others, the Director's attendance, preparedness, participation at Board and Board Committees meetings, his qualification, experience and expertise and the time and effort dedicated to the activities of each Board Committee and contributions to the Group's business and affairs, including the Management's access to the Directors for guidance or exchange of views as and when necessary.

CORPORATE GOVERNANCE REPORT

The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Melvin Ang and Dennis Chia are subject to retiring pursuant to Regulation 110 of the Constitution at the forthcoming AGM of the Company. The Board has accepted the NC's nominations of the retiring Directors who have given their consents for re-election at the forthcoming AGM of the Company after taking into consideration the retiring Directors' attendance, participation and contribution to the business and operations of the Company as well as the board processes.

Each of these Directors, being interested in the matter, had abstained from all discussions and recommendations in respect of their own re-election.

Information regarding the Directors nominated for re-election/re-appointment, including the information required under Appendix 7.4.1 of the Listing Rules is given in the "Board of Directors" section, pages 47 to 50 of this Annual Report.

Provision 4.4 – Continuous Review of Director's Independence

The NC is guided by the definition and criteria of independence given in the Code in determining if a Director is independent.

NC has annually, and as and when circumstances require, determined if a Director is independent bearing in mind the circumstances and other salient factors set forth in Provision 2.1 of the Code. Any Director who has served on the Board beyond nine years from the date of his first appointment is subject to particularly rigorous review by the NC.

Each Independent Director is required to complete a Confirmation of Independence form drawn up based on Principle 2 of the Code for the NC's review and recommendation to the Board.

For the financial year under review, the Board concurred with the NC's view that the three Independent Directors are independent (as defined in the Code) and in character and judgement and there were no circumstances which would likely affect or appear to affect their independent judgement in the best interest of the Company.

During FY2023, there was no appointment of Alternate Directors on the Board.

Provision 4.5 – Directors' Commitments

Where a Director has multiple board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he has been adequately carrying out his duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is made to the Board. The Board will review this recommendation.

The NC is of the view that the number of directorships a Director can hold and his principal commitments should not be prescriptive as the time commitment for each board membership will vary. The NC will review the number of listed company board representations which each Director holds on an annual basis or from time to time when the need arises. In this respect, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

During the year, the NC had reviewed the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. The Board concurred with the NC.

CORPORATE GOVERNANCE REPORT

The table below - Key Information of Directors, shows the disclosure of directorships and chairmanships held over the preceding three years in other listed companies as well as other principal commitments of each respective Director:

Key Information of Directors

Name of Director	Academic & professional qualifications	Designation	Past directorships in other listed companies and other major appointments over the preceding three years	Present directorships in other listed companies and other major appointments
Melvin Ang	Master of Business Administration from Macquarie University	Executive Chairman and Executive Director, and member of NC	Nil	<ul style="list-style-type: none"> • Unusual Limited • mm2 Entertainment Pte. Ltd. • mm2 Entertainment Sdn. Bhd. • UnUsUaL Management Pte. Ltd. • Cathay Cineplexes Pte Ltd • mm2 Entertainment Hong Kong Limited • MA Holdings Management Company Limited • mmLive Pte. Ltd. • MMSync Pte. Ltd.
Tan Liang Pheng	<ul style="list-style-type: none"> • Member of the Institute of Singapore Chartered Accountants • Fellow Member of Association of Chartered Certified Accountants (UK) 	Lead Independent Director, Chairman of RC and member of AC and NC	Nil	<ul style="list-style-type: none"> • Kimedda Pte. Ltd.
Jack Chia	<ul style="list-style-type: none"> • Degree in Accountancy from National University of Singapore • Master of Arts in International Relations from International University of Japan • Fellow, Institute of Singapore Chartered Accountants • General Manager Program at Harvard Business School 	Independent Director and Chairman of AC	<ul style="list-style-type: none"> • Combine Will International Holdings Limited • Debao Property Development Ltd. • China Shenshan Orchard Holdings Co. Ltd. 	<ul style="list-style-type: none"> • Ying Li International Real Estate Limited • CDW Holding Limited • CFM Holdings Limited

CORPORATE GOVERNANCE REPORT

Name of Director	Academic & professional qualifications	Designation	Past directorships in other listed companies and other major appointments over the preceding three years	Present directorships in other listed companies and other major appointments
Thomas Lei	<ul style="list-style-type: none"> • Bachelor of Laws from National University of Singapore • Member of the Law Society of Singapore 	Independent Director, Chairman of NC and member of AC and RC	Nil	Nil
Terry Mak	<ul style="list-style-type: none"> • Master of Business Administration from University of Connecticut • Bachelor of Science in Chemistry from Hong Kong Baptist University 	Non-Executive Director and member of RC	<ul style="list-style-type: none"> • Land Plus Ltd • FM Telemedia Ltd 	<ul style="list-style-type: none"> • Media Station Ltd
Dennis Chia	<ul style="list-style-type: none"> • Bachelor's (Honours) Degree in Accountancy from the National University of Singapore • Master's Degree in Business Administration from University of Hull, United Kingdom 	Non-Executive Director	<ul style="list-style-type: none"> • Lear Automotive Corporation Singapore Pte. Ltd. • Bloomeria Limited • Starhub Internet Pte Ltd • Starhub (Mauritius) Ltd. 	<ul style="list-style-type: none"> • StarHub Mobile Pte Ltd • Starhub Cable Vision Ltd. • Starhub Online Pte. Ltd. • Ensign InfoSecurity Pte. Ltd. • StarHub (Hong Kong) Limited • StarHub Shop Pte Ltd • StarHub, Inc. • JOS (SG) Pte. Ltd. • JOS Applications (S) Pte. Ltd. • Ensign InfoSecurity (Systems) Pte. Ltd. • Ensign InfoSecurity (Asia Pacific) Pte. Ltd. • Ensign InfoSecurity (Cybersecurity) Pte. Ltd. • Ensign InfoSecurity (SmartTech) Pte. Ltd. • Malaren International Sdn. Bhd.

CORPORATE GOVERNANCE REPORT

Name of Director	Academic & professional qualifications	Designation	Past directorships in other listed companies and other major appointments over the preceding three years	Present directorships in other listed companies and other major appointments
				<ul style="list-style-type: none"> ● HKBN JOS (Malaysia) Sdn. Bhd. ● Nettilling Sdn. Bhd. ● Taman Kenyir Holdings Sdn. Bhd. ● Antina Pte. Ltd. ● Kydon Holdings Pte. Ltd. ● Spendid Pte. Ltd. ● Chief Financial Officer of Starhub Ltd.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 – Performance Criteria and Evaluation

Provision 5.2 – Assessment of the Board, Board Committees and Individual Directors

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and each of its Board Committees and individual Directors. Such processes are aimed to assess whether each Director continues to contribute effectively and demonstrate commitment to the role.

During the financial year under review, each Director was required to complete the evaluation form and individual Director's annual assessments adopted by the NC on the overall effectiveness of the Board as a whole, Board Committees, and each Director's contributions, and the results have been collated by the Chairman of the NC for review or discussion.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria. The performance criteria for the Board evaluation are in respect of board size and composition, board process, board information and accountability, board performance in relation to discharging its principal functions and responsibilities and financial targets. The individual Directors' performance criteria were in relation to their industry knowledge and/or functional expertise, contribution and workload requirements, sense of independence and attendance at the Board and Board Committee meetings.

The NC evaluated the performance of the Board as a whole, each of its Board Committee and individual Directors taking into consideration the Board's discharge of its principal responsibilities and Board's deliberation of Company's long-term strategy. The NC considered the Board's performance to be satisfactory and met its performance objectives. In addition, the NC also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representation. The Board concurred with the NC's recommendation.

No external facilitator was used in the evaluation process. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

CORPORATE GOVERNANCE REPORT

B. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

Provisions 6.1 and 6.2 – Remuneration Committee Composition and Role

Provision 6.3 – Reviewing of Remuneration Terms

Provision 6.4 – Remuneration Consultants

The Board established the RC in 2014 which comprises three Non-Executive and Independent Directors, all of whom including the Chairman of the RC are independent. Please refer to Provision 1.4 above on the names of the members and the composition of the RC.

The members of the RC carried out their duties in accordance with the terms of reference, which include the following:

- a) make recommendations to the Board on the framework of remuneration for the Directors and Executive Officers;
- b) make recommendations to the Board on the specific remuneration packages for each Executive Director, CEO, Chief Operating Officer (or executive of equivalent rank) and KMP of the Company. If such KMP is not an Executive Director, such recommendations must be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fee, salaries, allowances, bonuses, options and benefits in kind;
- c) review all benefits (including share schemes) and compensation packages for Directors, Executive Directors and KMP of the Company;
- d) report to the Board on its activities and proposals; and
- e) carry out such other duties as may be agreed by the RC and the Board.

The Company adopts a formal procedure for the fixing of the remuneration packages of individual Directors, CEO and KMP. No Director is involved in deciding his own remuneration. The Directors' fee to be paid to the Non-Executive and Independent Directors are subject to shareholders' approval at the forthcoming AGM.

The RC may, from time to time and where necessary, seek advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and KMP. The Board has not engaged any external remuneration consultant to advise on remuneration matters in FY2023.

The RC reviews the Company's obligations arising in the event of termination of Executive Directors and KMP's contracts of service to ensure such contracts of service contain fair and reasonable termination clauses.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

Provision 7.1 – Remuneration of Executive Directors and KMP

Provision 7.2 – Remuneration of Non-Executive Directors

Provision 7.3 – Appropriateness of Remuneration

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors. The RC also ensures that the remuneration policies support the Company's objectives and strategies.

As part of its review, the RC ensures that the performance-related elements of remuneration form an appropriate part of the total remuneration package of the KMP and that each package is designed to align their interests with those of shareholders and link rewards to corporate and individual performance. The RC will review the key performance indicators (“**KPIs**”) of the KMP and such KPIs will be tied to the profitability of the specific business which the individuals are managing.

Executive Director does not receive Director's fee. The remuneration policy for Executive Director and KMP comprising two key components, that is, fixed cash and annual variable components. The fixed components include salary and other allowances. The variable component comprises a performance-based bonus which forms a significant proportion of the total remuneration package of Executive Director and KMP and is payable on the achievement of individual and corporate performance targets. The Executive Director's performance bonus would be calculated based on a percentage of the Group's audited consolidated profit before tax attributable to non-controlling interests but before abovementioned performance-based bonus (“**PBT**”) for each financial year, provided that the PBT is not less than \$2 million for that financial year.

The service contract for the Executive Chairman and Executive Director is annual renewal and the service contract of the CEO has a fixed appointment period of two years and clauses relating to termination. The Executive Director's and CEO's service contracts are renewable and would be subject to RC and Board approval. None of the service contracts has any onerous removal clauses.

Non-Executive and Independent Directors, including the Non-Executive Directors, have no service contract with the Company and their terms are specified in the Constitution of the Company. The Independent and Non-Executive Directors are paid with a basic fee for serving as Director and any of the Board Committees roles. In determining the quantum of such fees, factors such as time spent and responsibilities of Directors are taken into account. Such fees are subject to the approval of the shareholders at the AGM of the Company.

The Company has adopted the mm2 Performance Share Plan (“**mm2 PSP**”). The Group's Executive Chairman and Executive Director and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the mm2 PSP in accordance with the Rules of the mm2 PSP. The mm2 PSP are administered by the RC which consists of Tan Liang Pheng, Thomas Lei and Terry Mak. There have been no options granted under the mm2 PSP in FY2023.

There are, at present, no contractual provisions allowing the Company to reclaim incentive components of remuneration from Executive Director and Executive Officers in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Remuneration of Directors and Key Management Personnel

Directors

A breakdown of compensation table of Directors' remuneration from the Company for FY2023 is set out below:

Name of Director	Salary %	Bonus/ Profit Sharing %	Other Benefits ⁽¹⁾ %	Fees %	Total %
Below \$250,000					
Melvin Ang	85	10	5	–	100
Tan Liang Pheng	–	–	–	100	100
Jack Chia	–	–	–	100	100
Thomas Lei	–	–	–	100	100
Terry Mak	–	–	–	100	100
Dennis Chia	–	–	–	100	100

Note:

⁽¹⁾ Other benefits refer to employer's contribution to the Central Provident Fund and other allowances

In view of confidentiality of remuneration matters due to its sensitive nature and the long-term performance of the Group, especially in a highly competitive industry, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact details of the remuneration of each Directors in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

Key Management Personnel

A summary compensation table of the KMP receiving remuneration from the Company for FY2023 appended below:

Remuneration Band & Name of Key Management Personnel	Salary %	Bonus %	Other Benefits ⁽¹⁾ %	Total %
Below \$250,000				
Chang Long Jong (CEO)	96	–	4	100
Ong Hock Seng	92	–	8	100
Chong How Kiat	100	–	–	100
Angelin Ong	88	–	12	100
Ng Say Yong	93	–	7	100

Note:

⁽¹⁾ Other benefits refer to employer's contribution to the Central Provident Fund and other allowances

CORPORATE GOVERNANCE REPORT

The disclosure of the KMP's remuneration in bands of \$250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is as set out in the above table. Due to sensitivity and confidentiality reasons, the Company believes that disclosure of their remuneration in bands of \$250,000 should be sufficient to provide an insight into the link between their compensation and performance. Further details are deemed to be not in the interest of the Company due to the competitiveness of the industry for key talents. The aggregate remuneration paid to the aforesaid KMP (who are not Directors or CEO of the Company) in FY2023 is amounted to \$548,435.

The Board is of the view that notwithstanding the deviation from Provision 8.1 of the Code, the Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Director and the factors taken into account for the remuneration of the Non-Executive and Independent Directors. The Company has also disclosed the remuneration paid to each Director and key management personnel using percentage terms and remuneration bands, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and key management personnel will not be prejudicial to the interest of shareholders and complies with the intent of Provision 8.1 of the Code.

The RC has reviewed and approved the remuneration packages of the Executive Director and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Director and key management personnel are adequately but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which Executive Director and key management personnel entitlement to short-term and long-term incentive schemes and will make the necessary disclosures as and when it deems necessary.

Provision 8.2 – Employees who are substantial shareholders of the company, or are immediate family member of Directors, CEO or Substantial Shareholder of the company whose remuneration amounts exceed \$100,000 per annum

The basis of determining the remuneration of the related employees is the same as the basis of determining the remuneration of other unrelated employees.

There were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or substantial shareholder of the Company whose remuneration amounts exceed \$100,000 per annum during FY2023.

For FY2023, there were no terminations, retirement or post-employment benefits granted to Directors and relevant KMP other than the standard contractual notice period termination payment in lieu of service.

Provision 8.3 – All forms of remuneration, and other payments and benefits paid by the Company and its subsidiaries to Directors and KMP

The Company has adopted the mm2 PSP. The Group's Executive Chairman and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the mm2 PSP in accordance with the rules of the mm2 PSP. The mm2 PSP is administered by the RC which consists of Tan Liang Pheng, Thomas Lei and Terry Mak. There have been no performance shares granted under the mm2 PSP in FY2023.

The Company is of the view that the current disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters. Annual variable bonuses would be linked to achievement of financial and non-financial KPIs such as core values, competencies, key result areas, performance rating and potential of the employees (including key management). Long-term incentive plans are conditional upon pre-determined performance targets being met and the long-term incentive plans serve to motivate and reward employees and align their interests to maximise long term shareholders' value. The RC will continue to review the performance share grant when appropriate.

The RC ensures that there is a strong correlation between bonuses payable, and the achievement and performance of the Group and individual staff. The RC also ensures that there is a good balance of short-term and long-term incentive schemes to motivate continuous and sustainable performance.

CORPORATE GOVERNANCE REPORT

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: *The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

Provision 9.1 – Nature and Extent of Significant Risks

The Board has overall responsibilities for the governance of risk and exercises oversight of the significant risks in the Group's business. The Board ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard shareholders' interests and the Group's assets and in this regard, is assisted by the AC which reviews of the adequacy and effectiveness of the Group's internal controls and risk management systems.

Given the nature and size of the Group's business and operations, the Board did not establish a separate risk committee to review and assess the internal controls systems and risk management framework. The Board is currently assisted by the AC, internal auditors and independent auditor in carrying out its responsibility of overseeing the Group's risk management framework and policies.

The Company's Internal Auditor, BDO Advisory Pte. Ltd. reports to the AC on the Group's risks profile on a yearly basis, evaluates results and proposes counter measures to mitigate identified potential risks.

To further enhance the risk management procedures in place, the Group had established a structured Enterprise Risk Management ("ERM") framework which provide documented guidance on the process for identifying and assessing risks, adequacy of countermeasures and the manner in which risks matters are reported to the Board and AC. This risk framework has five principal risk categories, namely strategic, financial, operational, information technology control and compliance risks.

The pilot ERM programmes of the Group covers the following areas:

(1) ERM policies and procedures

An overall framework for risk management has been documented in a manual to be disseminated to personnel responsible for oversight of risk and operations of risk countermeasures. This ERM manual includes the various personnel responsible for monitoring and managing risks in the Group. The ERM process will also require ongoing identification of key risks to the Company and reporting these risks to the Board to better determine whether appropriate measures have been taken to address relevant risks. Risk workshops attended by KMP will be conducted to provide a structured approach of identify action and assess risks.

(2) Risk appetite

The risk appetite of the Group in managing risks was discussed during the ERM project. Generally, the Group will rely on the Management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of business to the approval of the Board. The Company's performance is monitored closely by the Board periodically and any significant matters that might have an impact on the operating results are required to be brought to the immediate attention of the Board.

The Company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group. Active efforts are also in place to manage risks within impact such as transferring them to third party insurer or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be regularly conducted to assess the ongoing compliance with the established controls to address key risk areas where applicable.

(3) Risk assessment and monitoring

Based on the ERM framework, the nature and extent of risks to the Company will be assessed regularly and risk reports covering top risks to the Group will be submitted periodically to the Board. A set of risk registers to document risks arising from this ERM exercise has also been established to document key risks and the corresponding countermeasures.

CORPORATE GOVERNANCE REPORT

The risk framework is reviewed regularly taking into account changes in the Group's business and operating environment as well as evolving corporate governance requirements.

The identification and management of risks are delegated to the Management, who assume ownership and day-to-day management of these risks. The Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board. Key business risks are proactively identified, addressed and reviewed on an ongoing basis. Identified risks that affect the achievement of the Group's business objectives are compiled in the Group Risks Register and are being ranked according to the likelihood and consequential impact to the Group as a whole.

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit risk and interest rate risk. Details on the foregoing are more particularly set out in the Notes to the Financial Statements. These risks are monitored by AC and the Board on a yearly basis.

The Board recognises that the risk management and internal control systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also noted that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The internal auditor has reviewed key internal controls as part of the internal audit plan and have independently reported their assessment to the AC and the Board on the adequacy, effectiveness and integrity of the Group's internal controls and risk management systems.

The internal auditor presents their findings to the AC on a yearly basis. The internal audit report, comprising the details of any non-compliance or internal control weaknesses are noted during the audit, the corresponding recommendations and the Management's responses were submitted and presented to the AC. The AC also follows up on the actions taken by the Management on the recommendations made by the internal auditor and independent auditor arising from their work performed. Based on the reports submitted by the internal and independent auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls are not satisfactory based on the current size and nature of the Company's business.

As part of the annual internal audits, the internal auditor also reports any significant deficiencies of such internal controls to the AC, who reviews the adequacy and effectiveness of the risk management and internal controls system.

Provision 9.2 – Assurance from the CEO and Chief Financial Officer (“CFO”)

For the financial year under review:

- a) Written assurance was received from the CEO and CFO that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- b) Written assurance was received from the CEO, CFO and other KMP that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Based on the Group's framework of management controls in place, the internal policies and procedures established and maintained by the Group, as well as the review performed by the internal auditor and independent auditor, the Board with the concurrence of the AC, is of the opinion that risk management and internal controls systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 March 2023 to address the risks that the Group considers relevant and material to its operations, while noting that no system of internal control could provide absolute assurance against the occurrence of errors, fraud or other irregularities.

The AC, Executive Director and CFO will continue to review and strengthen the Group's controls environment and allocate more resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1 and 10.2 – Audit Committee Composition and Role

Provision 10.4 – Internal Audit Function

The Board established the AC in 2014 which comprises three Non-Executive and Independent Directors, all of whom including the Chairman of the AC are independent. At least two members, including the AC Chairman, have relevant accounting or related financial management expertise or experience. Please refer to Provision 1.4 above on the names of the members and the composition of the AC.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite the Executive Director or KMP to attend its meetings. The AC has adequate resources, including access to the external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC met four times in FY2023 and the Executive Director, Non-Executive Directors and KMP were invited to attend the meetings.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions. The AC which has written terms of reference, performs delegated functions:

- (a) review quarterly, half-yearly and annual financial statements and auditors' report of the Group before submitting to the Board;
- (b) review the audit plans of the independent and internal auditors of the Company and ensure the adequacy of the Group's system of accounting and co-operation given by the Management to the independent and internal auditors respectively;
- (c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (d) review all non-audit services provided by the independent auditor to the Group to ensure that the nature and extent of such services would not affect the independence of the independent auditor;
- (e) review the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (f) review the assurance from the CEO and CFO on the financial records and financial statements;
- (g) review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (h) review the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed upon;
- (i) review and discuss with the independent and internal auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (j) make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor;
- (k) review interested person transactions in accordance with the requirements of the Listing Manual;
- (l) review potential conflicts of interests and to set out a framework to resolve or mitigate any potential conflicts of interest;
- (m) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

CORPORATE GOVERNANCE REPORT

- (n) review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNet;
- (o) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (p) generally, undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- (q) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (r) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

External Audit

The AC reviews the scope and results of the audit carried out by the independent auditor, the cost effectiveness of the audit and the independence and objectivity of the independent auditor. It always seeks to balance the maintenance of objectivity of the independent auditor and their ability to provide professional advices and solutions. The AC undertook the review of the independence and objectivity of the independent auditor, CLA, through discussions with the independent auditor as well as reviewing the non-audit services provided and the fees paid to them. Based on the review, the AC is of the opinion that CLA is, and is perceived to be, independent for the purpose of the Group's statutory audit. The fees payable to auditors is set out below:

	\$'000	%
Audit fees	343	86
Non-audit fees	58	14
Total	401	100

The AC recommends to the Board the appointment, re-appointment and removal of independent auditor, and approves the remuneration and terms of engagement of the independent auditor. The re-appointment of the independent auditor is always subject to shareholders' approval at the AGM of the Company.

In reviewing the nomination of CLA for re-appointment for the financial year ended 31 March 2023, the AC has considered the adequacy of the resources, experience and competence of CLA, and has taken into account the Audit Quality Indicators relating to CLA at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by CLA. It has recommended to the Board the nomination of CLA for re-appointment as independent auditor at the forthcoming AGM of the Company.

For FY2023, the Company has complied with Listing Rules 712, 715 and 716 of the SGX-ST in relation to the appointment of its independent auditor. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the independent auditor, other than those of the Company.

For FY2023, the AC agreed with the independent auditor that going concern assumption, revenue recognition, deconsolidation of mm Connect Pte. Ltd. and its subsidiary corporations and subsequent presentation as "Discontinued operations", expected credit loss on trade and other receivables and valuation of film rights, film intangibles and film inventories were the key audit matters and is pleased to report that the AC is satisfied with the audit process undertaken by the independent auditor and their findings therefrom.

CORPORATE GOVERNANCE REPORT

Internal Audit

The primary role of internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, reviewing the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Group complies with the relevant laws, regulations and policies established.

The internal audit function plans its internal audit schedule in consultation with, but independent of the Management. The AC examines the internal audit plan, determines the scope of audit examination and approves the internal audit budget.

It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditor to perform its function.

The internal auditor reports primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

The AC annually reviews the adequacy and effectiveness of the internal audit function to ensure that resources are adequate and that the internal audits are performed effectively. It approves the appointment, termination, evaluation and the remuneration of the internal auditor.

The internal audit function of the Group was outsourced to BDO Advisory Pte. Ltd., which is an established international auditing firm. BDO Advisory Pte. Ltd. conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal Auditors. The engagement partner has more than 20 years of audit and advisory experience and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience to perform its function effectively. BDO Advisory Pte. Ltd. has provided a confirmation on their independence to the AC.

Fraud and Whistle blowing Policy

The Group has designated and implemented an independent whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware of and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The policy is aimed at encouraging the reporting of such matters in good faith, with the confidence that staff of the Company and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal or unfair treatment. There was no whistle blowing report received during FY2023.

Provision 10.3 – Former Partners or Directors of the Company’s existing Audit Firm in AC

No former partner or Director of the Company’s existing auditing firm or auditing corporation is a member of the AC.

Provision 10.5 – Meeting Auditors without the Management

The AC meets with the independent auditor and the internal auditor, at least once a year, without the presence of the Management, to review any matter that might be raised. These meetings enable the auditors to raise any issues in the course of their works directly to the AC.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Provision 11.1 – Participating and Voting at General Meetings

Provision 11.2 – Tabling of Resolutions

Conduct of General Meetings

The forthcoming AGM will be held physically. Notices for general meetings are announced via SGXNet and advertised in the newspapers within the prescribed timeframe prior to the meetings (or as otherwise disseminated in accordance with such laws and regulations as may be applicable). The notices, together with relevant documents (such as annual report, letter to shareholders or circular) will be published on SGXNet and the Company's website at <http://www.mm2asia.com>.

In order to provide ample time for the shareholders to review, the notice of general meeting, together with the relevant documents, is distributed to all shareholders at least 14 days before the scheduled general meeting date for ordinary resolutions, or at least 21 days for special resolutions (or as otherwise disseminated in accordance with such laws and regulations as may be applicable). Shareholders are invited to attend the general meetings, to put forth any questions they may have on the motions to be debated and decided upon.

The Constitution allows members of the Company to appoint one or two proxies to attend and vote at general meetings. A relevant intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

All shareholders are entitled to vote in accordance with the established voting rules and procedures at the general meeting. Each share is entitled to one vote.

An external firm is appointed as scrutineer for the general meeting voting process, which is independent of the firm appointed to undertake the poll voting process.

The Chairman of the meeting will read out the total number of votes cast for, against and/or abstained and the respective percentages on each resolution are tallied after each poll conducted during the general meeting.

The resolutions tabled at the general meetings are on each substantially separate issue, including treating the election or re-election of each Director as a separate subject matter.

Detailed information on each item in the general meeting agenda is provided in the explanatory notes to the notice of general meeting in the annual report.

Provision 11.3 – Interaction with Shareholders

At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company. All Directors were present at the AGM to address shareholders' questions.

The Company's independent auditor, CLA, are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

CORPORATE GOVERNANCE REPORT

Provision 11.4 – Shareholders’ Participation

The Company supports active shareholders’ participation at general meetings. All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group’s strategies and visions.

In the usual circumstances, if shareholders are unable to attend the meetings, the Constitution allows for shareholders who are not relevant intermediaries to appoint not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be completed and deposited in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

Provision 11.5 – Minutes of General Meetings

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues relating to the resolutions tabled for approval and/or ask the Directors or the Management questions regarding the Company and its operations. The Company will prepare and publish the minutes of AGM within one month from the AGM on SGXNet. The minutes recorded substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board or Management. Such minutes is also available to shareholders upon their request.

Provision 11.6 – Dividend Policy

The Company does not have a formal dividend policy. The form, frequency and amount of any proposed dividends will take into consideration the Group’s profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

The Company did not declare any dividends for FY2023 as the Group recorded a loss for the financial year.

Engagement with Shareholders

Principle 12: *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

Provision 12.1 – Communication between the Board and Shareholders

Provisions 12.2 and 12.3 – Investor Relations Policy

Disclosure of information on timely basis

The Group is firmly committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders’ views and addressing their concerns.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

All the information relevant to shareholders will be disclosed in a timely manner via SGXNet, its corporate website at <http://www.mm2asia.com> and the social media. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as possible.

Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board acknowledges its obligation to furnish timely information to shareholders and ensures that full disclosure of material information in its Annual Report to comply with statutory requirements and the Listing Manual of the SGX-ST. The Company focuses on facilitating the communications with all stakeholders, shareholders, analysts and social media on a regular basis, attending to their queries or concerns as well as keeping the investors publicly apprised of the Group’s corporate developments and financial performance.

CORPORATE GOVERNANCE REPORT

In view of the above, the Company did not implement a formal investor relations policy because there are existing channels to actively engage and promote regular, effective and fair communication with shareholders.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: *The board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

Provision 13.1 – Arrangements to Identify and Engage with Stakeholders

Provision 13.2 – Management of Stakeholder Relationships

Stakeholders' Engagement

The Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations.

Eight key group of stakeholders have been identified through an assessment of their significance to the business operations. They are namely, consumers and customers, third party contractors, employees, artistes and agents, mainstream media, venue managers, investors and shareholders, and government and regulators.

The Company has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships.

Please refer to the Sustainability Report on the Company's website for further details.

Provision 13.3 – Corporate Website

All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNet, press releases and the Company's website. The Company does not practice selective disclosure of material information. All materials on the financial results are available on the Company's website – <http://www.mm2asia.com>. The comprehensive website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders.

DEALING IN SECURITIES

- Rule 1207(19) of the Listing Manual

In compliance with Rule 1207(19) of the Listing Manual on best practices in respect of dealing in securities, the Group has in place an internal compliance policy which prohibits the Directors, KMP and employees of the Group and their connected persons from dealing in the Company's shares during the "black-out" period – being one month immediately preceding the announcement of the Company's half-yearly and full year results and being two weeks immediately preceding the announcement of the Company's quarterly financial results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, KMP, employees and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

They are also expected to observe insider-trading laws at all time even when dealing in securities within the permitted trading period or while they are in possession of unpublished price-sensitive information of the Group. They are refrained from dealing in the Company's shares on short term considerations.

CORPORATE GOVERNANCE REPORT

All Directors are required to seek Board's approval before trading in the Company's shares and are also required to notify the Company Secretary of any change in his interest in the Company's shares within two business days of the change.

MATERIAL CONTRACTS

- Rule 1207(8) of the Listing Manual

Pursuant to Rule 1207(8) of the Listing Manual, there was no material contract involving the interests of any Director or controlling shareholder entered into by the Company or any of its subsidiaries since the end of the previous financial year ended 31 March 2022. There was no such contract subsisted at the end of the financial year under review.

INTERESTED PERSON TRANSACTIONS

- Rule 907 of the Listing Manual

To ensure compliance with Chapter 9 of the Listing Manual, in FY2023, the AC and the Board, met quarterly to review if the Company will be entering into any interested person transactions. If the Company is intending to enter into an interested person transaction, the AC and the Board will ensure that the transaction is carried out fairly and at arm's length based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual.

There is no interested person transactions for FY2023 to be disclosed in accordance with Rule 907 of the Listing Manual.

CORPORATE GOVERNANCE REPORT

APPENDIX - INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Table A		
Name of Director	Melvin Ang	Dennis Chia
Date of appointment	20 August 2014	31 August 2017
Date of last re-election	17 September 2020	17 September 2020
Age	60	55
Country of principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board has accepted the NC's recommendation, which has reviewed and considered Melvin Ang's performance as Executive Chairman and Executive Director	The Board has accepted the NC's recommendation, which has reviewed and considered Dennis Chia's performance as Non-Executive Director
Whether appointment is executive, and if so, the area of responsibility	Executive, supervising the overall business operations and management of the Group; identifying new business opportunities; and business planning and providing executive leadership and supervision to the Group's senior management team	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc)	Executive Chairman and Executive Director, member of Nominating Committee	Non-Executive Director
Professional qualification	Master of Business Administration from Macquarie University	Bachelor (Honours) Degree in Accountancy from National University of Singapore Master Degree in Business Administration from University of Hull, United Kingdom

CORPORATE GOVERNANCE REPORT

Table A		
Name of Director	Melvin Ang	Dennis Chia
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> November 2008 to November 2014: CEO of mm2 Entertainment Sdn. Bhd. October 2009 to November 2014: CEO of mm2 Entertainment Pte. Ltd. November 2014 to April 2017: CEO of mm2 Asia Ltd. November 2014 to Present: Executive Director of mm2 Asia Group of Companies January 2017 to Present: Executive Chairman of mm2 Group of Companies 	<ul style="list-style-type: none"> Chief Financial Officer (“CFO”) of StarHub Ltd. (“StarHub”), Singapore’s fully-integrated info-communications company, offering a full range of information, communications and entertainment services for both consumer and corporate markets. He oversees StarHub’s financial health, develops key business strategies together with the core leadership team, ensures that business decisions are financially sound, and executes strategies through financial management Senior Vice President and CFO of Stats Chippac (Worldwide), a leading provider of advanced semi-conductor packaging and test services Vice President of Finance, Asia Pacific Operations (APO) of Lear Corporation, he oversaw 400 regional finance staff in 30 manufacturing and administrative locations across Asia CFO of Behringer Corporation and Frontline Technologies Corporation, leading listing on the Singapore Exchange
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 335,400 shares Deemed interest – 614,324,000 shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Non-Executive Chairman of UnUsUaL Limited	Chief Financial Officer of StarHub Ltd.
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships#		
**Principal Commitments” has the same meaning as defined in the Code		
#These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)		
Past (for the last 5 years)	None	<ul style="list-style-type: none"> Bloomeria Limited Lear Automobile Corporation Singapore Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Melvin Ang	Dennis Chia
Present	<ul style="list-style-type: none"> • UnUsUaL Limited • mm2 Entertainment Pte. Ltd. • mm2 Entertainment Sdn. Bhd. • UnUsUaL Management Pte. Ltd. • Cathay Cineplexes Pte Ltd • mm2 Entertainment Hong Kong Limited • MA Holdings Management Company Limited • mmLive Pte. Ltd. • mmSync Pte. Ltd. 	<ul style="list-style-type: none"> • StarHub Mobile Pte Ltd • Starhub Cable Vision Ltd. • Starhub Online Pte. Ltd. • StarHub (Hong Kong) Limited • StarHub Shop Pte Ltd • StarHub, Inc. • JOS (SG) Pte. Ltd. • JOS Applications (S) Pte. Ltd. • Ensign InfoSecurity Pte. Ltd. • Ensign InfoSecurity (Systems) Pte. Ltd. • Ensign InfoSecurity (Asia Pacific) Pte. Ltd. • Ensign InfoSecurity (Cybersecurity) Pte. Ltd. • Ensign InfoSecurity (SmartTech) Pte. Ltd. • Malaren International Sdn. Bhd. • HKBN JOS (Malaysia) Sdn. Bhd. • Nettilling Sdn. Bhd. • Taman Kenyir Holdings Sdn. Bhd. • Antina Pte. Ltd. • Kydon Holdings Pte. Ltd. • Spendid Pte. Ltd. • Chief Financial Officer of Starhub Ltd.

The general statutory disclosures of the Retiring Directors are as follows:

Question	Melvin Ang	Dennis Chia
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

CORPORATE GOVERNANCE REPORT

Question	Melvin Ang	Dennis Chia
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity of business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No



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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2023 and the statement of financial position of the Company as at 31 March 2023.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2023, and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, on the basis of preparation as stated at Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Ang Wee Chye
Tan Liang Pheng
Chia Seng Hee, Jack
Lei Chee Kong, Thomas
Mak Chi Hoo
Chia Choon Hwee, Dennis

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as disclosed under "Performance Share Plan" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	At 21.4.2023	At 31.03.2023	At 01.04.2022
<i>Shareholdings registered in the name of directors</i>			
Company			
<i>(No. of ordinary shares)</i>			
Ang Wee Chye	335,400	335,400	335,400
Lei Chee Kong, Thomas	971,400	971,400	971,400
Mak Chi Hoo	85,700	85,700	85,700
Tan Liang Pheng	171,400	171,400	171,400
Chia Seng Hee, Jack	171,400	171,400	171,400
<i>Shareholdings in which director is deemed to have an interest</i>			
Company			
<i>(No. of ordinary shares)</i>			
Ang Wee Chye	614,324,000	614,324,000	614,324,000

By virtue of section 7 of the Singapore Companies Act 1967, Ang Wee Chye is deemed to have an interest in the shares of the Company and all of its subsidiaries and an associated company, mm Connect Pte. Ltd., at the end of the financial year.

SHARE OPTIONS

There are no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There are no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

PERFORMANCE SHARE PLAN

The Company has implemented a performance share plan known as mm2 Performance Share Plan ("mm2 PSP") which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of twenty-one (21) years as of the award date and hold such rank as may be designated by the Remuneration Committee from time to time are eligible to participate in mm2 PSP. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in mm2 PSP. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

mm2 PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that mm2 PSP will help to achieve the following positive objectives:

- (a) Foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of shareholders;
- (b) Motivate participants to achieve key financial and operational goals of the Group and/or their respective business units and encourage greater dedication and loyalty to the Group; and
- (c) Make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

mm2 PSP is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong, Thomas.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in mm2 PSP provided that the participation of and the terms of each grant and the actual number of awards granted under mm2 PSP to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolution for each person subject to the following:

- (a) The aggregate number of shares comprised in awards granted to controlling shareholders or associates of a controlling shareholder under mm2 PSP shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under mm2 PSP; and
- (b) The number of shares available to each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under mm2 PSP.

mm2 PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which mm2 PSP is adopted by the Company in general meeting, provided always that mm2 PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

DIRECTORS' STATEMENT

PERFORMANCE SHARE PLAN (CONTINUED)

The Company may deliver shares pursuant to awards granted under mm2 PSP by way of:

- (i) Issuance of new shares;
- (ii) Delivery of existing shares purchased from the market or shares held in treasury; and/or
- (iii) Cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to awards granted under mm2 PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) all shares issued and issuable in respect of all awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under mm2 PSP shall not exceed 15% of the total issued share capital of the Company post-placement and from time to time.

The Company had granted awards under mm2 PSP to subscribe for 959,400 ordinary shares at an exercise price of \$0.5980 per share on 31 May 2017. Subsequently, there were no awards awarded pursuant to mm2 PSP, including the current financial year ended 31 March 2023.

AUDIT COMMITTEE

The members of the Audit Committee (the "AC") at the end of the financial year and at the date of the statement are as follow:

Chia Seng Hee, Jack	(Chairman of AC, Independent Director)
Tan Liang Pheng	(Lead Independent Director)
Lei Chee Kong, Thomas	(Independent Director)

The AC performs the functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 (the "Act"), the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance. In performing those functions, the AC:

- (a) Review quarterly, half-yearly and annual financial statements and auditors' report of the Group before submitting to the Board;
- (b) Review the audit plan(s) of the independent and internal auditors of the Company and ensure the adequacy of the Group's system of accounting and co-operation given by the Company's management to the independent and internal auditors respectively;
- (c) Review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- (d) Review all non-audit services provided by the independent auditors to the Group to ensure that the nature and extent of such services would not affect the independence of the independent auditors;
- (e) Review the adequacy and effectiveness of the Group's and Company's internal controls and risk management systems;
- (f) Review the management assurance confirmation from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;
- (g) Review the adequacy, effectiveness, independence, scope and results of the independent audit and the Company's internal audit function;

AUDIT COMMITTEE (CONTINUED)

The AC performs the functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance. In performing those functions, the AC: (continued)

- (h) Review the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed upon;
- (i) Review if there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (j) Make recommendation to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor;
- (k) Review interested person transactions in accordance with the requirements of the Listing Manual;
- (l) Review potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;
- (m) Review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;
- (n) Review the key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNet;
- (o) Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (p) Undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- (q) Review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (r) Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

The AC confirmed that they have undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

The AC has recommended to the Board of Directors that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

.....
Ang Wee Chye
Director

.....
Tan Liang Pheng
Director

12 July 2023

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **mm2 Asia Ltd.** (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern assumption

(Refer to Note 4 to the financial statements)

Area of focus

The Group recorded a higher revenue for the financial year ended 31 March 2023 amounting to \$134,285,000 and recorded a net current asset position of \$21,585,000. However, the Group incurred a net loss of \$122,455,000 for the financial year ended 31 March 2023 and as of that date, the Group has borrowings amounting to \$117,635,000 which due within the next 12 months from the financial year ended 31 March 2023.

Notwithstanding the aforementioned financial challenges, the management of the Group believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 March 2023 is appropriate after taking into the consideration of the following measurements and assumptions:

- The Group is currently conducting a fund-raising exercise through its wholly owned subsidiary, mmLive Pte. Ltd. ("mmLive"), including but not limited to, issuance of convertible securities, with the aim of raising funds for the Group. This fund-raising exercise is ongoing as at the date of this report.
- The Group is currently negotiating for the sale of 40% equity interest in the share capital of mm Connect Pte. Ltd.
- The Group is also negotiating different avenues to raise funds and is currently in advanced discussion with several strategic investors to raise further fundings for the Group.

The Group, who was assisted by supportive financial institutions, has a positive outlook of raising total proceeds between \$70 million to \$80 million within the next 12 months from the financial year ended 31 March 2023. Consequently, this puts the Group in a better position to engage with its lenders to review the terms and conditions of its existing credit facilities and compliance with loan covenants.

The Group manages its operating cash flows and funding availability closely to ensure that all repayment and funding requirement are met. Based on the cash flow forecasts prepared, the management has determined that the Group has sufficient cashflow resources available to meet its liabilities and obligations as they fall due and have concluded that there are no material uncertainties on their going concern assumptions.

We focused on this area because of the level of subjectivity associated with the assumptions used in the assessment of the going concern of the Group. These assumptions are made by the management of the Group, taking into consideration of their expectations of future events that are believed to be reasonable under the circumstances.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Going concern assumption (continued)
(Refer to Note 4 to the financial statements)

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Reviewed the business plans and assumptions used by management in their assessment of the going concern of the Group through: -
 - Discussions with management and obtained an understanding on the Group's fund-raising activities and obtained written representations from management, regarding the feasibility of these plans;
 - Enquiring and obtaining correspondences from the financial institution to obtain an understanding of the terms and progress of the ongoing fund-raising activities in negotiations by the Group; and
 - Sighting to signed term sheets and subscription agreements entered by the Group and the investors and receipts of the incoming funds in relation to their funds raising activities;
- Evaluated management assessment of the Group's ability to continue as a going concern through obtaining management's forecast of the cash flows projection of the Group over the next twelve months from the date of the financial statements and: -
 - Assessed the reasonableness of the key assumptions used by reviewing the Group's business plans and historical performance; and
 - Challenged the appropriateness of the key assumptions used by management in the cash flow projection, including timing of cash required for operations, the Group's forecasts of revenue and operating expenses.
- Reviewed minutes of board meetings and relevant committees for any discussion of financial difficulties and future plans, including those up to the date of this report;
- Reviewed events after the financial year end to identify factors relevant, if any, to the going concern assumption as a basis for the preparation of the financial statements; and
- Reviewed the adequacy and appropriateness of the management's disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Revenue Recognition

(Refer to Notes 2.3, 3(d) and 5 to the financial statements)

Area of focus

The Group's total revenue amounted to \$134,285,000 for the financial year ended 31 March 2023 which was principally contributed by three (3) reportable segments, namely, Core Business, Digital Media and Live Experience Productions and Event Production and Concert Promotion.

Under SFRS(I) 15 *Revenue from Contracts with Customers*, revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation at a point in time or over time.

We focused on revenue as a key audit matter due to a presumed fraud risk related to revenue recognition. Revenue represents the most significant item and serves as one of the key performance indicators of the Group's financial statements. Moreover, certain revenue streams in the Group are driven by certain terms in the related contracts which would require greater judgement and consideration.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Discussed with management on the processes involved in the respective revenue cycles and performed walkthroughs to confirm our understanding;
- Reviewed and evaluated the Group's revenue recognition policy is in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*;
- Reviewed significant contracts during the financial year to assess whether the revenue is recognised in accordance with the Group's accounting policies as disclosed in Note 2.3 to the financial statements;
- Performed substantive testing, including cut-off procedures, to ascertain revenue was recognised appropriately in the correct financial year;
- Reviewed significant credit notes issued, where applicable, during the financial year and subsequent to the financial year end to ascertain revenue was recognised appropriately in the correct financial year;
- Reviewed management's journal entries to detect any unusual transactions in relation to revenue; and
- Reviewed management's disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Deconsolidation of mm Connect Pte. Ltd. and its subsidiary corporations (“mm Connect Group”) and subsequent presentation as “Discontinued operations”

(Refer to Notes 2.31 and 41(a) to the financial statements)

Area of focus

During the financial year ended 31 March 2023, the Group entered into an Exchangeable Bond Subscription Agreement (“Agreement”) amounting to \$54,000,000 with a bondholder, which includes 250 million free detachable warrants valued at \$16,250,000. As per the terms of the Agreement, the bondholder is entitled to 60% of mm Connect Pte. Ltd.’s board representation.

In accordance with SFRS(I) 10 *Consolidated Financial Statements*, the entitlement of the bondholder to 60% of mm Connect Pte. Ltd.’s board representation had led to the Group losing control over the mm Connect Group and as a result, the Group is required to deconsolidate the mm Connect Group and accordingly, reclassified mm Connect Pte. Ltd. as an associated company of the Group and the Company.

Under SFRS(I) 5 *Non-current Assets Held-for-Sale*, the deconsolidation of the mm Connect Group has also led to the financial results of the mm Connect Group to be presented as “Discontinued Operations” as of 31 March 2023 and its prior financial year’s financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income.

We focused on this area as a key audit matter due to its significant nature and the involvement of significant judgement by management. This judgement is necessary to evaluate the loss of control over the mm Connect Group and its subsequent reclassification as an associated company and presentation as a discontinued operations on the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income respectively.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Reviewed the Exchangeable Bond Subscription Agreement;
- Evaluated and challenged the management’s assessment of the Group’s loss of control over the mm Connect Group in accordance with SFRS(I) 10 *Consolidated Financial Statements*;
- Comprehension of the deconsolidation entries and reviewed the effects of deconsolidation on the respective financial components of the financial statements;
- Assessed the appropriateness of the presentation of the mm Connect Group as a discontinued operations in the Consolidated Statement of Comprehensive Income in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale*; and
- Reviewed management’s disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Expected credit loss on trade and other receivables

(Refer to Notes 2.14, 3(b), 14 and 39(b) to the financial statements)

Area of focus

As at 31 March 2023, trade and other receivables amounted to \$100,431,000 and have contributed 23% to the Group's total assets, representing one of the most significant components to the financial statements.

With reference to SFRS(I) 9 *Financial Instruments*, the Group applies the simplified approach (lifetime expected credit loss) for its trade receivables and general approach (12 months expected credit losses or lifetime expected credit loss) for its other receivables.

The Group assesses the expected credit loss ("ECL") associated with its trade and other receivables periodically and as at every financial year end. In determining the ECL, the Group uses the relevant historical information to determine the probability of default of the trade and other receivables and incorporated forward-looking information.

We focused the expected credit losses on trade and other receivables as a key audit matter as the carrying value is significant to the Group and also considered the significant degree of management's estimates and judgements involved in estimating the ECL.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Tested the aging of trade receivables as at financial year end on a sampling basis;
- Evaluated management's assessment and determination of the ECL of the Group's trade and other receivables by reviewing the reasonableness of management's estimation of ECL rates which is based on the historical loss rates for each category of customers and adjusted to reflect current and forward-looking macroeconomic factors and information affecting the ability of the customers to settle the receivables;
- Assessed the recoverability of long outstanding trade and other receivables by comparing management's assumptions and judgements used to estimate both the amount and timing of the recoverability of outstanding debts to historical patterns of receipts and considered the recoverability of long outstanding trade receivables to subsequent receipts and any other evidence for any significant increase in credit risk; and
- Reviewed management's disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Valuation of film rights, film intangibles and film inventories

(Refer to Notes 2.9, 2.10, 3(a), 25 and 26 to the financial statements)

Area of focus

Film rights, film intangibles and film inventories ("films") totaling \$43,851,000 are an integral part of the Group's businesses and contributed to approximately 10% of the Group's total assets. These films are identifiable non-monetary assets without any physical substance.

Accounting for the development of content is one of the significant judgements for the media industry. Movie content can be developed in-house or externally using third parties or acquired or licensed from third parties.

The costs of the film rights, after deducting estimated residual value and accumulated impairment, are amortised proportionally to the estimated projected revenue over their economic beneficial period. Film intangibles and film inventories are also amortised over the economic beneficial period, with the maximum of the license period when the film is released. The Group recognised amortisation expense relating to these films totaling to \$9,800,000 for the financial year ended 31 March 2023.

The amortisation period and method for these films are reviewed annually and an impairment assessment is performed whenever there is an indication that it may be impaired. Management performed an impairment assessment of these films using its forecasted revenue over its economic beneficial period to determine the recoverable amount of the respective films. No impairment loss was recognised by the Group for the financial year ended 31 March 2023 as the recoverable amount was more than the carrying amount for respective film.

We focused on this area as a key audit matter as the valuation of film rights, film intangible and film inventories involved significant management's judgements and estimates.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, the following procedures were carried out:

- Reviewed and evaluated the Group's accounting policies for the films are in accordance with SFRS(I) 1-38 *Intangible Assets*;
- Assessed the reasonableness of the amortisation expense based on the Group's accounting policies;
- Analysed the future projected revenues on a sampling basis used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash-generating unit;
- Challenged the appropriateness of the assumptions used by the management for the respective films on a sampling basis, by comparing them against historical forecasts and performance, as well as other supportable documentation; and
- Reviewed management's disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Loh Hui Nee.

**CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore
12 July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2023

	Note	2023 \$'000	2022 \$'000 (Restated)
<u>Continuing operations</u>			
Revenue	5	134,285	83,517
Cost of sales		(106,611)	(74,757)
Gross profit		27,674	8,760
Other income			
- Interest income	8	67	46
- Others	8	666	2,214
Other (losses)/gains - net			
- Expected credit loss on financial assets, net	9	(506)	(3,070)
- Fair value changes in financial instruments	9	(24,172)	-
- Others	9	(1,835)	(729)
Expenses			
- Administrative		(15,324)	(17,250)
- Finance	10	(8,780)	(6,605)
Share of (loss)/profits of associated companies and former joint venture		(517)	461
Loss before income tax		(22,727)	(16,173)
Income tax expense	11	(686)	(1,049)
Loss from continuing operations		(23,413)	(17,222)
<u>Discontinued operations</u>			
Loss from discontinued operations, net of tax	41(a)	(130,820)	(24,866)
Gain on deconsolidation of a subsidiary	41(a)(ii)	31,778	-
Loss from discontinued operations		(99,042)	(24,866)
Net loss for the financial year		(122,455)	(42,088)
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains		2,085	214
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(Loss)		125	(12)
Other comprehensive income, net of tax	35(b)	2,210	202
Total comprehensive loss for the financial year		(120,245)	(41,886)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2023

	Note	2023 \$'000	2022 \$'000 <i>(Restated)</i>
Net loss attributable to:			
Equity holders of the Company		(120,454)	(34,982)
Non-controlling interests		(2,001)	(7,106)
		<u>(122,455)</u>	<u>(42,088)</u>
Net loss attributable to equity holders of the Company relates to:			
Loss from continuing operations		(21,412)	(10,116)
Loss from discontinued operations		(99,042)	(24,866)
		<u>(120,454)</u>	<u>(34,982)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(118,369)	(34,768)
Non-controlling interests		(1,876)	(7,118)
		<u>(120,245)</u>	<u>(41,886)</u>
Loss per share ("LPS") for net loss attributable to equity holders of the Company			
Basic LPS (cents)			
From continuing operations	12	(0.77)	(0.38)
From discontinued operations	12	<u>(3.55)</u>	<u>(0.93)</u>
Diluted LPS (cents)			
From continuing operations	12	(0.59)	(0.29)
From discontinued operations	12	<u>(3.41)</u>	<u>(0.89)</u>

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	13	9,440	14,571	415	9,796
Trade and other receivables	14	98,573	102,894	89,886	262,572
Inventories	15	800	1,013	-	-
Other current assets	16	115,357	83,459	-	-
Film products and films under production	17	3,290	6,004	-	-
Income tax receivables		247	407	-	-
		<u>227,707</u>	<u>208,348</u>	<u>90,301</u>	<u>272,368</u>
Non-current assets					
Trade and other receivables	14	1,858	19,962	-	-
Financial assets, at fair value through profit or loss ("FVPL")	18	1,649	1,701	-	-
Investments in subsidiaries	19	-	-	68,951	70,226
Investments in associated companies	20	92,608	3,196	91,754	2,045
Investment in a joint venture	21	-	-	-	-
Property, plant and equipment	22	15,225	59,817	22	76
Intangible assets and goodwill	24	46,147	237,086	-	-
Film rights	25	23,584	28,678	-	-
Film intangibles and film inventories	26	20,267	20,277	-	-
Deferred income tax assets	33	-	23	-	-
		<u>201,338</u>	<u>370,740</u>	<u>160,727</u>	<u>72,347</u>
Non-current assets held for sale	41(b)	96	-	96	-
		<u>201,434</u>	<u>370,740</u>	<u>160,823</u>	<u>72,347</u>
TOTAL ASSETS		<u>429,141</u>	<u>579,088</u>	<u>251,124</u>	<u>344,715</u>
LIABILITIES					
Current liabilities					
Trade and other payables	27	70,599	91,723	35,803	58,562
Contract liabilities	28	16,503	8,149	-	-
Borrowings	29	117,635	154,394	84,340	56,820
Lease liabilities	30	317	28,090	23	58
Derivative financial instruments	31	-	6	-	-
Current income tax liabilities		1,068	2,279	-	-
		<u>206,122</u>	<u>284,641</u>	<u>120,166</u>	<u>115,440</u>
Non-current liabilities					
Trade and other payables	27	13,425	-	13,425	-
Borrowings	29	113,529	55,366	106,564	38,910
Lease liabilities	30	381	23,179	-	19
Provisions	32	140	5,886	-	-
Deferred income tax liabilities	33	3,938	7,524	-	-
		<u>131,413</u>	<u>91,955</u>	<u>119,989</u>	<u>38,929</u>
TOTAL LIABILITIES		<u>337,535</u>	<u>376,596</u>	<u>240,155</u>	<u>154,369</u>
NET ASSETS		<u>91,606</u>	<u>202,492</u>	<u>10,969</u>	<u>190,346</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	34	230,602	211,102	230,602	211,102
Reserves	35	(11,935)	(4,270)	-	9,750
Accumulated losses	36	(167,131)	(46,677)	(219,633)	(30,506)
		<u>51,536</u>	<u>160,155</u>	<u>10,969</u>	<u>190,346</u>
Non-controlling interests	19(e)	40,070	42,337	-	-
TOTAL EQUITY		<u>91,606</u>	<u>202,492</u>	<u>10,969</u>	<u>190,346</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2023

Group	Attributable to equity holders of the Company				Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000		
2023						
Beginning of financial year	211,102	(4,270)	(46,677)	160,155	42,337	202,492
Loss for the financial year	-	-	(120,454)	(120,454)	(2,001)	(122,455)
Other comprehensive income/ for the financial year	-	2,085	-	2,085	125	2,210
Total comprehensive income/ (loss) for the financial year	-	2,085	(120,454)	(118,369)	(1,876)	(120,245)
Issuance of ordinary shares of the Company pursuant to:						
- Private Placement (Notes 34(a) and 35(c))	19,500	(9,750)	-	9,750	-	9,750
Disposal of a non-controlling interest in a subsidiary (Note 41(b))	-	-	-	-	(391)	(391)
End of financial year	230,602	(11,935)	(167,131)	51,536	40,070	91,606
2022						
Beginning of financial year	152,870	(14,300)	(11,695)	126,875	47,334	174,209
Loss for the financial year	-	-	(34,982)	(34,982)	(7,106)	(42,088)
Other comprehensive income/ (loss) for the financial year	-	214	-	214	(12)	202
Total comprehensive income/ (loss) for the financial year	-	214	(34,982)	(34,768)	(7,118)	(41,886)
Issuance of ordinary shares of the Company pursuant to:						
- Rights issue (Note 34(b))	54,652	-	-	54,652	-	54,652
Less: capitalised expenses pertaining to issuance of rights issue (Note 34(b))	(2,420)	-	-	(2,420)	-	(2,420)
	52,232	-	-	52,232	-	52,232
- Exchangeable right (Note 34(c))	6,000	-	-	6,000	-	6,000
Subscription of ordinary shares of the Company pursuant to the private placement pending for allotment (Note 35(c))	-	9,750	-	9,750	-	9,750
Dilution of interest in a subsidiary without loss on control (Note 19(d))	-	66	-	66	2,121	2,187
End of financial year	211,102	(4,270)	(46,677)	160,155	42,337	202,492

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2023

	Note	Group	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Net loss for the financial year		(122,455)	(42,088)
Adjustments for:			
- Income tax expense	11	603	876
- Interest income	8	(67)	(46)
- Finance expenses		15,261	13,508
- Depreciation of property, plant and equipment	22	22,539	27,577
- Amortisation of intangible assets	24	1,691	4,233
- Amortisation of film rights	6	7,764	10,103
- Amortisation of film intangibles and film inventories	6	2,036	2,654
- Impairment loss on:			
- Film intangibles and inventories	6	-	2,417
- Intangible assets and goodwill	24	117,677	13,045
- Written-off on:			
- Film products and films under production	17	-	29
- Film rights	25	-	20
- Film intangibles and inventories	26	-	52
- Intangible assets	24	1	-
- Share of loss/(profits) of associated companies and joint venture		517	(423)
- Rental concession income		(967)	(4,299)
- Inventories written off		2	75
- Inventories written down		-	800
- Property, plant and equipment written off		95	801
- Expected credit loss on financial assets, net		531	3,070
- Fair value changes in financial instruments		21,618	-
- Gain on deconsolidation of a subsidiary	41(a)	(31,778)	-
- Gain on disposal of a subsidiary company	9	(66)	-
- Gain on disposal of financial assets, at FVPL	9	-	(19)
- Loss on fair value changes in financial assets, FVPL, net	9	-	361
- Gain on disposal of property, plant and equipment		(57)	(42)
- Gain arising from derecognition of leases		(57)	(252)
- Gain arising from re-measurement of convertible securities		-	(1,073)
- Gain on remeasurement of non-current assets held for sale upon disposal		(17)	-
- Gain on fair value changes in derivative financial instruments, net		(6)	(6,148)
- Unrealised currency translation losses		4,326	723
		<u>39,191</u>	<u>25,954</u>
Change in working capital, net of deconsolidation and disposal of subsidiaries:			
- Trade and other receivables		1,227	5,183
- Inventories		(54)	(58)
- Other current assets		(32,807)	(14,049)
- Film products and films under production		-	(660)
- Film intangibles and film inventories		(1,265)	(4,212)
- Trade and other payables		(6,015)	15,796
- Contract liabilities		10,474	(993)
Cash generated from operations		<u>10,751</u>	<u>26,961</u>
Income tax refund		-	252
Income tax paid		(1,870)	(993)
Net cash provided by operating activities		<u>8,881</u>	<u>26,220</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2023

		Group	
	Note	2023 \$'000	2022 \$'000
Cash flows from investing activities			
Cash disposed from deconsolidation of subsidiary	41(a)	(751)	-
Proceeds from disposal of subsidiaries, net of cash disposed	41(b)	235	-
Proceeds from disposal of financial assets, at FVPL		-	1,874
Proceeds from disposal of property, plant and equipment		83	256
Interest received		35	46
Additions to financial assets, at FVPL		-	(700)
Additions to property, plant and equipment		(984)	(1,321)
Additions to intangible assets		(27)	(1,058)
Additions to film rights		-	(5,339)
Government grants received for			
- Development of film products and films under production	17	-	351
- Development of softwares	24	155	75
- Development of film rights	25	-	317
Net cash used in investing activities		<u>(1,254)</u>	<u>(5,499)</u>
Cash flows from financing activities			
Interest paid		(12,669)	(10,353)
Proceeds from issuance of ordinary shares of the Company pursuant to private placement	34(a)	9,750	-
Proceeds from subscription of ordinary shares of the Company pursuant to the private placement pending for allotment	34(a) and 35(c)	-	9,750
Proceeds from issuance of rights shares	34(b)	-	54,652
Expenses pertaining to issuance of rights shares	34(b)	-	(2,420)
Proceeds from issuance of ordinary shares of the Company pursuant to exchange right	34(c)	-	6,000
Proceeds from issuance of new shares of a subsidiary to non-controlling interests	19(d)	-	2,187
Proceeds from issuance of convertible securities	29(a)(i)	15,350	1,000
Proceeds from issuance of Exchangeable Bond	29(b)	54,000	-
Proceeds from borrowings		30,702	26,596
Repayment of borrowings		(85,845)	(86,434)
Repayment of lease liabilities		(23,566)	(18,869)
Net cash used in financing activities		<u>(12,278)</u>	<u>(17,891)</u>
Net changes in cash and cash equivalents		(4,651)	2,830
Cash and cash equivalents			
Beginning of financial year		13,608	10,824
Effects of currency translation on cash and cash equivalents		(41)	(46)
End of the financial year	13	<u>8,916</u>	<u>13,608</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2023

	Cash flows		Non-cash movement										
	Beginning of financial year \$'000	Net of (repayment of)/proceeds from principal and interest \$'000	Interest expenses \$'000	Additions during the financial year \$'000	Loss arising from fair value changes in financial instruments \$'000	Gain on modification in financial instruments \$'000	De-recognition of leases \$'000	Movement in accrued interests \$'000	Rental income concession \$'000	Lease modification \$'000	De-consolidation and disposal of subsidiaries \$'000	Currency translation differences \$'000	End of financial year \$'000
Group													
2023													
Borrowings													
Bank loans	149,718	(34,008)	7,211	-	-	-	-	362	-	-	(962)	(745)	121,576
Convertible securities	56,579	37,529	4,451	-	21,618	-	-	(50)	-	-	(13,563)	-	106,564
Loan notes	2,500	(81)	214	-	-	-	-	(133)	-	-	-	-	2,500
	208,797	3,440	11,876	-	21,618	-	-	179	-	-	(14,525)	(745)	230,640
Lease liabilities	51,269	(25,412)	1,830	366	-	-	(547)	19	(967)	18,529	(44,255)	(134)	698
	260,066	(21,972)	13,706	366	21,618	-	(547)	198	(967)	18,529	(58,780)	(879)	231,338
2022													
Borrowings													
Bank loans	156,804	(13,618)	6,386	-	-	-	-	107	-	-	-	39	149,718
Convertible securities	54,035	(147)	3,764	-	-	(1,073)	-	-	-	-	-	-	56,579
Medium term note programme	50,000	(51,688)	308	-	-	-	-	1,380	-	-	-	-	-
Loan notes	3,500	(1,279)	268	-	-	-	-	11	-	-	-	-	2,500
	264,339	(66,732)	10,726	-	-	(1,073)	-	1,498	-	-	-	39	208,797
Lease liabilities	75,550	(21,328)	2,459	2,292	-	-	(3,029)	-	(4,299)	123	-	(499)	51,269
	339,889	(88,060)	13,185	2,292	-	(1,073)	(3,029)	1,498	(4,299)	123	-	(460)	260,066

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

The Company

mm2 Asia Ltd. (the "Company") is listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered and principal place of business is located at 1002 Jalan Bukit Merah #07-11 Singapore 159456.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associated companies and joint venture are described in Notes 19, 20 and 21 to the financial statements, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 Adoption of new and amended standards and interpretations

On 1 April 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current and prior financial years.

2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

Performance obligation are satisfied over time, if services is transferred upon the Group (i) provide all of the benefits received and consumed simultaneously by the customer; (ii) creates or enhances an asset that the customer controls as the Group performs; or (iii) does not create an asset with an alternative use to the Group and the Group has enforceable right to payment for performance completed to date. Services that are transferred over time, revenue is recognised over the period of revenue contract by reference to progress towards completion satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the relevant services rendered and have been accepted by the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(a) Core Business

Revenue from the exploitation of copyrights is recognised at point in time when it permits the customer the rights to use freely and the Group has no remaining obligations to perform.

Producer fee income from production of movies, entertainment events and television programmes and consultancy income is recognised a point in time upon satisfaction of performance obligation.

Professional services refers to revenue from services of development or pre-production services or production services on motion pictures, video and/or television programme. Revenue is recognised a point in time upon satisfaction of performance obligation.

Revenue from distribution of films to movie distributors and/or theatres and circuits are recognised over time as the benefits from the distribution of the films are simultaneously received and consumed. The amount remitted to the Group are net of taxes, other charges and deductions by movie distributors and/or theatres and circuits of their respective share of the box office sales.

Revenue from licensing is recognised a point in time when the rights had been transferred to the licensee (i.e. when the licensee has the right to use the film material).

The Group derives revenue from sponsorships associated with the production of films. Sponsorship fees relate to an one-time event. Revenue is recognised at a point in time when the Group has fulfilled the performance obligation of the revenue contracts. Sponsorship advances are deferred until earned pursuant to the sponsorship agreement and are presented as contract liabilities on the consolidated statement of financial position.

(b) Digital Media and Live Experience Productions ("Digital and Live Production")

Digital media production services are services rendered to non-related parties for visual effects, computer-generated imagery services and immersive media works. Revenue is recognised at a point in time or over time depending on the terms and conditions of the respective contract and its accompanying performance obligation.

Digital and live experience production services are services rendered to non-related parties for the development and production of immersive entertainment location-based thematic show. Revenue is recognised at a point in time or over time depending on the terms and conditions of the respective contract and its accompanying performance obligation.

Revenue from exploitation of copyrights is recognised at a the point of time when a fixed fee on non-refundable guarantee under a non-cancellable contract has been entered, which permits the customer the rights to use freely and the Group has no remaining obligations to perform.

Revenue from co-management of events is recognised at a point in time upon completion of the events.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(c) Event Production and Concert Promotion ("Concert and Event")

Revenue from the provision of stage sound system and equipment is recognised at a point in time upon completion of the events.

Revenue from the rendering of technical services is recognised at a point in time when the services are rendered upon completion of the events.

Revenue from artistic performances and other special events, including the related sponsorship received is recognised at a point in time when the events have taken place. When subscription to a number of events is sold, the fee is allocated to each event on a basis which reflects the extent to which services are performed at each event.

Revenue from trading of performance rights is recognised at a point in time when the customer obtains control of the rights.

Revenue from the co-management of exhibition/concert halls is recognised at a point in time upon completion of the events.

Revenue from provision exhibition/concert halls related equipment is recognised at a point in time upon completion of the events.

(d) Others segment

Others segment consist of revenue from café operations, social media advertising activities and development of software for interactive digital media, brand consulting services, streaming digital films and short-form content.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(g) Other income

The income from talent fee, formatting fee and management fee is recognised at a point in time when services are rendered and the amount of income and cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, inter company transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transactions provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. The accounting policy on the subsequent measurement of goodwill is disclosed in Note 2.8(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiaries is taken to merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

The accounting policy on investment in subsidiaries in separate financial statements of the Company is disclosed in Note 2.12 to the financial statements.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies and joint venture

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Joint venture is entity over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

Investments in associated companies and joint venture are accounted for in the consolidated financial statements and the separate financial statements of the Company using the equity method of accounting less impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(c) Associated companies and joint venture (continued)

(i) Acquisitions

Investments in associated companies and joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint venture represent the excess of the cost of acquisition of the associated companies and joint venture over the Group's share of the fair value of the identifiable net assets of the associated companies or joint venture and are included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' or joint venture's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint venture are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in associated companies or joint venture equals to or exceeds its interest in the associated companies or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated companies or joint venture. If the associated companies or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in associated companies or joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the future.

Unrealised gains on transactions between the Group and its associated companies and joint venture are eliminated to the extent of the Group's interest in the associated companies and joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies and joint venture are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group and the Company loses significant influence and joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

The accounting policy on investment in associated companies in the separate financial statements of the Company are disclosed in Note 2.12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The initial estimate cost of dismantlement, removal or restoration cost is also recognised as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Motor vehicles	5 years
Computers, office equipment and furniture and fittings	2.5 - 10 years
Tools and equipment	3 - 10 years
Rental equipment	5 - 10 years
Renovation	3 - 10 years
Leasehold properties	51 years and 92 years
Office and retail space	2 - 10 years

Work-in-progress are not subjected to depreciation.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains - net".

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets (presented in "Property, plant and equipment")

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

This right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

	<u>Useful lives</u>
Motor vehicles	5 years
Computers, office equipment and furniture and fittings	2.5 - 10 years
Tools and equipment	3 - 10 years
Renovation	3 - 10 years
Offices and retail spaces	2 - 10 years

(ii) Lease liabilities

The initial measurement of lease liabilities is at the present value of the lease payments discounted using the implicit rate in the lease. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payment, including in-substance fixed payments, less any lease incentives receivables;
- Variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under a residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases (continued)

When the Group is the lessee (continued):

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases that have lease term of 12 months or less. Lease payments relating to with these leases are expensed off on a straight-line basis over the lease term.

(iv) Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. The details of variable lease payments is disclosed in Note 23 to the financial statements.

2.8 Intangible assets and goodwill

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible asset and carried at cost less accumulated impairment losses.

Goodwill on acquisition of associated companies and joint ventures represent the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures are included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) Brands

The brands acquired in business combination are measured at its fair value as at date of acquisition. The brands are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of brands are classified either finite or indefinite and based on the limit of period over which the brand is expected to generate benefits and or cash inflows to the Group.

(i) Brand with finite useful life

The brand with finite useful life is amortised over its useful life and assessed for impairment whenever there is indicator that the brand may be impaired. The amortisation period and method is reviewed at each financial year end.

(ii) Brand with indefinite useful life

The brand with indefinite useful life is tested for impairment annually. Such brand is not amortised. The assessment of indefinite useful life is reviewed at each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets and goodwill (continued)

(c) Content development cost

Costs directly attributable to the development of the content are capitalised as intangible assets only when technical feasibility is demonstrated, the Group has an intention and ability to complete and use the content and the costs can be measured reliably. Such costs include purchases of materials, services and payroll-related costs of employees directly involved in the project.

(d) Acquired rights

Acquired rights comprised of intellectual property rights, film and merchandise rights and participation rights.

Intellectual property rights ("IP rights") are rights acquired by the Group for specific content, conceptual ideas, or film titles. It is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation on IP rights is calculated on straight-line basis over maximum useful life of ten (10) years, starting from the time the rights are put to use. The amortisation is recognised to profit or loss over its useful life.

Film and merchandise rights represent the Group's entitlement to the net distribution earnings derived from distribution activities performed by the producer as per the contractual agreement. Film and merchandise rights are stated at cost less accumulated amortisation and accumulated impairment losses. Film and merchandise rights, less estimated residual value and accumulated impairment losses, are amortised in proportion to the estimated projected revenues over their economic beneficial period. Additional amortisation and/or impairment loss is made if future estimated projected revenue is adversely different from the previous estimation. Estimated projected revenues are reviewed at regular intervals.

Participation rights represented the Group's entitlement to share of the certain percentage of income generated from participation rights as per contractual agreement. Participation rights are stated at cost less accumulated amortisation and accumulated impairment losses. Participant rights, less estimated residual value and accumulated impairment losses, are amortised in proportion to the estimated projected revenues over their economic beneficial period. Additional amortisation and/or impairment loss is made if future estimated projected revenue are adversely different from the previous estimation. Estimated projected revenues are reviewed at regular intervals.

For acquired rights that have yet to developed or used will be subject to impairment assessment on annual basis. For acquired rights that have been amortised, an impairment assessment will be conducted whenever there is an indication that it may impaired.

(e) Software under development

Research costs are recognised as an expense when incurred. Costs directly attributable to the development of software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project.

Software under development will not be amortised and will be transferred to software when it is developed and available for intended use.

(f) Software

Software are stated at cost less accumulated amortisation and accumulated impairment losses. Software less estimated residual value and accumulated impairment losses, are amortised on straight-line method over the estimated useful lives of five (5) years. It will be subject to impairment assessment whenever there is an indication that it may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets and goodwill (continued)

(g) Other intangible assets

Other intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of other intangible assets is calculated using the straight-line method to allocate their depreciable amount over its estimated useful life.

2.9 Film rights

Film rights represents films and drama produced by the Group which have been commercially released and other film rights acquired by the Group. Film rights consists of the following:

(a) Film and drama rights

Film and drama rights are produced by the Group and are stated at cost less accumulated amortisation and accumulated impairment losses. These rights, less estimated residual value and accumulated impairment losses, are amortised in proportion to the estimated projected revenue over their economic beneficial period subject to a maximum of five (5) years. Additional amortisation and/or impairment loss will be made if future estimated projected revenue is adversely different from the previous estimation. Estimated projected revenue are reviewed at regular intervals.

(b) Other film rights

(i) Intellectual property rights ("IP")

IP rights are rights acquired by the Group that has yet to be developed. It will be stated at cost and amortised over the straight-line basis over maximum useful life of ten (10) years upon usage of the such rights, less any accumulated impairment losses. The amortisation will be recognised to profit or loss. IP rights are subject to impairment assessment whenever there is an indication that it may impaired.

(ii) Adaptation rights

Adaptation rights are rights acquired by the Group that allows the Group to make derivative works based on an existing works such as novels, films, dramas etc. These rights are recognised at cost and subjected to impairment assessment annually.

(iii) Short-form video contents

Short-form video contents (other than films and drama series) are short in length and produced or acquired by the Group. These will be stated at cost and subsequently amortised over a maximum period of ten (10) years, less any accumulated amortisation. Short-form video content are subject to impairment assessment whenever there is an indication that it may impaired. The useful lives of these short-form content will be reviewed annually.

2.10 Film intangibles and film inventories

Film intangibles represents films/drama acquired by the Group for distribution over a definitive licence period. The Group intends to exploit the distribution rights through its own distribution channels.

Film inventories represents a film/drama production project acquired by the Group which entitles the Group to share certain percentage of income generated from distribution of related films/drama based on Group's purchase agreements over definitive period.

Film intangibles and film inventories are amortised over the economic beneficial period subject to the maximum of the license period when the film is released.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.12 Investments in subsidiaries and associated companies

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position.

Investments in associated companies is accounted using the equity method of accounting less impairment losses, if any, in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.13 Impairment of non-financial assets

(a) Intangible assets - Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment

Film rights

Film intangibles and film inventories

Intangible assets

Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment, film rights, film intangibles and film inventories, intangible assets and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL")

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and unquoted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the assets and the cash flow characteristic of the assets.

- *Amortised cost:*

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

Interest income from these financial assets is recognised using the effective interest rate method.

- *Fair value through other comprehensive income ("FVOCI"):*

Debt instruments that are held for collection of contractual cash flows and for sale where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other (losses)/gains - net".

Interest income from these financial assets is recognised using the effective interest rate method and presented in "Interest income".

- *Fair value through profit or loss ("FVPL"):*

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented "Other (losses)/gains - net".

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses) - net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12 months expected credit loss if there is no significant increase in credit risk since recognition of the assets. If there is significant increase in credit risk since initial recognition, lifetime credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that assets is reclassified to profit or loss.

On disposal of an equity investment, the difference in the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Modification of contractual cash flows

When there is changes to the initial terms and conditions on the financial instrument ("Re-negotiated terms"), the Group will assess the financial instrument on a qualitative or quantitative basis to determine if the modification is substantial. If there is a substantial modification, the existing liability is derecognised and a new financial liability is recognised. Otherwise, the difference arising from the present value of the contractual cash flows between the initial and re-negotiated terms is recognised in profit or loss under "Other (losses)/gains - net" at the date of modification.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible securities

The total proceeds from convertible securities issued are allocated to the liability component and the equity component which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible securities. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds and notes.

The difference between the total proceeds and the liability component is allocated to the embedded equity conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amounts of the liability and equity components are transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

If the conversion option in a convertible securities are settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the issuer's own equity instruments, the conversion option is an embedded derivative component. The embedded derivative is required to be carried at fair value with changes in fair value recognised in profit or loss.

The total proceeds from convertible securities issued are allocated to the liability component and the embedded derivatives component which are separately presented on the statement of financial position.

Convertible securities issued by the Group and the Company may be classified entirely as financial liabilities designated at fair value through profit or loss if the convertible securities is a hybrid contract with multiple conversion options. All transaction costs related to the financial instrument designated as fair value through profit or loss are expensed as incurred. Any changes in the fair value as at reporting date are recognised in profit or loss.

2.17 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss. The Group does not apply hedge accounting for its derivative financial instrument.

Derivative liability arising from convertible securities

When the conversion option of the convertible securities is an embedded derivative, the fair value of embedded derivative is calculated first and the residual value is assigned to the liability component. The embedded derivative liability will be measured subsequently at fair value for each reporting period and the fair value changes would be recognised in "Other gains/(losses) - net" in profit or loss. The liability component is measured subsequently at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the convertible bonds and notes.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Derivative financial instruments (continued)

Interest rate swaps

The Group entered into interest rate swaps to manage the Group's exposure of interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts. A derivative financial instrument will be recognised initially at fair value on the date the contract is entered into and is subsequently carried at its fair value. The fair value changes on the interest rate swaps are recognised immediately in profit or loss.

2.18 Financial guarantees

The Group and the Company have issued corporate guarantees to banks for bank borrowings of its subsidiaries and associated company. These guarantees are financial guarantees as they require the Group and the Company to reimburse the banks if the subsidiaries or associated company fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.19 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group and the Company prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.20 Film products and films under production

Films and drama series under production includes production costs, costs of services, direct labour costs and facilities in the creation of films. Upon completion, these films and drama series under production are reclassified as film products. Films under production are accounted for on a film-by-film or drama-by-drama basis and are stated at cost less any accumulated impairment losses.

Film and drama series products are stated at cost less accumulated impairment losses. Upon commercial release, these film and drama products are reclassified as film rights and are included in non-current assets. Cost of film products are accounted for on a film-by-film basis which includes production costs, costs of services, direct labour costs and facilities in the creation of a film. When the films and drama products are sold outright, the production costs will be recognised in profit or loss.

2.21 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Cost include all costs of purchase and/or cost of developing the concept and content and other cost incurred in bringing inventories to present locations. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Other current assets

Other current assets, comprise of costs incurred in fulfilling a contract with a customer, are recognise only if:

- (a) these costs relate directly to a contract or to an anticipated contract which the Group can specifically identify;
- (b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and
- (c) the costs are expected to be recovered.

Otherwise, such costs are recognised as an expense immediately.

The assets recognised are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of these other current assets exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2.23 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and consider whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provide a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences, arising on investment in subsidiaries, associated companies and joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) At the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) Based on the tax consequence that will follow from the manner in which the Group expect, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration the time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

2.25 Employees' compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, Employee Provident Fund in Malaysia and Mandatory Provident Fund in Hong Kong on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(c) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("Equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employees' compensation (continued)

(d) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to reporting date.

2.26 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("S" or "SGD") and all values are rounded to the nearest thousand (\$'000) except otherwise indicated, which is the functional currency of the Group and of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("Foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within "Finance expense". All other exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "Other gains/(losses) - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operations.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker whose members are responsible for allocating resources and assessing performance of the operating segments.

2.28 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the consolidated statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.29 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.30 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised in equity in the period in which they are declared.

2.31 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

2.32 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. A contract liability is recognised when the payment is made or when an invoice is issued before the Group transfers goods or services to the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

The Group's assessment on valuation of film rights, film intangibles and film inventories, expected credit loss on trade and other receivables, impairment of goodwill and revenue recognition based on their best estimates, market conditions and information available at the end of the reporting period. Details on these areas which involve significant judgement and estimation uncertainty are further disclosed below.

(a) Valuation of film rights, film intangibles and film inventories

The costs of film rights, less estimated residual values and accumulated impairment, are amortised in proportion to the estimated projected revenues over the economic beneficial period, whereas for film intangibles and film inventories, it will be amortised over the economic beneficial period subject to the maximum of the license period when the films are released. The amortisation period and method for these films will be reviewed annually and it will be subject to impairment assessment whenever there is an indication that it may be impaired. Additional amortisation and/or impairment are made if estimated projected revenues are materially different from the previous estimation.

Management had consider various external and internal factors and is of the view that there is an indication of impairment in these films. Management bases its estimates of total projected revenues of each film on the historical performance of similar films, incorporating factors such as the past box office record of the leading actors and actresses, the genre of the film, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales and exploitations.

These estimated projected revenues can change significantly due to a variety of factors. Based on information available on the actual results of films, management reviews and revises, when necessary, the estimated projected revenues at regular intervals. The carrying amounts of film rights, film intangibles and film inventories as at 31 March 2023 and 2022 are disclosed in Notes 25 and 26 to the financial statements, respectively.

If the estimated projected revenue differs by 10% reduction from management's estimates, the carrying amount of the film rights, film intangibles and film inventories would have been lower by \$3,484,000 (2022: \$3,542,000) as at 31 March 2023.

(b) Expected credit loss on trade and other receivables

Expected credit losses ("ECL") on trade and other receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group had used simplified approach (lifetime expected credit loss) for its trade receivables and general approach (12 months expected credit losses or lifetime expected credit loss) for its other receivables.

In determining the ECL, the Group uses the relevant historical information to determine the probability of default of the instruments and incorporated forward-looking information.

Notwithstanding the above, the Group evaluates the ECL on trade and other receivables in financial difficulties separately.

The carrying amounts of trade and other receivables and details of ECL allowance are disclosed in Notes 14 and 39(b) to the financial statements respectively.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of these assets and where applicable, CGU have been determined based on value-in-use and fair value less cost of disposal calculations. These calculations require the use of estimates and the sensitivity analysis for impairment of goodwill are disclosed in Note 24(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(d) Revenue recognition

The Group derives its revenue from three (3) (2022: four (4)) main reportable segments, mainly core business, post-production and digital content production, and event production and concert promotion.

Under SFRS(I) 15 *Revenue from Contracts with Customers*, revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation at a point in time or over time.

Certain revenue streams in the Group are driven by the relevant terms and conditions which are varied, complex and depends on the substance of the arrangement. As a result, the recognition of the revenue generated in any given period requires significant judgement and consideration.

The related accounting policies and details about the revenue of the Group are disclosed in Notes 2.3 and 5 to the financial statements.

4 PREPARATION OF THE GROUP'S FINANCIAL STATEMENTS ON GOING CONCERN BASIS

The financial statements of the Group and the Company have been prepared on a going concern basis as the Group and the Company will be able to meet their liabilities when they fall due. In the current financial year, the Group incurred a net loss from its continuing operations of \$23,413,000 (2022: \$17,222,000) and, as of that date, the Group's current assets exceeded its current liabilities by \$21,585,000 (2022: current liabilities exceeded its current assets by \$76,293,000). Additionally, the Group has total borrowings of \$117,635,000 due for repayment within the 12 months from the financial year ended 31 March 2023.

The Group and the Company have implemented several measures to navigate through the current challenging environment effectively, and the Management will continue to explore options and measures to maintain a sustainable capital structure and reduce the aggregate leverage of the Group.

(a) Improvement in the financial performance and financial position

For financial year ended 31 March 2023, the Group incurred a net loss from continuing operations of \$23.41 million (2022: \$17.22 million). However, if the fair value losses in financial instruments amounting to \$24.17 million were excluded, the Group would have reported a net profit of \$0.76 million. Furthermore, as disclosed in Note 42 to the financial statements, the Group achieved a positive EBITDA of \$23.83 million (2022: \$12.76 million) and generated positive cash flows of \$8.88 million from operating activities for the same financial year end.

The financial metrics of the Group have improved significantly compared to previous financial years. This improvement was attributed to the lifting of the COVID-19 pandemic restrictions and the resumption of business activities, particularly large-scale live entertainment events.

(b) The following exercise were completed in the current financial year:

- (i) As disclosed in Note 34(a) to the financial statements, on 23 March 2022, the Company had entered into placement agreements with placees for the allotment and issuance of 390 million placement shares in the capital of the Company at an issue price of \$0.05 per placement share (the "Placement"). The aggregate consideration payable by placees is \$19.5 million. The transaction was completed on 1 April 2022.
- (ii) As disclosed in Note 29(a) to the financial statements, in May and June 2022, mm Connect Pte. Ltd. ("mm Connect"), an associated company and former subsidiary of the Company, had entered into convertible securities agreements with subscribers ("Bondholders") for issuance of unsecured convertible securities amounting to a total of \$15.35 million, carrying a coupon rate of 5% per annum and maturing on the second anniversary of their respective issue dates. These transactions were completed in June 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

4 PREPARATION OF THE GROUP'S FINANCIAL STATEMENTS ON GOING CONCERN BASIS (CONTINUED)

(b) The following exercise were completed in the current financial year: (continued)

- (iii) As disclosed in Note 29(b) to the financial statements, on 23 September 2022, the Company entered into a subscription agreement with UOB Kay Hian Private Limited for the issuance of exchangeable bonds ("Exchangeable Bonds") for \$54.0 million coupled with 250 million free detachable warrants ("Warrants") at an exercise price of \$0.065 per new shares by the Company. The transaction formed part of the refinancing exercise plan for the convertible securities of mm Connect which was due on 31 December 2022 as mentioned in Note 4(b)(iv) to the financial statements. The transaction was completed on 24 March 2023 following the satisfaction of conditions precedent in the subscription agreement.
- (iv) As disclosed in Note 29(a)(ii) to the financial statements, on 31 December 2022, the convertible securities previously issued by mm Connect with a carrying amount of \$58.8 million had matured. On the same day, the Company and mm Connect entered into settlement agreements with holders of the convertible securities ("CNCB Holders"), stating that all the principal amount with any unpaid interest would be settled via a combination of cash, which cannot exceed 50% of the outstanding sum, and the issuance of an unlisted, unsecured, redeemable, convertible and exchangeable bonds ("Bonds") to be issued by the Company. Subsequently, the Company entered into new Bonds Subscription Agreements with the CNCB Holders for a total of \$30.7 million. The transaction was completed on 24 March 2023 and the computation of the interest expense took effect retrospectively from 1 January 2023.

(c) The following sources of funding are expected to be available to the Group for the next 12 months from the date of the financial statements:

- (i) On 13 February 2023, the Company announced the incorporation of a new wholly owned subsidiary in mmLive Pte. Ltd. ("mmLive"). mmLive had signed a non-binding Letter of Intent to invest in Unipact Entertainment and Productions (Holdings) Limited ("Unipact"), who is based in Hong Kong. On 23 February 2023, the Company announced the formation of a new alliance for the concert business in Asia through mmLive, together with Unipact and UnUsUaL Limited by restructuring and transferring its entire shareholding in UnUsUaL Limited to mmLive.

The Group is currently conducting a fund-raising exercise through mmLive, including but not limited to, issuance of convertible securities. This fund-raising exercise is ongoing as at the date of this report.

- (ii) The Group is currently negotiating for the sale of 40% equity interest in the share capital of mm Connect Pte. Ltd.
- (iii) Other than the 2 fund raising exercises disclosed in Notes 4(c)(i) and 4(c)(ii) to the financial statements, the Group is also negotiating different avenues to raise funds and is currently in advanced discussion with several strategic investors to raise further fundings for the Group.

Arising from the fund-raising exercises described above, the Group, as was assisted by supportive financial institutions, has a positive outlook of raising total proceeds between \$70 million to \$80 million within the next 12 months from the financial year ended 31 March 2023. Consequently, this puts the Group in a better position to engage with its lenders to review the terms and conditions of its existing credit facilities and compliance with loan covenants.

Over the past few years, the Group has been continuously engaging with various lenders to obtain extensions and waivers on certain borrowings' compliances stipulated in the facility agreements.

Based on the above in Notes 4(a), (b) and (c), the Directors of the Company are of the opinion that the going concern basis in preparing the consolidated financial statements under the going concern assumption for the financial year ended 31 March 2023 is appropriate.

The financial statements did not include any adjustments that may result in the event that the Group unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may need to be made to reflect the situation where assets may need to be realised other than at their current recorded amounts in the statement of financial position. Additionally, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

5 REVENUE

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following types of services and geographical regions.

	2023 \$'000	2022 \$'000 <i>(Restated)</i>
Group		
<i>Continuing operations</i>		
At point in time	126,281	77,910
At over time	8,004	5,607
	<u>134,285</u>	<u>83,517</u>
<u>Disaggregation of revenue</u>		
Core business	98,659	72,811
Digital media and digital and live experience productions	2,524	2,809
Concert and event	28,990	3,593
Others	4,112	4,304
	<u>134,285</u>	<u>83,517</u>
<u>Geographical regions based on location of customers</u>		
Singapore	37,816	18,835
Malaysia	8,827	8,189
People's Republic of China	29,791	9,412
Taiwan	41,096	31,071
Hong Kong	15,002	14,515
Others	1,753	1,495
	<u>134,285</u>	<u>83,517</u>

6 EXPENSES BY NATURE

The Group's loss before income tax is derived from charging the following:

	Note	2023 \$'000	2022 \$'000 <i>(Restated)</i>
Group			
<i>Continuing operations</i>			
Amortisation of intangible assets	24	1,690	4,226
Amortisation of film rights	25	7,764	10,103
Amortisation of film intangibles and film inventories	26	2,036	2,654
Artistes fees for concert and event		6,616	536
Concerts and events hosting		7,213	1,856
Depreciation of property, plant and equipment	22	2,120	2,567
Directors' fees:			
- For Directors of the Company		248	248
- For directors of the subsidiaries		196	194
Employees' compensation	7	12,385	12,012
Production and distribution of film costs		71,215	50,127
Impairment loss on film intangibles and film inventories	26	-	2,417
Professional fees		2,730	2,119
Rental expense on low value assets and variable lease payments	23(e)	840	845
Travelling and transportation		1,317	267
		<u>1,317</u>	<u>267</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

7 EMPLOYEES' COMPENSATION

	2023 \$'000	2022 \$'000 <i>(Restated)</i>
Group		
Continuing operations		
Wages and salaries	10,472	10,127
Employer's contribution to defined contribution plans	1,194	1,152
Other short-term benefits	719	733
	<u>12,385</u>	<u>12,012</u>

8 OTHER INCOME

	2023 \$'000	2022 \$'000 <i>(Restated)</i>
Group		
Continuing operations		
Government grants		
- Wage subsidies schemes (Note 8(a))	-	882
- Others (Note 8(b))	353	742
Miscellaneous income	313	590
	<u>666</u>	<u>2,214</u>
Interest income	67	46
	<u>733</u>	<u>2,260</u>

(a) Wages subsidies scheme is a temporary scheme introduced by various governments in response to the COVID-19 pandemic's impact to businesses. Included in the wage subsidies scheme of the previous financial year was Jobs Support Scheme ("JSS") amounting to \$882,000. JSS was a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

(b) The other government grants include M-assist grant from Media Development Authority of Singapore ("MDA"), spring grant, wage credit scheme, temporary employment credit, special government credit.

9 OTHER (LOSSES)/GAINS - NET

	2023 \$'000	2022 \$'000 <i>(Restated)</i>
Group		
Continuing operations		
Gain/(loss) arising from derecognition of leases	1	(1)
Gain on disposal of a subsidiary (Note 41(b)(ii))	66	-
Gain on disposal of financial assets, at FVPL	-	19
Gain on disposal of property, plant and equipment	57	-
Intangible assets written off (Note 24)	(1)	-
Inventories written down (Note 15)	-	(800)
Property, plant and equipment written off	(34)	(3)
Gain on remeasurement of non-current assets held for sale upon disposal	17	-
Gain on fair value changes in derivative financial instruments, net (Note 31)	6	146
Loss on fair value changes in financial assets, at FVPL, net (Note 18)	-	(361)
Currency exchange (losses)/gains, net	(1,901)	271
Others	(46)	-
	<u>(1,835)</u>	<u>(729)</u>
Expected credit loss on financial assets at amortised cost, net	(506)	(3,070)
Loss on fair value changes in financial instruments, net (Note 29(a))	(24,172)	-
	<u>(26,513)</u>	<u>(3,799)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

10 FINANCE EXPENSES

Group	2023	2022
	\$'000	\$'000
		(Restated)
Continuing operations		
Interest expense on:		
- Bank borrowings	7,905	5,904
- Bank overdraft	56	78
- Convertible securities	537	-
- Medium term note programme	-	308
- Loan notes	249	268
- Lease liabilities (Note 23(c))	27	41
	<u>8,774</u>	<u>6,599</u>
Unwinding of discount on:		
- Provision for restoration costs (Note 32)	6	6
	<u>8,780</u>	<u>6,605</u>

11 INCOME TAX EXPENSES

Tax expense attributable to loss is made up of:

Group	2023	2022
	\$'000	\$'000
		(Restated)
Loss for the financial year:		
Current income tax		
- Singapore	950	(40)
- Foreign	-	1
	<u>950</u>	<u>(39)</u>
Deferred income tax	(384)	963
	<u>566</u>	<u>924</u>
(Over)/under provision in prior financial years:		
Current income tax		
- Singapore	(7)	(129)
- Foreign	11	-
	<u>4</u>	<u>(129)</u>
Deferred income tax	116	254
	<u>120</u>	<u>125</u>
Income tax expense from continuing operations	686	1,049
Income tax credit from discontinued operations (Note 41(a)(i))	(83)	(173)
	<u>603</u>	<u>876</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

11 INCOME TAX EXPENSES (CONTINUED)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2023 \$'000	2022 \$'000 (Restated)
Group		
Loss before income tax from:		
- Continuing operations	(22,727)	(16,173)
- Discontinued operations (Note 41(a)(i))	<u>(130,903)</u>	<u>(25,039)</u>
	<u>(153,630)</u>	<u>(41,212)</u>
Tax calculated at tax rate of 17% (2022: 17%)	(26,117)	(7,006)
Effects of:		
- Differential of tax rates in foreign countries	(428)	(521)
- Expenses not deductible for tax purposes	28,765	8,873
- Income not subject to tax	(256)	(2,623)
- Tax incentives and rebates	(43)	(350)
- Deferred tax assets not recognised during the financial year	567	2,480
- Under/(over) provision of income tax in prior financial years	4	(129)
- Under provision of deferred income tax in prior financial years	116	254
- Others	<u>(2,005)</u>	<u>(102)</u>
Tax charge	<u>603</u>	<u>876</u>

12 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Continuing operation		Discontinued operation		Total	
	2023	2022	2023	2022	2023	2022
Net loss attributable to equity holders of the Company (\$'000)	<u>(21,412)</u>	<u>(10,116)</u>	<u>(99,042)</u>	<u>(24,866)</u>	<u>(120,454)</u>	<u>(34,982)</u>
Weighted average number of ordinary shares outstanding ('000)	2,787,404	2,290,153	2,787,404	2,290,153	2,787,404	2,290,153
Adjustment for ordinary shares ('000) ⁽¹⁾	-	390,000	-	390,000	-	390,000
	<u>2,787,404</u>	<u>2,680,153</u>	<u>2,787,404</u>	<u>2,680,153</u>	<u>2,787,404</u>	<u>2,680,153</u>
Basic loss per share (cents)	<u>(0.77)</u>	<u>(0.38)</u>	<u>(3.55)</u>	<u>(0.93)</u>	<u>(4.32)</u>	<u>(1.31)</u>

⁽¹⁾ On 23 March 2022, the Company had entered into placement agreements with placees for allotment and issuance of 390 million new ordinary shares of the Company at an issue price of \$0.05 per share (the "Placement"). The aggregate consideration of the Placement is \$19.50 million. The Placement was completed on 1 April 2022 and 390 million new ordinary shares was allotted and issued.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

12 LOSS PER SHARE (CONTINUED)

(b) Diluted loss per share (continued)

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares from the convertible securities and free detachable warrants issued by the Company and its associated company, mm Connect Pte. Ltd..

During the financial year, the Company issued convertible securities, as disclosed in Note 29(a)(i) and 29(b) to the financial statements, where one of the convertible securities includes 250 million free detachable warrants, with the option to convert into the Company's shares, are assumed to have been converted into ordinary shares at issuance and the net loss is adjusted to eliminate the interest expense less the tax effect. The diluted loss per share has accordingly been retrospectively adjusted.

Diluted loss per share for continuing operations and discontinued operations attributable to equity holders of the Company is calculated as follows:

	Continuing operation		Discontinued operation		Total	
	2023	2022 (Restated)	2023	2022 (Restated)	2023	2022 (Restated)
Net loss attributable to equity holders of the Company (\$'000)	(21,412)	(10,116)	(99,042)	(24,866)	(120,454)	(34,982)
Add back:						
Interest expense on convertible securities, net of tax (\$'000)	460	-	-	-	460	-
Net loss used to determine diluted loss per share (\$'000)	<u>(20,952)</u>	<u>(10,116)</u>	<u>(99,042)</u>	<u>(24,866)</u>	<u>(119,994)</u>	<u>(34,982)</u>
Weighted average number of ordinary shares outstanding (basic) ('000)	2,787,404	2,680,153	2,787,404	2,680,153	2,787,404	2,680,153
Effect of conversion of securities convertible ('000)	511,700	511,700	113,222	113,222	624,922	624,922
Effect of conversion of detachable warrants ('000)	250,000	250,000	-	-	250,000	250,000
	<u>3,549,104</u>	<u>3,441,853</u>	<u>2,900,626</u>	<u>2,793,375</u>	<u>3,662,326</u>	<u>3,555,075</u>
Diluted loss per share (cents)	<u>(0.59)</u>	<u>(0.29)</u>	<u>(3.41)</u>	<u>(0.89)</u>	<u>(3.28)</u>	<u>(0.98)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at banks and on hand	9,440	14,405	415	9,796
Short-term bank deposits	-	166	-	-
	<u>9,440</u>	<u>14,571</u>	<u>415</u>	<u>9,796</u>

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2023 \$'000	2022 \$'000
Cash and bank balances	9,440	14,571
Less: Bank overdraft (Note 29)	(524)	(963)
	<u>8,916</u>	<u>13,608</u>

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
<i>Trade receivables</i>				
- Non-related parties	78,307	72,598	-	-
- Related parties	108	701	-	-
- Associated companies	759	1,199	-	-
	<u>79,174</u>	<u>74,498</u>	-	-
Less: Expected credit loss allowance				
- Non-related parties (Note 39(b)(i))	(7,126)	(6,990)	-	-
Trade receivables - net	<u>72,048</u>	<u>67,508</u>	-	-
<i>Other receivables</i>				
- Non-related parties	4,927	6,959	114	114
- Related parties	17	13	-	-
- Associated companies	461	216	-	-
- Subsidiaries	-	-	88,570	29,316
- Former joint venture	-	9	-	-
- Former subsidiaries	-	-	-	232,934
	<u>5,405</u>	<u>7,197</u>	<u>88,684</u>	<u>262,364</u>
Less: Expected credit loss allowance				
- Non-related parties	(774)	(524)	-	-
	<u>4,631</u>	<u>6,673</u>	<u>88,684</u>	<u>262,364</u>
<i>Deposits</i>	<u>17,787</u>	<u>22,998</u>	<u>11</u>	<u>11</u>
Less: Expected credit loss allowance				
- Non-related parties	(157)	(157)	-	-
	<u>17,630</u>	<u>22,841</u>	<u>11</u>	<u>11</u>
Prepayments	2,295	1,647	1,171	197
Accrued income	1,969	4,225	20	-
	<u>98,573</u>	<u>102,894</u>	<u>89,886</u>	<u>262,572</u>
Non-current				
Other receivables - Non-related parties	1,858	18,524	-	-
Less: Expected credit loss allowance				
- Non-related parties (Note 39(b)(ii))	-	(2,062)	-	-
	<u>1,858</u>	<u>16,462</u>	-	-
Deposits	-	3,500	-	-
	<u>1,858</u>	<u>19,962</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

The other receivables due from related parties, associated companies, subsidiaries, former joint venture and former subsidiaries of the Group and of the Company are non-trade in nature, unsecured, interest-free and repayable on demand.

Accrued income relates to revenue contracts that the Group had satisfied its performance obligation but not billed as at financial year end. The Group has not recognised any loss allowance for accrued income.

The non-current other receivables is non-trade in nature, interest-free, unsecured and not expected to be collected within 12 months.

The fair value of the non-current other receivables and deposits of the Group amounted to approximately \$1,858,000 (2022: \$18,405,000) and is determined based on discounted market borrowing rates of 5.0% (2022: 5.25%) per annum as at 31 March 2023. The fair value are classified in level 3 of the fair value hierarchy. During the financial year ended 31 March 2023, the Group obtained the intellectual property right from the non-related party amounting to \$14,261,000 as disclosed in Note 24 to the financial statements.

15 INVENTORIES

	2023 \$'000	2022 \$'000
Group		
Finished goods		
- Trading goods	-	213
- Developed content with immersive content	800	800
	<u>800</u>	<u>1,013</u>

The trading goods pertain to food and beverage of cinema operations and café business.

The developed concept with immersive content includes in-game structure, script and creative concept.

In the previous financial year, the Group had written-down inventories amounting to \$800,000 which was recognised in "Other (losses)/gains - net" as disclosed in Note 9 to the financial statements.

16 OTHER CURRENT ASSETS

	2023 \$'000	2022 \$'000
Group		
<u>Other current assets</u>		
Assets recognised from costs incurred to fulfil revenue contracts	<u>115,357</u>	<u>83,459</u>

Costs incurred to fulfil revenue contracts relate to direct costs incurred for revenue contracts in progress as at 31 March 2023 and 2022 respectively. The Group expects the capitalised costs to be completely recovered, hence no impairment loss has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

17 FILM PRODUCTS AND FILMS UNDER PRODUCTION

Group	2023	2022
	\$'000	\$'000
Film products (Note 17(a))	2,792	4,464
Films under production (Note 17(b))	498	1,540
	<u>3,290</u>	<u>6,004</u>

The movement for film products and films under production are as follows:

	2023	2022
	\$'000	\$'000
(a) Film products		
Beginning of financial year	4,464	-
Transfer from films under production (Note 17(b))	1,062	4,879
Transfer to film rights (Note 25)	(2,734)	(415)
End of financial year	<u>2,792</u>	<u>4,464</u>
(b) Films under production		
Cost		
Beginning of financial year	3,286	2,825
Currency translation differences	(2)	-
Additions	-	660
Government grant received for development of content	-	(351)
Transfer to film products (Note 17(a))	(1,062)	(4,879)
Transfer from other current assets	22	5,060
Written-off	-	(29)
End of financial year	<u>2,244</u>	<u>3,286</u>
Accumulated impairment		
Beginning and end of financial year	<u>1,746</u>	<u>1,746</u>
Net carrying amount	<u>498</u>	<u>1,540</u>

In the previous financial year, the Group had written-off films under production amounting to \$29,000 which was recognised in "Cost of Sales".

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

18 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

	2023 \$'000	2022 \$'000
Group		
Financial assets designated at FVPL:		
- <i>Unquoted securities</i>		
- Singapore	190	190
- United States	10	10
	<u>200</u>	<u>200</u>
- <i>Unquoted convertible loans</i>		
- Singapore	700	700
- Malaysia	749	801
	<u>1,449</u>	<u>1,501</u>
	<u>1,649</u>	<u>1,701</u>

The movement of the financial assets, at FVPL is as follows:

	2023 \$'000	2022 \$'000
Beginning of financial year	1,701	3,223
Currency translation differences	(52)	(5)
Additions	-	700
Disposal	-	(1,856)
Loss on fair value changes - net (Note 9)	-	(361)
End of financial year	<u>1,649</u>	<u>1,701</u>

(a) Unquoted securities

Unquoted securities investments comprise of equity and debt instruments (2022: equity and debt instruments). These investments are measured at FVPL, as they represent an identified portfolio of investments which the Group manages together with an intention to realise the investments when the opportunity arises.

The fair value of unquoted securities investments are determined based on recent price quoted from active/most advantageous market for the investee company's equity and incorporated internal and/or external changes in the business and market environment that the investee operates in (if any).

In the absence of publicly available market data and information where the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonable assessed, certain unquoted securities have been measured at costs.

(b) Unquoted convertible loans

As at 31 March 2023, unquoted convertible loans comprise of two (2022: two) debt instrument at interest rate of 3% to 3.5% (2022: 3% to 3.5%) per annum with maturity date of 3 years (2022: 3 years) from the subscription date. One of the unquoted convertible loans has an option to extend for an additional 1 year after the 3 years maturity date at interest rate of 4% (2022: 4%) per annum.

The fair value of unquoted convertible loans in both Singapore and Malaysia are determined based on discounted cash flow method with a discount rate of 5.25% (2022: 5.25%). The estimated fair value would increase/(decrease) if the discounted rate were lower/(higher).

The fair value of unquoted convertible loans in Singapore are measured at cost.

The fair value of unquoted securities and convertible loans are classified in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES

Company	2023 \$'000	2022 \$'000
<i>Equity investments at cost</i>		
Beginning of financial year	70,226	70,226
Additions (Note 19(a))	277,214	-
Financial guarantees provided to former subsidiaries (Note 19(b))	14,526	-
Disposal of a subsidiary (Note 41(b))	(1,025)	-
Remeasurement loss on previously held interests upon loss of control	(201,894)	-
Deconsolidation of a subsidiary (Note 41(a)(ii))	(90,000)	-
Reclassified to non-current asset held for sale (Note 41(b)(iv))	(96)	-
End of financial year	<u>68,951</u>	<u>70,226</u>

(a) The Company increased its investments in the following subsidiaries:

- (i) On 13 February 2023, the Company incorporated a new wholly-owned subsidiary, mmLive Pte. Ltd. with an issued and paid up share capital of \$1,000.
 - (ii) On 31 March 2023, the Company subscribed to new shares issued by mm Connect Pte. Ltd. ("mm Connect"), a former wholly-owned subsidiary, for a consideration of \$277,213,000 by way of capitalisation of the amount due from mm Connect Pte. Ltd. to the Company.
- (b) As disclosed in Note 29(b), the Company had entered into an Exchangeable Bond Subscription Agreement that requires the Company to provide corporate guarantees for mm Connect Pte. Ltd. and its subsidiaries' ("mm Connect Group") borrowings. As at 31 March 2023, the settlement of the corporate guarantees is not remote. Consequently, the Group and the Company had recognised a total of \$14,526,000 in respect of the corporate guarantees given to the mm Connect Group, of which \$1,101,000 was recognised in current other payables and \$13,425,000 was recognised in non-current other payables as disclosed in Note 27 to the financial statements in line with the maturity date of the borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The Group has the following subsidiaries:

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
<u>Subsidiaries of the Company</u>								
mm2 Entertainment Pte. Ltd. ^(a)	Motion picture, video and television programme and production activities	Singapore	100	100	100	100	-	-
mm2 Entertainment Sdn. Bhd. ^{(b) (d) (f)}	Motion picture, video and television programme and production activities	Malaysia	100	100	100	100	-	-
mm2view Pte. Ltd. ^(a)	Development of software for interactive digital media	Singapore	100	100	100	100	-	-
UnUsUaL Management Pte. Ltd. ^(a)	Investment holding	Singapore	51	51	51	51	49	49
Dick Lee Asia Pte. Ltd. ^(a)	Dramatic arts, music and other arts production-related activities	Singapore	51	51	51	51	51	49
mm Connect Pte. Ltd. ^{(a)(n)}	Investment holding	Singapore	-	100	-	100	-	-
Vividthree Holdings Ltd. ^{(a)(h)}	Investment holding	Singapore	37.34	37.34	37.34	37.34	62.66	62.66
DD2 Media Pte. Ltd. ^(a)	Digital advertising and brand consultancy services	Singapore	100	100	100	100	-	-
mmCinehome Pte. Ltd. ^(a)	Distribute and stream digital film content	Singapore	100	100	100	100	-	-
mmLive Pte. Ltd. ^{(k)(l)}	Rental of other machinery, equipment and tangible goods and its related services	Singapore	100	-	100	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The Group has the following subsidiaries: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
<u>Subsidiaries of mm2 Entertainment Pte. Ltd.</u>								
mm2 Entertainment Hong Kong Limited ^{(b)(c)(f)}	Motion picture, video and television programme and production activities	Hong Kong	100	100	100	100	-	-
2mm Pte. Ltd. ^(a)	Café operation, dramatic arts, music and other arts activities	Singapore	100	100	100	100	-	-
mm2 Entertainment USA, Inc. ^{(b)(f)(g)}	Motion picture, video and television programme and production activities	United States of America	100	100	100	100	-	-
mm2 International Co. Ltd. 满满哆文化传媒(上海)有限公司 ^{(b)(g)}	Motion picture, video and television programme and production activities	People's Republic of China	100	100	100	100	-	-
Metaviva Pte. Ltd. ^{(a)(j)}	Online marketplaces for goods (including food)	Singapore	100	100	100	100	-	-
<u>Subsidiaries of Vividthree Holdings Ltd.</u>								
Vividthree Productions Pte. Ltd. ^{(a)(h)}	Motion picture, video and television programme post-production and digital content production activities	Singapore	100	100	37.34	37.34	62.66	62.66
Vividthree Co., Ltd. 蔚视丰隆文化发展(上海)有限公司 ^{(b)(g)(h)}	Motion picture, video and television programme post-production and digital content production activities	People's Republic of China	100	100	37.34	37.34	62.66	62.66
Beyond Digital Galaxy Pte. Ltd. ^{(h)(l)(m)}	Motion picture, video and television programme post-production activities	Singapore	100	-	37.34	-	62.66	-
V&N Entertainment Pte. Ltd. ^{(a)(h)}	Providing event management services	Singapore	55	55	20.54	20.54	79.46	79.46
<u>Subsidiary of Vividthree Productions Pte. Ltd.</u>								
Vividthree Productions Sdn. Bhd. ^{(b)(d)(f)(h)}	Motion picture, video and television programme post-production and digital content activities	Malaysia	100	100	37.34	37.34	62.66	62.66

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The Group has the following subsidiaries: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
<u>Subsidiaries of mm Connect Pte. Ltd.</u>								
mm Plus Pte. Ltd. ^{(a)(n)}	Investment holding	Singapore	-	100	-	100	-	-
mm2 Screen Management Sdn. Bhd. ^{(b)(d)(f)(n)}	Cinema management and operation activities	Malaysia	-	100	-	100	-	-
<u>Subsidiary of mm Plus Pte. Ltd.</u>								
Cathay Cineplexes Pte. Ltd. ^{(a)(n)}	Cinema management and operation activities	Singapore	-	100	-	100	-	-
<u>Subsidiary of mm2 Screen Management Sdn. Bhd.</u>								
mm2 Star Screen Sdn. Bhd. ^{(b)(d)(f)(n)}	Cinema management and operation activities	Malaysia	-	100	-	100	-	-
<u>Subsidiary of UnUsUaL Management Pte. Ltd.</u>								
UnUsUaL Limited ^{(a)(i)}	Investment holding	Singapore	76.88	76.88	39.21	39.21	60.79	60.79
<u>Subsidiaries of UnUsUaL Limited</u>								
UnUsUaL Productions Pte. Ltd. ^{(a)(i)}	Rental of stage lighting, sound systems, audio equipment and light system installation and its related services	Singapore	100	100	39.21	39.21	60.79	60.79
UnUsUaL Development Pte. Ltd. ^{(a)(i)}	Rental of stage lighting, sound systems, audio equipment and light system installation and its related services	Singapore	100	100	39.21	39.21	60.79	60.79
UnUsUaL Entertainment Pte. Ltd. ^{(a)(i)}	Organising and promoting all kinds of shows, entertainment acts and other related services	Singapore	100	100	39.21	39.21	60.79	60.79
UnUsUaL Entertainment International Limited ^{(b)(c)(f)(i)}	Provision of concert production services, artiste services, lease of stage equipment and investment in concert production	Hong Kong	100	100	39.21	39.21	60.79	60.79

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The Group has the following subsidiaries: (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ordinary shares held by the immediate parent		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
Subsidiaries of UnUsUaL Limited (continued)								
UnUsUaL Productions (M) Sdn. Bhd. ^{(b)(e)(f)(i)}	Organising and management of events	Malaysia	100	100	39.21	39.21	60.79	60.79
UnUsUaL Culture Development Co., Ltd. 三优文化发展(上海)有限公司 ^{(b)(g)(i)}	Organising and management of events	People's Republic of China	100	100	39.21	39.21	60.79	60.79
Subsidiary of UnUsUaL Entertainment Pte. Ltd.								
Mercury Rights Pte. Ltd. ^{(a)(i)}	Organising and promoting all kinds of shows, entertainment acts and other related services	Singapore	60	60	23.53	23.53	76.47	76.47
Funbase Pte. Ltd. ^(o)	Public relations, marketing and brand consultancy services	Singapore	60	-	23.53	-	76.47	-

(a) Audited by CLA Global TS Public Accounting Corporation.

(b) For the purpose of preparing the consolidated financial statements, these financial statements have been reviewed by CLA Global TS Public Accounting Corporation.

(c) Audited by Fan, Chan & Co, Certified Public Accountants Hong Kong, a network member firm of Nexia International, for local statutory purposes.

(d) Audited by C. C. Lee & Associates, Chartered Accountants, Malaysia for local statutory purposes.

(e) Audited by STH & Co Chartered Accountants, Malaysia for local statutory purposes.

(f) The foreign-incorporated subsidiaries are insignificant to the Group.

(g) Not required to be audited under the laws of the country of incorporation.

(h) Management assessed the entities to be subsidiaries of the Group as the Company remains the single largest shareholder of the entities and has de facto control over the entities.

(i) The entities remains as subsidiaries of the Group even though the effective shareholding is less than 50%, as the Group retains control over the entities through the Company's direct interest of 51% over UnUsUaL Management Pte. Ltd.

(j) The subsidiary, Metaviva Pte. Ltd. was incorporated on 7 February 2022.

(k) The subsidiary, mmLive Pte. Ltd. was incorporated on 13 February 2023.

(l) The subsidiary has yet to appoint an auditor as at the date of this report.

(m) The subsidiary of Vividthree Holdings Ltd., Beyond Digital Galaxy Pte. Ltd. was incorporated on 16 March 2023.

(n) As disclosed in Note 41(a) to the financial statements, the Group and the Company had lost control of mm Connect Pte. Ltd. by virtue of the bondholder(s) having majority of mm Connect Pte. Ltd.'s board representation. Therefore, the Group deconsolidated the mm Connect Group. The investment in mm Connect Pte. Ltd. was subsequently reclassified as an investment in associated company of the Group and of the Company as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) The Group has the following subsidiaries: (continued)

(o) On 28 June 2022, the Group acquired additional 30% shareholding in Funbase Pte. Ltd.. As a result, Funbase Pte. Ltd. became a subsidiary of the Group. On 15 February 2023, the management of Funbase Pte. Ltd. applied to the Accounting and Corporate Regulatory Authority of Singapore for proposed striking off.

In accordance with Rule 716 of the SGX-ST Listing Rules, the Audit Committee and Board of Directors of the Company are of the opinion that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and of the Company.

(d) Dilution of interests in subsidiaries without loss of control

On 15 December 2021, the Company's subsidiary, Vividthree Holdings Ltd. ("Vividthree"), had successfully allotted 37,500,000 new ordinary shares at an issue price of \$0.05832 for each ordinary share. As a result, the Company and the Group's effective shareholdings in Vividthree had diluted from 41.53% to 37.34%. The dilution arising from the allotment exercise did not result in loss of control over the subsidiary, Vividthree Holdings Ltd. and its subsidiaries ("Vividthree Group").

The effects of dilution of interests in Vividthree Group without loss of control are as follows:

	2022 \$'000
Issuance of new ordinary shares by the Vividthree Group	2,187
Less: Carrying amount of non-controlling interests	(2,121)
Excess recognised in equity attributable to equity holders of the Company (Note 35(c))	<u>66</u>

(e) Carrying amount of non-controlling interests ("NCI")

	2023 \$'000	2022 \$'000
Group		
UnUsUaL Limited and its subsidiaries ("UnUsUaL Group")	31,136	30,348
Vividthree Holdings Ltd. and its subsidiaries ("Vividthree Group")	6,954	8,936
Other subsidiaries with immaterial NCI	1,980	3,053
	<u>40,070</u>	<u>42,337</u>

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that have non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised consolidated statement of financial position as at 31 March 2023 and 2022:

	UnUsUaL Group		Vividthree Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Assets	41,338	40,200	7,612	7,324
Liabilities	(20,794)	(16,827)	(5,244)	(4,157)
	<u>20,544</u>	<u>23,373</u>	<u>2,368</u>	<u>3,167</u>
Non-current				
Assets	30,716	31,995	12,736	16,451
Liabilities	(4,243)	(10,116)	(1,767)	(3,118)
	<u>26,473</u>	<u>21,879</u>	<u>10,969</u>	<u>13,333</u>
Net assets	<u>47,017</u>	<u>45,252</u>	<u>13,337</u>	<u>16,500</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised consolidated statement of comprehensive income for the financial years ended 31 March 2023 and 2022:

	UnUsUaL Group		Vividthree Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	29,228	3,593	2,914	2,861
Profit/(Loss) before income tax	1,629	(4,478)	(3,412)	(5,930)
Income tax credit/(expense)	190	94	(4)	97
Net loss	1,819	(4,384)	(3,416)	(5,833)
Other comprehensive (loss)/income, net of tax	(54)	-	253	(18)
Total comprehensive income/(loss)	1,765	(4,384)	(3,163)	(5,851)
Total comprehensive loss allocated to NCI	1,073	(2,665)	(1,982)	(3,666)

Summarised consolidated statement of cash flows for the financial years ended 31 March 2023 and 2022:

	UnUsUaL Group		Vividthree Group	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net cash provided by/(used in) operating activities	10,795	167	1,436	(1,298)
Net cash (used in)/provided by investing activities	(697)	148	115	370
Net cash (used in)/provided by financing activities	(5,188)	(1,278)	(1,863)	453
Net changes in cash and cash equivalents	4,910	(963)	(312)	(475)
Effects of currency translation on cash and cash equivalents	(53)	12	(20)	1
Cash and cash equivalents				
Beginning of the year	2,374	3,325	893	1,367
End of year	7,231	2,374	561	893

There were no transactions with immaterial non-controlling interests for the financial years ended 31 March 2023 and 2022 respectively.

20 INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	3,196	2,641	2,045	2,457
Currency translation differences	(11)	34	-	-
Additions	-	60	-	-
Deconsolidation of a subsidiary with retention of associated company status (Note 41(a)(ii))	90,000	-	90,000	-
Remeasurement loss on previously held interest	(60)	-	-	-
Share of (losses)/profits during the financial year	(517)	461	(291)	(412)
End of financial year	92,608	3,196	91,754	2,045

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The Group has the following associated companies:

Name of associated company	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			2023 %	2022 %
<u>Held by the Company</u>				
RINGS.TV Pte. Ltd. ^{(b)(e)}	Development of software for interactive digital media	Singapore	15	15
mm Connect Pte. Ltd. ^{(d)(h)}	Investment holding	Singapore	100	-
<u>Subsidiaries of mm Connect Pte. Ltd.</u>				
mm Plus Pte. Ltd. ^{(d)(h)}	Investment holding	Singapore	100	-
mm2 Screen Management Sdn. Bhd. ^{(a)(g)(h)}	Cinema management and operation activities	Malaysia	100	-
<u>Subsidiary of mm Plus Pte. Ltd.</u>				
Cathay Cineplexes Pte. Ltd. ^{(d)(h)}	Cinema management and operation activities	Singapore	100	-
<u>Subsidiary of mm2 Screen Management Sdn. Bhd.</u>				
mm2 Star Screen Sdn. Bhd. ^{(a)(g)(h)}	Cinema management and operation activities	Malaysia	100	-
<u>Held by mm2 Entertainment Sdn. Bhd.</u>				
mm2 Film Distribution Sdn. Bhd. ^(a)	Distribution and production of motion picture, video and television programme	Malaysia	49	49
Dreamteam Studio Sdn Bhd. ^(a)	Distribution and production of motion picture, video and television programme	Malaysia	45	45
<u>Held by UnUsUaL Limited</u>				
White Mount International Pte. Ltd. ^(c)	Production of live theatrical presentations	Singapore	19.61	19.61
<u>Held by White Mount International Pte. Ltd.</u>				
Isotope Productions Pte Ltd ^(c)	Motion picture, video, television and other programme production	Singapore	19.61	19.61
<u>Held by UnUsUaL Development Pte. Ltd.</u>				
Funbase Pte. Ltd. ^{(e)(f)(i)}	Public relations, marketing and brand consultancy services	Singapore	-	11.76

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

- (a) Audited by C. C. Lee & Associates Chartered Accountants, Malaysia for local statutory purposes.
- (b) Audited by Wong, Lee & Associates LLP, Public Accountants and Chartered Accountants (Singapore) for local statutory purposes.
- (c) Audited by Excelsior Partners, PAF, Singapore.
- (d) Audited by CLA Global TS Public Accounting Corporation.
- (e) Management has assessed the Group's level of influence of its associated company and determines that it has significant influence even though the shareholdings are less than 20%, because of its representation at board and shareholders' meeting and contractual terms. Consequently, the investment has been classified as associated company.
- (f) The associated company, Funbase Pte. Ltd. was incorporated on 16 November 2021.
- (g) For the purpose of preparing the consolidated financial statements, these financial statements have been reviewed by CLA Global TS Public Accounting Corporation.
- (h) As disclosed in Note 41(a) to the financial statements, the Group and the Company had lost control of mm Connect Pte. Ltd. by virtue of the bondholder(s) having majority of mm Connect Pte. Ltd.'s board representation. Therefore, the Group deconsolidated the mm Connect Group. The investment in mm Connect Pte. Ltd. was subsequently reclassified as an investment in associated company of the Group and of the Company as disclosed in Note 20 to the financial statements.
- (i) On 28 June 2022, the Group acquired additional 30% shareholding in Funbase Pte. Ltd.. As a result, Funbase Pte. Ltd. became a subsidiary of the Group.

The Group's and the Company's material associated companies are summarised below:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
mm Connect Pte. Ltd.	90,000	-	90,000	-
White Mount International Pte. Ltd.	702	779	-	-
RINGS.TV Pte. Ltd.	1,754	2,045	1,754	2,045
Other immaterial associated companies	152	372	-	-
	<u>92,608</u>	<u>3,196</u>	<u>91,754</u>	<u>2,045</u>

As at 31 March 2023, the Company had issued total corporate guarantees of \$31,213,000 to the borrowings of an associated company, namely mm Connect Pte. Ltd. and its subsidiaries. Included this amount, the Group and the Company has recognised \$14,526,000 as a financial guarantee (as disclosed in Note 19(b)) in the current and non-current other payables as disclosed in Note 27 to the financial statements in line with the maturity date of the borrowings. The total borrowings of the mm Connect group amounted \$14,526,000 at end of reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated companies

The information below reflects the amounts presented in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

Material associated companies

Set out below are the summarised financial information of the Group's and the Company's material associated companies, with the exception of mm Connect Pte. Ltd. whose financial information is disclosed in Note 41(a) to the financial statements.

Summarised statement of comprehensive income for the financial years ended 31 March 2023 and 2022:

	White Mount International Pte. Ltd.		RINGS.TV Pte. Ltd.	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	-	5,866	6,272	6,946
Expenses include:				
- Depreciation	-	-	(199)	(26)
- Amortisation	-	-	(919)	(1,393)
Total comprehensive income/(loss), representing net profit/(loss)	<u>(154)</u>	<u>1,465</u>	<u>(1,943)</u>	<u>(2,747)</u>

Summarised statement of financial position as at 31 March 2023 and 2022:

	White Mount International Pte. Ltd.		RINGS.TV Pte. Ltd.	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current assets	1,413	5,654	1,967	1,398
Non-current assets	-	-	626	2,534
Current liabilities	(9)	(4,096)	(2,567)	(1,697)
Non-current liabilities	-	-	(109)	(375)
Net assets/(liabilities)	<u>1,404</u>	<u>1,558</u>	<u>(83)</u>	<u>1,860</u>
Includes in current assets:				
- Cash and cash equivalents	<u>581</u>	<u>1,391</u>	<u>211</u>	<u>35</u>
Includes in current liabilities:				
- Financial liabilities (excluding trade payables)	<u>(5)</u>	<u>(660)</u>	<u>(1,438)</u>	<u>(375)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's and the Company's interest in associated companies, is as follows:

	White Mount International Pte. Ltd.		RINGS.TV Pte. Ltd.	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Reconciliation to carrying amounts:				
Net assets at beginning of financial year	1,558	93	1,860	4,607
(Loss)/profits for the financial year	(154)	1,465	(1,943)	(2,747)
Net assets/(liabilities) at end of financial year	1,404	1,558	(83)	1,860
Shareholding in percentage				
held by immediate entity:	50%	50%	15%	15%
Group's share of net assets/(liabilities)	702	779	(12)	279
Goodwill	-	-	1,766	1,766
Carrying amount	702	779	1,754	2,045

Individually immaterial associated companies

The following table summarises, in aggregate, the Group's individually immaterial associated companies' profit/(loss) before tax, net profit/(loss) and total comprehensive income/(loss) for the financial year.

	Group	
	2023 \$'000	2022 \$'000
Profit/(loss) before tax for the financial year	*	*
Net profit/(loss) representing total comprehensive income/(loss) for the financial year	*	*

* Less than \$1,000

21 INVESTMENT IN A JOINT VENTURE

	Group	
	2023 \$'000	2022 \$'000
Beginning of financial year	-	37
Currency translation differences	-	1
Disposal	-	*
Share of loss during the financial year	-	(38)
End of financial year	-	-

* Less than \$1,000

mm2 Screen Management Sdn. Bhd., a wholly-owned subsidiary of mm Connect Pte. Ltd., had on 1 February 2022, entered into a share sales agreement to disposed of its entire 30% equity interests in River Front Mega Cineplexes Sdn. Bhd. (former joint venture) for a consideration of RM2 (equivalent to approximately less than \$1). The transaction was completed on 31 March 2022.

There were no contingent liabilities related to the Group's interests in the joint venture in the prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

22 PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles \$'000	Computer, office equipment and furniture and fittings \$'000	Tools and equipment \$'000	Rental equipment \$'000	Renovation \$'000	Leasehold properties \$'000	Work-in-progress \$'000	Offices and retail spaces \$'000	Total \$'000
2023									
Cost									
Beginning of financial year	1,372	4,819	21,185	6,914	17,379	1,548	6,487	90,376	150,080
Currency translation differences	263	(110)	186	95	(161)	(39)	-	(1,300)	(1,066)
Additions	-	309	724	90	1,572	-	37	366	3,098
Disposals	(250)	(3)	-	-	(25)	-	-	-	(278)
Deconsolidation of a subsidiary (Note 41(a)(i))	(194)	(2,401)	(12,909)	-	(13,071)	-	(57)	(93,043)	(121,675)
Disposal of a subsidiary (Note 41(b)(ii))	-	(170)	(13)	-	(87)	-	-	(106)	(376)
Written-off	-	(131)	(1,501)	-	(3,971)	-	-	(10,241)	(15,844)
Reclassification	-	-	-	6,467	-	-	(6,467)	-	-
Derecognition of leases	-	-	-	-	-	-	-	(2,712)	(2,712)
Lease modification	-	-	-	-	-	-	-	18,529	18,529
End of financial year	1,191	2,313	7,672	13,566	1,636	1,509	-	1,869	29,756
Accumulated depreciation									
Beginning of financial year	1,002	4,819	16,057	3,161	11,605	127	-	53,492	90,263
Currency translation differences	256	757	(802)	128	376	(32)	-	(715)	(32)
Depreciation charge for the financial year	143	884	1,206	656	1,494	24	-	18,132	22,539
Disposals	(250)	(1)	-	-	(1)	-	-	-	(252)
Deconsolidation of a subsidiary (Note 41(a)(i))	(158)	(4,138)	(10,198)	-	(8,216)	-	-	(57,133)	(79,843)
Disposal of a subsidiary (Note 41(b)(ii))	-	(90)	(3)	-	(71)	-	-	(66)	(230)
Written-off	-	(124)	(1,447)	-	(3,937)	-	-	(10,241)	(15,749)
Derecognition of leases	-	-	-	-	-	-	-	(2,165)	(2,165)
End of financial year	993	2,107	4,813	3,945	1,250	119	-	1,304	14,531
Carrying amount									
End of financial year	198	206	2,859	9,621	386	1,390	-	565	15,225

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Motor vehicles \$'000	Computer, office equipment and furniture and fittings \$'000	Tools and equipment \$'000	Rental equipment \$'000	Renovation \$'000	Leasehold properties \$'000	Work-in-progress \$'000	Offices and retail spaces \$'000	Total \$'000
Cost									
Beginning of financial year	1,298	6,770	22,619	6,918	16,962	1,552	6,487	93,938	156,544
Currency translation differences	(6)	(59)	(250)	(4)	(143)	(4)	-	(155)	(621)
Additions	-	134	22	-	1,949	-	-	1,508	3,613
Disposals	(32)	(75)	(480)	-	-	-	-	-	(587)
Written-off	-	(1,952)	(726)	-	(1,389)	-	-	-	(4,067)
Derecognition of leases	-	-	-	-	-	-	-	(4,925)	(4,925)
Lease modification	112	1	-	-	-	-	-	10	123
End of financial year	1,372	4,819	21,185	6,914	17,379	1,548	6,487	90,376	150,080
Accumulated depreciation									
Beginning of financial year	860	6,164	13,108	2,470	9,508	102	-	36,343	68,555
Currency translation differences	(1)	(575)	554	(2)	(20)	-	-	(38)	(82)
Depreciation charge for the financial year	174	658	3,381	693	3,311	25	-	19,335	27,577
Disposals	(31)	(27)	(315)	-	-	-	-	-	(373)
Written-off	-	(1,401)	(671)	-	(1,194)	-	-	-	(3,266)
Derecognition of leases	-	-	-	-	-	-	-	(2,148)	(2,148)
End of financial year	1,002	4,819	16,057	3,161	11,605	127	-	53,492	90,263
Carrying amount									
End of financial year	370	-	5,128	3,753	5,774	1,421	6,487	36,884	59,817

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	2023 \$'000	2022 \$'000
Motor vehicle		
Cost		
Beginning of financial year	262	150
Modification of lease ^(a)	-	112
End of financial year	<u>262</u>	<u>262</u>
Accumulated depreciation		
Beginning of financial year	186	128
Depreciation charge for the financial year	54	58
End of financial year	<u>240</u>	<u>186</u>
Carrying amount		
End of financial year	<u>22</u>	<u>76</u>

(a) In the previous financial year, the Company extended the maturity date of the lease agreement from 19 September 2021 to 19 September 2023. This was constituted a lease modification and a remeasurement of the Company's right-of-use assets and lease liabilities was made accordingly.

Right-of-use assets acquired under the leasing arrangement are presented together with owned assets of the same class. Details of such leased assets are disclosed in Note 23 to the financial statements.

The depreciation charge of the Group is attributable from continuing operations and discontinued operations amounting to \$2,120,000 (2022: \$2,567,000) and \$20,419,000 (2022: \$25,010,000) respectively. The depreciation charge of the Group from continuing operations is included in cost of sales and administrative expenses amounting to \$1,248,000 (2022: \$1,378,000) and \$872,000 (2022: \$1,189,000) respectively.

Certain bank borrowings are secured by leasehold properties of the Group with carrying amount of \$1,390,000 (2022: \$1,421,000).

23 RIGHT-OF-USE ASSETS

Leases - Group as lessee

Computers, office equipment and furniture and fittings and motor vehicles

The Group leases computers, office equipment and furniture and fittings and motor vehicles for administrative purposes.

Office and retail spaces

The Group leases offices premises for administrative purposes and retail space for sales of food and beverage and cinema operation. Lease contracts are typically made for fixed lease term of 3 to 8 years with extension options.

Tools and equipment

The Group leases tools and equipment for cinema operations purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

23 RIGHT-OF-USE ASSETS (CONTINUED)

Leases - Group as lessee (continued)

(a) Carrying amounts

Right-of-use assets ("ROU") classified within Property, plant and equipment:

	2023	2022
Group	\$'000	\$'000
Motor vehicles	21	352
Computers, office equipment and furniture and fittings	8	314
Tools and equipment	-	244
Renovation	-	856
Offices and retail spaces	565	36,884
	<u>594</u>	<u>38,650</u>

(b) Depreciation charge during the financial year

	2023	2022
Group	\$'000	\$'000
Motor vehicles	75	152
Computers, office equipment and furniture and fittings	134	178
Tools and equipment	314	348
Renovation	99	1,605
Offices and retail spaces	18,132	19,335
	<u>18,754</u>	<u>21,618</u>

(c) Interest expenses

	2023	2022
Group	\$'000	\$'000
Interest expense on lease liabilities (Note 10)	<u>27</u>	<u>41</u>

(d) Cash outflow

	2023	2022
Group	\$'000	\$'000
Total cash outflow for all leases	<u>27,098</u>	<u>22,190</u>

(e) Lease expense not capitalised - short-term leases and variable lease payments

Rental expense on low value assets and variable lease payments amounts to an aggregate of \$840,000 (2022: \$845,000) (Note 6). Certain leases for cinema operations contain variable lease payments that are based on a percentage of sales generated by the specified cinema outlets. Such variable lease payments are recognised to profit or loss when incurred. The variable lease payments are immaterial to the Group for the financial years ended 31 March 2023 and 2022 respectively.

(f) Addition of ROU assets during the financial year ended 31 March 2023 was \$371,000 (2022: \$2,292,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

24 INTANGIBLE ASSETS AND GOODWILL

Group	Goodwill \$'000 (Note 24(a))	Brand with finite useful lives \$'000 (Note 24(b))	Brand with indefinite useful lives \$'000 (Note 24(c))	Content development cost \$'000	Acquired rights \$'000	Software under development \$'000	Software \$'000	Other intangible assets \$'000	Total \$'000
2023									
Cost									
Beginning of financial year	258,727	8,423	17,969	737	7,487	44	1,172	4,546	299,105
Currency translation differences	(1,392)	-	-	-	(194)	-	(24)	-	(1,610)
Additions	-	-	-	-	14,261	-	154	-	14,415
Deconsolidation of a subsidiary (Note 41(a)(ii))	(235,170)	-	(17,969)	-	-	-	-	(1,066)	(254,205)
Disposal of a subsidiary (Note 41(b)(ii))	-	-	-	-	-	-	-	(934)	(934)
Government grants received for development of software	-	-	-	-	-	-	(155)	-	(155)
Written-off	-	-	-	-	-	-	-	(1)	(1)
End of financial year	22,165	8,423	-	737	21,554	44	1,147	2,545	56,615
Accumulated amortisation									
Beginning of financial year	-	3,183	-	436	3,897	-	323	1,632	9,471
Currency translation differences	-	-	-	-	-	-	(13)	(1)	(14)
Amortisation charge for the financial year	-	562	-	228	147	-	376	378	1,691
Deconsolidation of a subsidiary (Note 41(a)(ii))	-	-	-	-	-	-	-	(22)	(22)
Disposal of a subsidiary (Note 41(b)(ii))	-	-	-	-	-	-	-	(658)	(658)
End of financial year	-	3,745	-	664	4,044	-	686	1,329	10,468
Accumulated impairment									
Beginning of financial year	51,503	-	-	-	-	-	-	1,045	52,548
Currency translation differences	(120)	-	-	-	-	-	-	-	(120)
Impairment during the financial year	117,677	-	-	-	-	-	-	-	117,677
Deconsolidation of a subsidiary (Note 41(a)(ii))	(169,060)	-	-	-	-	-	-	(1,045)	(170,105)
End of financial year	-	-	-	-	-	-	-	-	-
Carrying amount									
End of financial year	22,165	4,678	-	73	17,510	44	461	1,216	46,147

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Group	Goodwill \$'000 (Note 24(a))	Brand with finite useful lives \$'000 (Note 24(b))	Brand with indefinite useful lives \$'000 (Note 24(c))	Content development cost \$'000	Acquired rights \$'000	Software under development \$'000	Software \$'000	Other intangible assets \$'000	Total \$'000
2022									
Cost									
Beginning of financial year	258,999	8,423	17,969	660	6,396	-	766	4,601	297,814
Currency translation differences	(272)	-	-	-	235	-	-	(21)	(58)
Additions	-	-	-	77	822	44	481	-	1,424
Reclassification	-	-	-	-	34	-	-	(34)	-
Government grants received for development of software	-	-	-	-	-	-	(75)	-	(75)
End of financial year	258,727	8,423	17,969	737	7,487	44	1,172	4,546	299,105
Accumulated amortisation									
Beginning of financial year	-	2,621	-	273	1,015	-	79	1,178	5,166
Currency translation differences	-	-	-	-	72	-	-	-	72
Amortisation charge for the financial year	-	562	-	163	2,810	-	244	454	4,233
End of financial year	-	3,183	-	436	3,897	-	323	1,632	9,471
Accumulated impairment									
Beginning of financial year	39,610	-	-	-	-	-	-	-	39,610
Currency translation differences	(107)	-	-	-	-	-	-	-	(107)
Impairment during the financial year	12,000	-	-	-	-	-	-	1,045	13,045
End of financial year	51,503	-	-	-	-	-	-	1,045	52,548
Carrying amount									
End of financial year	207,224	5,240	17,969	301	3,590	44	849	1,869	237,086

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The impairment loss is included in administrative expenses.

The amortisation charge of the Group is attributable from continuing operations and discontinued operations amounting to \$1,690,000 (2022: \$4,226,000) and \$1,000 (2022: \$7,000) respectively. The amortisation charge of the Group from continuing operations is included in cost of sales and administrative expenses amounting to \$627,000 (2022: \$2,366,000) and \$1,063,000 (2022: \$1,860,000) respectively.

(a) Goodwill arising from consolidation

Allocation of goodwill

The aggregate carrying amount of goodwill allocated to each segment are as follows:

	2023 \$'000	2022 \$'000
Group		
Concert and event, Singapore (Note 24(a)(i))	19,314	19,314
Post and digital content production, Singapore (Note 24(a)(ii))	2,851	2,852
Cinema operations (Note 24(a)(iii))	-	185,058
	<u>22,165</u>	<u>207,224</u>

Impairment test for goodwill

In assessing whether an impairment is required, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount of the CGU was determined based on fair value less cost to disposal and/or value-in-use method.

Fair value less cost to disposal ("FVLCD")

(i) Goodwill attributable from concert and event:

The CGU identified for the goodwill allocated to the concert and event segment is for UnUsUaL Limited and its subsidiaries as a whole.

The recoverable amount is determined based on FVLCD calculation. The FVLCD is measured based on UnUsUaL Limited's listed share price in SGX catalyst board at \$0.1430 (2022: \$0.1350) per share as at 31 March 2023 multiply by number of shares held by the Group.

As at the reporting date, the recoverable amount of the CGU exceeded its carrying amount. If the listed share price used in FVLCD calculation for this CGU had declined by 36% (2022: 24%), the recoverable amount of the CGU would equal to the carrying amount.

Value-in-use ("VIU")

(ii) Goodwill attributable from Digital Media and Live Experience Productions ("Digital and Live Production") (previously known as "Post and Digital Content Production")

The CGU identified for the goodwill allocated to the post and digital content production segment is for Vividthree Productions Pte. Ltd..

Following the requirement under SFRS(I) 1-36 *Impairment of Assets*, the Group has determined the recoverable amount of the goodwill using VIU. The impairment assessment process involves significant judgement and estimate made by management in preparing cash flow projections to determine the recoverable amount. Key inputs and assumptions, including but not limited to the discount rate, revenue and expenses growth rate, terminal growth rate and consideration of past performance, market conditions and future economic conditions, are taken into account.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Impairment test for goodwill (continued)

Value-in-use (continued)

- (ii) Goodwill attributable from Digital Media and Live Experience Productions ("Digital and Live Production") (continued)

The VIU is determined based on financial budgets covering a five-year period and beyond five-year period were extrapolated using terminal growth rate as disclosed in the table below. These cash flows were discounted using a pre-tax discount rate that reflected current market assessment of the time value of money and the risks specific to the CGU. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

Key assumptions used for VIU calculations:

	2023	2022
Average growth rate ^(a)	3.0%	5.0%
Terminal growth rate ^(b)	2.0%	2.0%
Discount rate ^(c)	10.0%	10.0%

^(a) *Weighted average growth rates used to project operating expenses for the five-year period*

^(b) *Terminal growth rates used to extrapolate cash flows beyond the five-year period*

^(c) *Pre-tax discount rates applied to the pre-tax cash flow projections*

As at 31 March 2023, after considering all relevant factors, management has concluded that no impairment loss is required for the goodwill as the recoverable amount exceeds the carrying amount.

Sensitivity to changes in assumptions

The Group believes that any reasonably possible change in the above key assumptions are not likely to cause the recoverable amount of the CGU to be materially lower than the related carrying amount.

- (iii) Goodwill attributable from cinema operations

FY2023

As at 31 March 2023, the CGUs of the goodwill attributed from cinema operations has been derecognised from the Group's consolidated financial statements. The details of the deconsolidation of cinema operations are disclosed in Note 41(a) to the financial statements.

The movement of the goodwill from cinema operation is as follow:

	2023 \$'000
At beginning of financial year	
Cinema operations	
- Malaysia cinema operations	21,405
- Singapore cinema operations	163,654
	<u>185,059</u>
Effects on currency translation differences	(1,272)
Less: Impairment during the financial year (Note 41(a)(i))	(117,677)
Deconsolidation of discontinued operations (Note 41(a))	(66,110)
At end of financial year	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Impairment test for goodwill (continued)

Value-in-use (continued)

(iii) Goodwill attributable from cinema operations (continued)

FY2022

The recoverable amount is determined based on value-in-use method.

In the previous financial year, due to the improving situation surrounding the COVID-19 pandemic in Singapore and Malaysia that the CGUs mainly operates in, it had reduced the inherent uncertainty in the impairment assessment and consequently, the management had used the traditional approach (single cash flows projections) to determine the value-in-use for the CGUs of the cinema operations.

In preparation of cash flow projections, significant judgement was used to assess the recoverable amounts of the CGUs which were highly dependent on management's forecasts and estimates which include, but were not limited to, discount rate, growth rate, future projected cash flows and assumptions that were affected by future market and economic conditions.

The cash flow projection covering a five-year period were computed based on an average growth rates stated below. Cash flows beyond the five-year period were extrapolated using terminal growth rate of 2% and 4% for Singapore's and Malaysia's cinema operations respectively. These cash flows were discounted using a pre-tax discount rate that reflected current market assessment of the time value of money and the risks specific to the CGU. The growth rate was based on past performance and expectations on market development.

Key assumptions used for value-in-use calculations:

- Growth rate

Cinema operations in both Singapore and Malaysia were aided by the easing of the safe management measures to curb the spread of the COVID-19 pandemic towards the previous financial year ended 31 March 2022. These safe management measures increasing the loosening of seating capacity in theatre halls and easing of social distancing rules.

As a result, management anticipated that revenues from the cinema operations in both Singapore and Malaysia will rebound in the upcoming financial years. Therefore, the growth rate used for extrapolation of future revenue for the five-years period allocated to cinema operations in Singapore and Malaysia, ranging from lowest at 0% to highest at more than 100%.

- Pre-tax discount rate

The pre-tax discount rate for Singapore and Malaysia's cinema operations were 8.7% and 10% respectively. In determining appropriate discount rate, consideration had been given to the applicable weighted average cost of capital for the cinema industry in and around the Asia-Pacific region.

Under the fair value hierarchy, level 3 inputs were used.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Impairment test for goodwill (continued)

Value-in-use (continued)

- (iii) Goodwill attributable from cinema operations (continued)

Impairment loss

During the current financial year, the Group recognised impairment loss on goodwill of cinema operations totaling to \$117,677,000 (2022: \$12,000,000 (Note 41(a))). As the CGUs have been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment losses.

(b) Brand with finite useful life

Brand with finite useful life was acquired in a business combination of concert and event segment.

As at reporting date, the Group had carried out an assessment of the recoverable amounts of brand based on FVLCD calculations alongside with the assessment of recoverable amount on goodwill from the CGU of concert and event. Based on the assessment, the recoverable amounts of brand exceeded the carrying amounts and therefore no impairment was recognised for the financial years ended 31 March 2023 and 2022 respectively.

(c) Brand with indefinite useful life

The brand with indefinite useful life was acquired in a business combination of cinema operations. The brand represents perpetual licenses for the use of the brand name of "Cathay" worldwide.

The directors were of the opinion that the brand name of "Cathay" has indefinite useful lives due to the following reasons:

- (i) the brand name has been in use and will continue to be used for the long term; and
- (ii) the Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to profit or loss when incurred, to maintain and increase the market value of its brand name.

As at 31 March 2023, the brand with indefinite useful life has been derecognised from the Group's consolidated statement of financial position due to the deconsolidation of the cinema operations. The details of the deconsolidation of cinema operations are disclosed in Note 41(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

25 FILM RIGHTS

Group	Films and drama rights \$'000	Other film rights \$'000	Total \$'000
2023			
Cost			
Beginning of financial year	86,352	38,051	124,403
Currency translation differences	(434)	-	(434)
Transfer to other current assets	(51)	-	(51)
Transfer from film products (Note 17(a))	2,712	22	2,734
End of financial year	<u>88,579</u>	<u>38,073</u>	<u>126,652</u>
Accumulated amortisation			
Beginning of financial year	78,540	10,960	89,500
Currency translation differences	(421)	-	(421)
Amortisation charge for the financial year (Note 6)	4,953	2,811	7,764
End of financial year	<u>83,072</u>	<u>13,771</u>	<u>96,843</u>
Accumulated impairment			
Beginning and end of financial year	-	6,225	6,225
Carrying amount			
End of financial year	<u>5,507</u>	<u>18,077</u>	<u>23,584</u>
2022			
Cost			
Beginning of financial year	82,154	36,875	119,029
Currency translation differences	(43)	-	(43)
Additions	4,261	1,078	5,339
Government grants received for development of content	-	(317)	(317)
Written-off	(20)	-	(20)
Transfer from film products (Note 17(a))	-	415	415
End of financial year	<u>86,352</u>	<u>38,051</u>	<u>124,403</u>
Accumulated amortisation			
Beginning of financial year	70,452	8,988	79,440
Currency translation differences	(43)	-	(43)
Amortisation charge for the financial year (Note 6)	8,131	1,972	10,103
End of financial year	<u>78,540</u>	<u>10,960</u>	<u>89,500</u>
Accumulated impairment			
Beginning and end of financial year	-	6,225	6,225
Carrying amount			
End of financial year	<u>7,812</u>	<u>20,866</u>	<u>28,678</u>

The amortisation charges of the Group are included in cost of sales in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

26 FILM INTANGIBLES AND FILM INVENTORIES

	2023 \$'000	2022 \$'000
Group		
Cost		
Beginning of financial year	41,747	35,909
Currency translation differences	(280)	(31)
Additions	2,051	5,921
Deconsolidation of a subsidiary (Note 41(a))	(1,622)	-
Written-off	-	(52)
End of financial year	<u>41,896</u>	<u>41,747</u>
Accumulated amortisation		
Beginning of financial year	16,272	13,643
Currency translation differences	(246)	(25)
Amortisation charge for the financial year (Note 6)	2,036	2,654
End of financial year	<u>18,062</u>	<u>16,272</u>
Accumulated impairment		
Beginning of financial year	5,198	2,782
Currency translation differences	(9)	(1)
Impairment during the financial year (Note 6)	-	2,417
Deconsolidation of a subsidiary (Note 41(a))	(1,622)	-
End of financial year	<u>3,567</u>	<u>5,198</u>
Carrying amount		
End of financial year	<u>20,267</u>	<u>20,277</u>

The amortisation charges of the Group are included in cost of sales in profit or loss.

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
Trade payables				
- Non-related parties	26,720	41,260	-	-
- Related parties	6	-	-	-
- Associated company	482	434	-	-
- Former joint venture	-	5	-	-
	<u>27,208</u>	<u>41,699</u>	<u>-</u>	<u>-</u>
Other payables				
- Non-related parties	6,010	11,349	2,064	1,674
- Related parties	1,953	1,635	-	-
- Associated companies	1,145	1,236	-	-
- Subsidiaries	-	-	19,999	4,367
- Former subsidiaries	-	-	-	36,780
- Director	64	58	-	-
- Financial guarantee (Note 19(b))	1,101	-	1,101	-
	<u>10,273</u>	<u>14,278</u>	<u>23,164</u>	<u>42,821</u>
Accruals	7,699	11,924	1,464	1,151
Deposits received	22,640	21,022	11,175	14,590
Withholding tax	2,779	2,800	-	-
	<u>70,599</u>	<u>91,723</u>	<u>35,803</u>	<u>58,562</u>
Non-current				
Other payables				
- Financial guarantee (Note 19(b))	13,425	-	13,425	-
	<u>13,425</u>	<u>-</u>	<u>13,425</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

27 TRADE AND OTHER PAYABLES (CONTINUED)

The other payables to related parties, associated companies, subsidiaries and former subsidiaries are non-trade in nature unsecured, interest-free and repayable on demand.

The other payables to a director is in relation to corporate expenses incurred by a director on behalf of the Group and are non-trade in nature, unsecured, interest-free and repayable on demand.

28 CONTRACT LIABILITIES

	2023 \$'000	2022 \$'000
Group		
Contract liabilities	16,503	8,149

Contract liabilities related to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfils its performance obligation under the contract with the customers which generally does not exceed one year.

Revenue recognised in the financial year ended 31 March 2023 amounted to \$3,229,000 (2022: \$4,557,000) were included in contract liabilities at beginning of the financial year.

29 BORROWINGS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current				
<i>At amortised cost</i>				
Bank borrowings	114,611	95,352	84,340	56,820
Bank overdraft	524	963	-	-
Convertible securities (Note 29(a))	-	55,579	-	-
Loan notes (Note 29(c))	2,500	2,500	-	-
	<u>117,635</u>	<u>154,394</u>	<u>84,340</u>	<u>56,820</u>
Non-current				
<i>At amortised cost</i>				
Bank borrowings	6,965	54,366	-	38,910
Convertible securities (Note 29(a))	27,187	1,000	27,187	-
	<u>34,152</u>	<u>55,366</u>	<u>27,187</u>	<u>38,910</u>
<i>At fair value</i>				
Convertible securities (Note 29(a))	79,377	-	79,377	-
	<u>113,529</u>	<u>55,366</u>	<u>106,564</u>	<u>38,910</u>
Total borrowings				
Bank borrowings	121,576	149,718	84,340	95,730
Bank overdraft	524	963	-	-
Convertible securities	106,564	56,579	106,564	-
Loan notes	2,500	2,500	-	-
	<u>231,164</u>	<u>209,760</u>	<u>190,904</u>	<u>95,730</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

29 BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
12 months or less	112,800	93,606	84,340	56,820
1 - 5 years	69	38,980	-	38,910
Over 5 years	270	299	-	-
	<u>113,139</u>	<u>132,885</u>	<u>84,340</u>	<u>95,730</u>

The bank borrowings of the Group and of the Company are secured by certain assets of the Group and of the Company as follows:

- Leasehold properties of the Group (Note 22)
- Total corporate guarantees of \$17,622,000 (2022: \$28,779,000) from the Company for subsidiaries' banking facilities;
- Total corporate guarantee of \$190,905,000 (2022: \$95,730,000) from subsidiaries for the Company's banking facilities;
- Equity interests of certain subsidiaries and an associated company; and
- Assignment of a subsidiary's entire rights, title, benefits and interest in connection with the agreement executed relating to a project.

The carrying amount of the borrowings are reasonable approximation of their respective fair values, either due to their short term nature or it is designated at fair value through profit and loss or that they are floating rate instruments that are required to market interest rates on or near to the reporting date, except for those fixed rate instruments.

The fair values of non-current fixed rate instruments are \$28,540,000 (2022: \$14,571,000) and are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Bank loans	5.81	5.25	-	-
Convertible securities	<u>10.60</u>	<u>3.50</u>	<u>10.60</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

29 BORROWINGS (CONTINUED)

(a) Convertible securities

- (i) During the financial year, mm Connect Pte. Ltd. ("mm Connect"), an associated company and former wholly-owned subsidiary of the Company, entered into convertible securities agreements with various subscribers ("Bondholders") to issue unsecured convertible securities totaling \$15.35 million, carrying a coupon rate of 5% per annum and matures on the second anniversary of their respective dates of issue. At anytime before the maturity date, the outstanding sum under the convertible securities agreements ("Total Outstanding"), at the election of the Bondholders, may be converted into ordinary shares of mm Connect at 20% discount to the Initial Public Offering price of mm Connect ("Conversion Right").

If the Conversion Rights has not taken place by the Maturity Date and/or the Company no longer holds at least 51% of mm Connect's share capital, whichever is earlier, the Bondholder may elect to (i) redeem 100% of the Total Outstanding; or (ii) exchange Total Outstanding for the Company's shares at 25% premium to the volume weighted average share price of the Company during the 30 consecutive trading days prior to the date of this convertible securities agreements ("Exchange Right"). The Exchange Rights only applies to convertible securities amounting to \$9.25 million out of the total convertible securities issued by mm Connect amounting to \$15.35 million.

As at 31 March 2023, the convertible securities have been derecognised from the Group's consolidated statement of financial position due to the deconsolidation of the mm Connect Group as disclosed in Note 41(a) to the financial statements.

- (ii) On 31 December 2022, convertible securities previously issued by mm Connect with total carrying amount of \$58.8 million had matured and the Company and mm Connect had entered into settlement agreements with holders of the convertible securities ("CNCB Holders") that all principal amount with any unpaid interest would be settled via a combination of cash, which cannot exceed 50% of the outstanding sum, and the issuance of an unlisted, unsecured, redeemable, convertible and exchangeable bonds ("Bonds") to be issued by the Company. Subsequently, the Company entered into Bond Subscription Agreements with CBCN holders for the issuance of Bonds amounting to a total \$30.7 million. The transaction was completed on 24 March 2023 and the computation of the interest expense will take effect retrospectively from 1 January 2023. The details of the Bonds is disclosed in Note 29(b) to the financial statements.
- (iii) As disclosed in Note 41(a) to the financial statements, on 30 December 2022, the Group had entered into an Exchangeable Bond Subscription Agreement for an issuance of Exchangeable Bonds ("EB") for \$54 million coupled with 250 million free detachable warrants at an exercise price of \$0.065 per share issued by the Company. The Exchangeable Bond Subscription Agreement was completed on 24 March 2023.

As at 31 March 2023, the fair value of EB were valued by external valuer. In estimating the fair value of the EB, market-observable data was used to the extent it is available. Where Level 1 inputs are not available, management establishes inputs that are appropriate to the circumstances. Measurement inputs include estimated share price, expected volatility, timing and probability of the repayment of EB and risk-adjusted discount rate.

The details of the EB is disclosed in Note 29(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

29 BORROWINGS (CONTINUED)

(a) Convertible securities (continued)

The carrying amount of the convertible securities was derived as follows:

Group	2023 \$'000	2022 \$'000
Face value of convertible securities at date of issuance	150,568	55,840
Derivative financial instruments on initial recognition	(7,056)	(7,056)
	<u>143,512</u>	<u>48,784</u>
Accumulated gains arising from modification of convertible securities	(3,381)	(3,381)
Fair value changes of convertible securities (Note 9)	24,172	-
Accumulated amortisation of interest expense	19,655	15,205
Less: Interest paid up to date	(7,458)	(4,029)
Less: Repayment of principal up to date	(25,670)	-
Settlement over the remaining outstanding by the Company (Note 19(a)(ii))	(30,702)	-
Deconsolidation of a subsidiary	(13,564)	-
End of financial year	<u><u>106,564</u></u>	<u><u>56,579</u></u>

(b) Convertible securities - terms and conditions

The terms and conditions for the Convertible Securities issued by the Group during current financial year are as follows:

Issue date	30 December 2022 Exchangeable bonds ("EB")
Principal amount	\$54,000,000
Interest	5.00% per annum and payable on semi-annually
Maturity date	Third anniversary of the issue date.
Exchangeable/ Conversion	During the two calendar week period preceding the second anniversary of the Issue Date, the bondholder has the right to exchange the bond into 60% of mm Connect Pte. Ltd.'s enlarged share capital.
Redemption price	(i) 100% of the principal amount, together with any accrued but unpaid interest between second anniversary of the Issue Date and the Maturity Date. (ii) In event the Company defaults on payment of any outstanding sum (including but not limited interest) on redemption of the Bonds pursuant to the expiry of the Bonds on Maturity Date, the Bondholder shall have the right to require the Company to transfer or procure the transfer of mm Connect Pte. Ltd.'s Shares to the Bondholder in lieu of payment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

29 BORROWINGS (CONTINUED)

(b) Convertible securities - terms and conditions (continued)

The terms and conditions for the Convertible Securities issued by the Group during current financial year are as follows: (continued)

Issue date	1 January 2023 Bonds
Principal amount	\$30,702,000
Interest	6.00% per annum and payable on semi-annually
Maturity date	24th month from the Subscription date
Exchangeable/ Conversion	Bonds may be exchangeable into ordinary shares of mm Connect Pte. Ltd. owned by the Company at the option of the bondholder, upon the Initial Public Offering ("IPO") of mm Connect Pte. Ltd. at a price representing 20% discount to the IPO offer price of mm Connect Pte. Ltd. ("Exchange Right"). In the event that the Company does not have sufficient shares in the share capital of mm Connect to fully satisfy the Exchange Right, the remaining principal amount outstanding under the Bond may be converted into the Company's shares at conversion price of \$0.06 per share.
Redemption price	109% of their outstanding principal amount plus any accrued and unpaid interest on the outstanding principal amount of the Bonds at Maturity Date.

(c) Loan notes

On 30 January 2019, the Group's subsidiary, UnUsUaL Management Pte. Ltd. ("UnUsUaL Management") had issued loan notes amounting to \$5,000,000 with initial maturity date due on 29 January 2021. In the previous financial year, the Group had entered into a supplemental agreement with the loan notes holder to extend the maturity date to 30 January 2023. In the current financial year, the maturity date of the loan notes was further extended to 30 April 2024.

The loan notes was secured by the equity interest of a subsidiary and bears an interest rate of 10% (2022: 6.5%) per annum.

30 LEASE LIABILITIES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Undiscounted lease payments due:				
- 12 months or less	345	29,924	23	60
- 1 - 5 years	396	20,873	-	19
- Over 5 years	-	5,251	-	-
	<u>741</u>	<u>56,048</u>	<u>23</u>	<u>79</u>
Less: Future interest costs	(43)	(4,779)	-	(2)
Lease liabilities	<u>698</u>	<u>51,269</u>	<u>23</u>	<u>77</u>
Represented by:				
- Current	317	28,090	23	58
- Non-current	381	23,179	-	19
	<u>698</u>	<u>51,269</u>	<u>23</u>	<u>77</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

31 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 \$'000	2022 \$'000
Group		
Derivatives financial instruments arising from:		
<i>Current</i>		
Interest rate swap (Note 31(b))	-	6

Movement of derivatives financial instruments are as follows:

	2023 \$'000	2022 \$'000
Beginning of financial year	6	6,154
Gain on fair value changes (Note 9)	(6)	(6,148)
End of financial year	-	6

- (a) The derivative financial instruments arises from the issuance of convertible securities issued by mm Connect Pte. Ltd., an associated company and a former wholly-owned subsidiary of the Company, and is disclosed in Note 29(a) to the financial statements. The fair value of derivative financial instruments are within Level 3 of the fair value hierarchy.

	2023 \$'000	2022 \$'000
Beginning of financial year	-	6,002
Gain on fair value changes	-	(6,002)
End of financial year	-	-

As at 31 March 2022, the fair value of embedded derivative were valued internally by management. In estimating the fair value of the derivative liability component, market-observable data is used to the extent it is available. Where Level 1 inputs are not available, management establishes inputs that are appropriate to the circumstances. Measurement inputs include estimated share price, expected volatility, timing and probability of IPO of mm Connect Pte. Ltd. and risk-adjusted discount rate.

As at 31 March 2023, the Group do not have any derivative financial instruments related to convertible securities.

- (b) The Group entered into interest rate swap transactions to manage its exposure of interest rate risk on borrowing. The Group receives floating interest rate and pays interest at a fixed rate on the notional amount on a quarterly basis. The swap transactions had mature on April 2022. The fair value is within level 2 of the fair value hierarchy.

	Contract notional amount		Fair value	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Derivatives not held for hedging:</i>				
Interest rate swap	-	8,801	-	6
Represented by:				
- Current	-		-	6

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

32 PROVISIONS

	2023 \$'000	2022 \$'000
Group		
Non-current		
Provision for restoration costs	140	5,886

Provision for restoration costs comprises of estimates for reinstatement costs for leased cinema outlets and offices upon expiry of tenancy agreements.

Movement of provision for restoration costs are as follows:

	2023 \$'000	2022 \$'000
Group		
Beginning of financial year	5,886	4,553
Currency translation differences	(61)	(7)
Provision made	1,600	1,511
Unwinding of discount	302	245
Utilised	(1,437)	(416)
Deconsolidation of a subsidiary (Note 41(a))	(6,115)	-
Disposal of a subsidiary (Note 41(b))	(35)	-
End of financial year	140	5,886

33 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	2023 \$'000	2022 \$'000
Group		
Deferred income tax assets	-	23
Deferred income tax liabilities	(3,938)	(7,524)

Movement in deferred income tax is as follows:

	2023 \$'000	2022 \$'000
Group		
Beginning of financial year	(7,501)	(6,328)
Currency translation differences	(5)	2
Credit/(charged) to profit or loss	268	(1,175)
Deconsolidation of a subsidiary	3,300	-
End of financial year	(3,938)	(7,501)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

33 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) are as follows:

Deferred income tax liabilities

Group	Accelerated tax depreciation/ amortisation \$'000	Other \$'000	Total \$'000
2023			
Beginning of financial year	(8,094)	570	(7,524)
Currency translation differences	(5)	-	(5)
Credited to profit or loss	117	174	291
Deconsolidation of a subsidiary	3,300	-	3,300
End of financial year	<u>(4,682)</u>	<u>744</u>	<u>(3,938)</u>
2022			
Beginning of financial year	(6,739)	411	(6,328)
Currency translation differences	2	-	2
(Charged)/credited to profit or loss	(1,357)	159	(1,198)
End of financial year	<u>(8,094)</u>	<u>570</u>	<u>(7,524)</u>

Deferred income tax assets

Group	Accelerated tax depreciation/ amortisation \$'000	Tax losses \$'000	Total \$'000
2023			
Beginning of financial year	-	23	23
Charged to profit or loss	-	(23)	(23)
End of financial year	<u>-</u>	<u>-</u>	<u>-</u>
2022			
Beginning of financial year	-	-	-
Charged to profit or loss	-	23	23
End of financial year	<u>-</u>	<u>23</u>	<u>23</u>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

The Group did not recognise deferred income tax assets arising from unabsorbed tax losses and unabsorbed capital allowances amounting to \$11,173,000 (2022: \$27,717,000) and \$1,940,000 (2022: \$10,262,000) respectively that can be carried forward against future taxable income without expiries. The unutilised tax losses and capital allowances does not have expiry date under current tax legislation except for the amount of \$867,896 and \$484,059 (2022: \$867,896 and \$484,059) respectively arising from the subsidiary in Malaysia which is available for carry up to 7 years from the year of loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

34 SHARE CAPITAL

	No. of ordinary shares		Amount	
	2023 '000	2022 '000	2023 \$'000	2022 \$'000
Group and Company				
Beginning of financial year	2,400,610	1,162,805	211,102	152,870
Issuance of ordinary shares pursuant to private placement (Note 34(a))	390,000	-	19,500	-
Issuance of rights shares (Note 34(b))	-	1,162,805	-	54,652
Less: capitalised expenses in relation to issuance of rights shares	-	-	-	(2,420)
Net of issuance of rights shares	-	1,162,805	-	52,232
Issuance of ordinary shares (Note 34(c))	-	75,000	-	6,000
End of financial year	<u>2,790,610</u>	<u>2,400,610</u>	<u>230,602</u>	<u>211,102</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. The newly issued shares rank pari passu in all respects with the previously issued shares.

- (a) On 23 March 2023, the Company entered into placement agreements with placees for the allotment and issuance of 390 million placement shares in the capital of the Company at an issue price of \$0.05 per placement share (the "Placement"). The total consideration from the Placement is \$19.5 million. As at 31 March 2022, the Company had received advance payment of \$9.75 million and this had been accounted as part of "Reserves" in equity within the Group's and Company's statements of financial position as disclosed in Note 35(c) to the financial statements. The placement was completed on 1 April 2022 upon the receipt of the remaining placement funds of \$9.75 million. Accordingly, in the current financial year, the total number of issued shares of the Company has increased from 2,400,610,000 shares to 2,790,610,000 shares, being the enlarged issued and paid-up share capital.
- (b) On 14 April 2021, the Company successfully allotted 1,162,804,610 Right Shares to subscribers at an issue price of \$0.047 for each rights share, on the basis of one (1) rights share for every one (1) existing ordinary shares in the capital of the Company. The gross proceeds raised by the Company from the rights issue is approximately \$54,652,000. The transaction cost in relation to the issuance of rights shares are amounted to \$2,420,000 was capitalised as part of the transaction.
- (c) On 30 August 2021, the Company had entered into sale and purchase agreement ("SPA") with Kingsmead Properties Pte. Ltd. (the "Purchaser") pertaining to the proposed sale of not less than 80% of issued and paid-up share capital in mm Connect Pte. Ltd., was a wholly-owned subsidiary of the Company at that time (the "Proposed Sale"). In the event that the Proposed Sale is not completed as a result of conditions precedent in the SPA, the Purchaser may elect to exchange the deposit of \$6,000,000 paid to the Company into newly issued shares of the Company at a share price of \$0.08 per share (the "Exchange Right").

On 3 January 2022, the Purchaser had elected to exercise the Exchange Right under the SPA due to one or more of conditions precedent have not been satisfied. Accordingly, on the same date, the Company has allotted 75,000,000 new Ordinary Shares at agreed share price of \$0.08 for each ordinary share to the Purchaser.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

35 RESERVES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Composition:</i>				
Merger reserve (Note 35(a))	(37,338)	(37,338)	-	-
Currency translation reserve (Note 35(b))	1,486	(599)	-	-
Other reserves (Note 35(c))	23,917	33,667	-	9,750
	<u>(11,935)</u>	<u>(4,270)</u>	<u>-</u>	<u>9,750</u>

Reserves are non-distributable.

The movement of reserves are as follows:

(a) Merger reserve

	Group	
	2023 \$'000	2022 \$'000
Beginning and end of financial year	<u>(37,338)</u>	<u>(37,338)</u>

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries acquired under common control.

(b) Currency translation reserve

	Group	
	2023 \$'000	2022 \$'000
Beginning of financial year	(599)	(813)
Net currency translation differences of financial statements of foreign subsidiaries, associated company and joint venture	2,210	202
Less: Non-controlling interests	(125)	12
	<u>2,085</u>	<u>214</u>
End of financial year	<u>1,486</u>	<u>(599)</u>

(c) Other reserves

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	33,667	23,851	9,750	-
Subscription of ordinary shares of the Company pursuant to the private placement pending for allotment (Note 34(a))	9,750	9,750	9,750	9,750
Issuance of ordinary shares of the Company pursuant to Private Placement (Note 34(a))	(19,500)	-	(19,500)	-
Dilution of interest in a subsidiary without loss on control (Note 19(d))	-	66	-	-
End of financial year	<u>23,917</u>	<u>33,667</u>	<u>-</u>	<u>9,750</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

36 ACCUMULATED LOSSES

Movement in accumulated losses of the Company is as follows:

	Company	
	2023	2022
	\$'000	\$'000
Beginning of financial year	(30,506)	(24,936)
Net loss during the financial year	<u>(189,127)</u>	<u>(5,570)</u>
End of financial year	<u><u>(219,633)</u></u>	<u><u>(30,506)</u></u>

Retained earnings, if any, of the Group are distributable except for accumulated retained earnings of associated companies amounting to \$652,000 (2022: \$730,000).

Retained earnings, if any, of the Company are distributable except for accumulated retained earnings of associated companies amounting to \$Nil (2022: \$Nil).

37 PERFORMANCE SHARE PLAN

The Company has implemented a performance share plan known as "mm2 PSP" which was approved and adopted by the shareholders at an Extraordinary General Meeting held on 4 November 2014 which provides for the award of fully paid-up ordinary shares in the share capital of the Company free-of-charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Full-time Group Executives who have attained the age of twenty-one (21) years as of the award date and hold such rank as may be designated by the Remuneration Committee from time to time are eligible to participate in the mm2 PSP. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in mm2 PSP. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditor.

mm2 PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The directors believe that mm2 PSP will help to achieve the following positive objectives:

- (a) Foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of shareholders;
- (b) Motivate participants to achieve key financial and operational goals of the Company and/or their respective business units and encourage greater dedication and loyalty to the Group; and
- (c) Make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

mm2 PSP is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Tan Liang Pheng, Mak Chi Hoo and Lei Chee Kong Thomas.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

37 PERFORMANCE SHARE PLAN (CONTINUED)

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in mm2 PSP provided that the participation of and the terms of each grant and the actual number of awards granted under mm2 PSP to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in a separate resolutions for each person subject to the following:

- (a) The aggregate number of shares comprised in awards granted to controlling shareholders or associates of a controlling shareholder under mm2 PSP shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under mm2 PSP; and
- (b) The number of shares available to the each controlling shareholder or associate of a controlling shareholder shall not exceed 10% of the shares available under the mm2 PSP.

mm2 PSP shall continue in force at the discretion of the RC, subject to a maximum period of ten (10) years commencing on the date on which the mm2 PSP is adopted by the Company in general meeting, provided always that mm2 PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Company may deliver shares pursuant to awards granted under mm2 PSP by way of:

- (i) Issuance of new shares;
- (ii) Delivery of existing shares purchased from the market or shares held in treasury; and/or
- (iii) Cash in lieu of shares, based on the aggregate market value of such shares.

The total number of new shares which may be issued pursuant to awards granted under mm2 PSP, when added to (i) the number of new shares issued and issuable in respect of all awards granted thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, shall not exceed 15% of the issued share capital of the Company's post-placement as well as on the day preceding the relevant date of award. The aggregate number of shares available under mm2 PSP shall not exceed 15% of the total issued share capital of the Company post-placement and from time to time.

The Company had granted awards under mm2 PSP to subscribe for 959,400 ordinary shares at an exercise price of \$0.5980 per share on 31 May 2017. Subsequently, there were no awards awarded pursuant to mm2 PSP, including the current financial year ended 31 March 2023.

38 CONTINGENT LIABILITIES

- (a) Performance guarantee

At the reporting date, contingent liabilities, of which the probability of settlement is remote at the reporting date, are as follows:

	2023 \$'000	2022 \$'000
Group		
Performance guarantees	50	5,526

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

38 CONTINGENT LIABILITIES (CONTINUED)

(b) Corporate guarantees

Other than the corporate guarantees issued by the Group to mm Connect Group as disclosed in Note 20 to the financial statements, the Company had also issued corporate guarantees amounting up to \$29,664,000 (2022: \$29,796,000) to borrowings of its subsidiaries. These borrowings of the subsidiaries amounted to \$17,622,000 (2022: \$20,192,000) as at the reporting date.

The Company has evaluated the fair values of the corporate guarantees issued to its subsidiaries and the consequential liabilities derived from its guarantees to the bank with regards to the subsidiaries are minimal, with no default in the payment of borrowings and credit facilities.

(c) Financial supports to subsidiaries

The Company provides financial supports to certain subsidiaries in the Group with capital deficiency amounting to an aggregate of \$3,572,000 (2022: \$109,883,000) as at reporting date to operate as going concern and able to meet its liabilities as and when they fall due. Management is of the view that the probability of settlement in respect of these subsidiaries requiring financial supports are not forthcoming as these subsidiaries are in operational and able to meet its liabilities as of date of these financial statements.

39 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group do not use financial instruments such as currency forwards and foreign currency borrowings to hedge certain financial risk exposure.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Board of Directors. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia, Hong Kong, People's Republic of China ("China") and Taiwan. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are mainly denominated in foreign currencies such as the Singapore Dollar ("SGD"), Malaysian Ringgit ("RM"), United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Chinese Renminbi ("RMB") and New Taiwan Dollar ("TWD").

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to Board of Directors, which is denominated in currencies other than the functional currencies of the Group and its subsidiaries are as follows:

	SGD \$'000	RM \$'000	USD \$'000	HKD \$'000	RMB \$'000	TWD \$'000	Others \$'000	Total \$'000
Group								
2023								
Financial assets								
Cash and bank balances	14	-	1,587	-	412	8	22	2,043
Trade and other receivables	550	779	20,255	1,571	2,436	4,655	47	30,293
Receivables from subsidiaries	6,396	6,214	10,717	1,884	31	7	-	25,249
	<u>6,960</u>	<u>6,993</u>	<u>32,559</u>	<u>3,455</u>	<u>2,879</u>	<u>4,670</u>	<u>69</u>	<u>57,585</u>
Financial liabilities								
Trade and other payables	(42)	(3,633)	(15,231)	(9,998)	(11,756)	(1,952)	(286)	(42,898)
Borrowings	-	-	(7,243)	-	-	(2,747)	-	(9,990)
Payables to subsidiaries	(6,396)	(6,214)	(10,717)	(1,884)	(31)	(7)	-	(25,249)
	<u>(6,438)</u>	<u>(9,847)</u>	<u>(33,191)</u>	<u>(11,882)</u>	<u>(11,787)</u>	<u>(4,706)</u>	<u>(286)</u>	<u>(78,137)</u>
Currency exposure on net financial assets/(liabilities)	<u>522</u>	<u>(2,854)</u>	<u>(632)</u>	<u>(8,427)</u>	<u>(8,908)</u>	<u>(36)</u>	<u>(217)</u>	<u>(20,552)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management, which is denominated in currencies other than the functional currencies of the Group and its subsidiaries are as follows: (continued)

	SGD \$'000	RM \$'000	USD \$'000	HKD \$'000	RMB \$'000	TWD \$'000	Others \$'000	Total \$'000
Group								
2022								
Financial assets								
Cash and bank balances	13	-	348	-	365	1	136	863
Financial assets, FVPL	-	-	-	-	-	-	-	-
Trade and other receivables	2,096	50	3,999	716	3,856	1,858	-	12,575
Receivables from subsidiaries	4,910	5,089	2,816	1,610	14	704	-	15,143
	<u>7,019</u>	<u>5,139</u>	<u>7,163</u>	<u>2,326</u>	<u>4,235</u>	<u>2,563</u>	<u>136</u>	<u>28,581</u>
Financial liabilities								
Trade and other payables	(186)	(4,901)	(15,654)	(5,532)	(7,589)	(4,057)	(261)	(38,180)
Borrowings	-	-	(8,801)	-	-	(2,767)	-	(11,568)
Derivative financial instruments	-	-	(6)	-	-	-	-	(6)
Payables to subsidiaries	(4,910)	(5,089)	(2,816)	(1,610)	(14)	(704)	-	(15,143)
	<u>(5,096)</u>	<u>(9,990)</u>	<u>(27,277)</u>	<u>(7,142)</u>	<u>(7,603)</u>	<u>(7,528)</u>	<u>(261)</u>	<u>(64,897)</u>
Currency exposure on net financial assets/(liabilities)	<u>1,923</u>	<u>(4,851)</u>	<u>(20,114)</u>	<u>(4,816)</u>	<u>(3,368)</u>	<u>(4,965)</u>	<u>(125)</u>	<u>(36,316)</u>

The Company is not exposed to significant currency risk as most of its financial assets and liabilities as at 31 March 2023 and 2022 are denominated in SGD. The currency risk exposure and financial impact have been determined by the management as not material to the Company's profit or loss for the financial years ended 31 March 2023 and 2022 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The following table shows the fluctuation of foreign currencies against Singapore Dollar ("SGD").

	2023 %	2022 %
Group		
Malaysian Ringgit ("RM")	6.0	1.0
United States Dollar ("USD")	2.0	1.0
Hong Kong Dollar ("HKD")	2.0	N.M.
Chinese Renminbi ("RMB")	9.0	4.0
New Taiwan Dollar ("TWD")	8.0	N.M.

The effects arising from foreign currency fluctuation from the net financial assets/liabilities position with all other variables including tax rate being held constant are as follows:

	Increase/(Decrease) in net loss	
	2023 \$'000	2022 \$'000
Group		
RM against SGD		
- Strengthened	(142)	(40)
- Weakened	142	40
USD against SGD		
- Strengthened	(10)	167
- Weakened	10	(167)
HKD against SGD		
- Strengthened	(140)	*
- Weakened	140	*
RMB against SGD		
- Strengthened	(665)	112
- Weakened	665	(112)
TWD against SGD		
- Strengthened	(2)	*
- Weakened	2	*

* Amounts less than \$1,000

N.M.: Not meaningful

(ii) Price risk

The Group is exposed to equity securities price risk arising from the unquoted securities (Note 18) classified as financial assets, at FVPL to the financial statements. As at reporting date, there are no significant exposure to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group does not have any significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from borrowings at floating interest rate. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's exposure to cash flow interest rate risk arises mainly from non-current variable-rate borrowings. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swap.

The Group's borrowings are at variable rates. The loans are denominated in the respective operating entities' functional currencies and there are natural hedges as the Group's collections are mainly in its respective operating entities' functional currencies. If the interest rates had increased/decreased by 0.5% (2022: 0.5%) with all other variables including tax rate being held constant, management had assessed and determined the impact to loss after tax as a result of higher/lower interest expense on these borrowings is not significant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and the Company are cash and cash equivalents, trade and other receivables and financial assets, at fair value through profit or loss. The Group's and the Company's exposure to credit risk arises primary from trade and other receivables.

For customers, the Group performs credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account customers' financial strength, the Group's past experiences with the customers and other relevant factors. For other financial assets, the Group and the Company minimise credit risk by dealing only with reputable and/or good credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Group's current credit risk framework comprises of the following categories:

Category	Description	Basis for recognition ECL
Performing	The counterparty has a low risk of default	12-month ECL
Doubtful	Amount is > 30 days past due* or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is > 90 days past due* or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

* Except for specific cases where management has assessed that the amount is still fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and accrued income

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit loss for each class of financial assets.

The trade receivables of the Group comprise 5 debtors (2022: 5 debtors), which represented 60% (2022: 52%) of the trade receivables.

The credit risk of trade receivables (before net of expected credit loss) and accrued income based on the information provided to key management is as follows:

	2023 \$'000	2022 \$'000
Group		
<u>By geographical areas</u>		
Singapore	9,686	10,855
Malaysia	2,882	7,220
People's Republic of China	27,414	29,980
Taiwan	17,298	7,417
Hong Kong	18,593	18,696
Others	5,270	4,555
	<u>81,143</u>	<u>78,723</u>
<u>By types of customers</u>		
Associated companies	759	1,199
Related parties	108	701
Non-related parties		
- Individual	114	99
- Corporations	80,162	76,724
	<u>81,143</u>	<u>78,723</u>

Loss allowance for trade receivables and accrued income are measured at an amount equal to lifetime expected credit losses ("ECL") via provision matrix as these items do not have a significant financing component. Trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due to measure the ECL by reference to the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. The accrued income relate to unbilled work which substantially consists the same risk characteristics as the trade receivables.

Trade receivables and accrued income are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and accrued income (continued)

	2023	2022
	\$'000	\$'000
Group		
At beginning of financial year	6,990	6,215
Currency translation differences	(55)	59
Utilisation	(2,127)	(1,751)
Loss allowance recognised in profit or loss	2,318	2,467
At end of financial year (Note 14)	<u>7,126</u>	<u>6,990</u>

The following table details the risk profile of trade receivables and accrued income based on the Group's provision matrix:

	Below 3 months \$'000	3 - 6 months \$'000	Above 6 months \$'000	Total \$'000
2023				
Trade receivables	26,072	32,501	20,601	79,174
Accrued income	1,969	-	-	1,969
Less: Allowance for expected credit loss	-	-	(7,126)	(7,126)
	<u>28,041</u>	<u>32,501</u>	<u>13,475</u>	<u>74,017</u>
2022				
Trade receivables	28,117	3,445	42,936	74,498
Accrued income	4,225	-	-	4,225
Less: Allowance for expected credit loss	-	(2)	(6,988)	(6,990)
	<u>32,342</u>	<u>3,443</u>	<u>35,948</u>	<u>71,733</u>

The Group has not recognised any loss allowance for accrued income.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Other financial assets, at amortised cost

The Group's and the Company's other financial assets recognised at amortised cost are mainly comprised of other receivables, i.e. non-trade amount due from non related parties, related parties, associated companies and joint venture and deposits.

The Company held non-trade receivables from its subsidiaries amounted to \$88,570,000 (2022: \$29,584,000). Included in this amount is a receivable of an interim tax exempt (single-tier) dividends declared by a subsidiary for \$45,000,000 in the current financial year and the remaining outstanding balances are amounts funded to subsidiaries as working capital.

The Company used general approach for assessment of ECLs for these receivables. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis and the amount of the allowance is insignificant.

As at reporting date, other receivables and deposits of the Group were not subject to any material credit losses except as disclosed below:

	2023 \$'000	2022 \$'000
Group		
Current		
At beginning of financial year	681	225
Loss allowance recognised in profit or loss	250	456
At end of financial year	<u>931</u>	<u>681</u>
Non-current		
At beginning of financial year	2,062	1,915
Loss allowance (reversal)/recognised in profit or loss	(2,062)	147
At end of financial year (Note 14)	<u>-</u>	<u>2,062</u>

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and bank balances as disclosed in Note 13 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility) and cash and bank balances of the Group and the Company on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months are equal to their carrying amounts as the impact of discounting is not significant.

Group	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
2023					
Trade and other payables	70,599	13,566	-	-	84,165
Borrowings	117,635	61,233	53,131	344	232,343
Lease liabilities	317	381	15	-	713
	<u>188,551</u>	<u>75,180</u>	<u>53,146</u>	<u>344</u>	<u>317,221</u>
2022					
Trade and other payables	91,723	-	-	-	91,723
Borrowings	154,394	49,622	6,875	391	211,282
Lease liabilities	28,090	9,201	11,750	5,251	54,292
Interest rate swap	6	-	-	-	6
	<u>274,213</u>	<u>58,823</u>	<u>18,625</u>	<u>5,642</u>	<u>357,303</u>
Company					
2023					
Trade and other payables	35,803	13,566	-	-	49,369
Borrowings	84,340	55,164	51,400	-	190,904
Lease liabilities	23	-	-	-	23
Financial guarantee contracts	17,167	1,367	247	-	18,781
	<u>137,333</u>	<u>70,097</u>	<u>51,647</u>	<u>-</u>	<u>259,077</u>
2022					
Trade and other payables	58,562	-	-	-	58,562
Borrowings	56,820	39,877	-	-	96,697
Lease liabilities	58	19	-	-	77
Financial guarantee contracts	26,097	1,328	1,550	-	28,975
	<u>141,537</u>	<u>41,224</u>	<u>1,550</u>	<u>-</u>	<u>184,311</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the gearing ratio which the Board of Directors monitors on a periodic basis. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Borrowings (Note 29)	231,164	209,760	190,904	95,730
Less: cash and cash equivalents (Note 13)	(9,440)	(14,571)	(415)	(9,796)
Net debt	221,724	195,189	190,489	85,934
Total equity	91,606	202,492	10,969	190,346
Total capital	313,330	397,681	201,458	276,280
Gearing ratio (times)	0.71	0.49	0.95	0.31

At each reporting period, the Group and the Company is required to meet certain financial covenants imposed for the bank borrowings.

The Group and the Company has obtained approval in principle from the banks to waived certain financial covenants of the Group as at 31 March 2023 and 2022 respectively. The waivers were obtained throughout the financial year and subsequent to financial years ended 31 March 2023 and 2022 respectively so as to enable the Group to meet certain capital requirements imposed by the banks.

(e) Fair value measurements

The following table presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within level 1 that are observable or the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

There were no transfer between Level 1, 2 and 3 during the financial year.

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements approximates their fair values, except for non-current deposits and receivables, financial asset, at fair value through profit or loss and derivative financial instruments. The fair value measurement disclosure, can be found respectively, at Notes 14, 18 and 31 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the consolidated statement of financial position, except for the following:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets, at amortised cost	107,576	135,780	89,130	272,171
Financial assets, at FVPL	1,649	1,701	-	-
Financial liabilities, at amortised cost	221,983	352,752	146,252	154,369
Financial liabilities, at FVPL	79,377	-	79,377	-
Derivative financial instruments	-	6	-	-

(g) Offsetting financial assets and financial liabilities

Group	Gross amounts of recognised financial assets/ (liabilities) \$'000	Gross amounts of recognised financial liabilities set off in the statement of financial position \$'000	Net amounts of financial liabilities presented in the statement of financial position \$'000
2023			
Trade receivables	10,041	(10,041)	-
Trade payables	(10,378)	10,041	(337)
2022			
Trade receivables	8,505	(8,505)	-
Trade payables	(10,027)	8,505	(1,522)

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement as at 31 March 2023 and 2022.

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the Company and their respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

40 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	2023 \$'000	2022 \$'000
Group		
<u>Sales of goods and/or services to</u>		
Associated companies	1,522	2,378
Related parties	808	1,316
<u>Purchase of services from</u>		
Associated companies	42	2,262
Related parties	225	327
Rental expense paid/payable to director and key management personnel	<u>22</u>	<u>15</u>

Outstanding balances as at 31 March 2023 and 2022, arising from the sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 14 and 27 to the financial statements respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2023 \$'000	2022 \$'000
Group		
<u>Directors</u>		
Wages and salaries	179	179
Bonus	20	20
Directors' fees	248	248
Employer's contribution to defined contribution plans	<u>10</u>	<u>18</u>
	<u>457</u>	<u>465</u>
<u>Key management personnel</u>		
Wages and salaries	699	689
Bonus	-	80
Employer's contribution to defined contribution plans	<u>46</u>	<u>45</u>
	<u>745</u>	<u>814</u>
Total key management personnel compensation	<u>1,202</u>	<u>1,279</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

41 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

(a) Deconsolidation of mm Connect Group

On 30 December 2022, the Group had entered into an Exchangeable Bond Subscription Agreement for an issuance of Exchangeable Bonds ("EB") for \$54 million coupled with 250 million free detachable warrants at an exercise price of \$0.065 per share issued by the Company. This agreement also, inter alia, allows the holders of the EB the right to have 60% of mm Connect Pte. Ltd.'s board representation in mm Connect Pte. Ltd. and its subsidiaries ("mm Connect Group").

As disclosed in Note 29(a)(ii) to the financial statements, the settlement agreement was executed on 24 March 2023 and consequently, the Exchangeable Bond Subscription Agreement was also completed on 24 March 2023. On completion of the Exchangeable Bond Subscription, the Bondholder had exercised their rights and appointed their representatives as directors of mm Connect Group.

Due to the bondholder having 60% of mm Connect Pte. Ltd.'s board representation, in accordance with SFRS(I) 10 - *Consolidated Financial Statements*, management had assessed and determined that the Group and the Company had lost control of mm Connect Pte. Ltd. and is required to deconsolidate mm Connect Group and had accordingly, reclassified mm Connect Pte. Ltd. as an associated company of the Group and of the Company.

In compliance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*, mm Connect Group's financial results have been presented as "Discontinued Operations" as of 31 March 2023 and its prior financial year's financial results have been restated to reflect this change in presentation in the Consolidated Statement of Comprehensive Income.

(i) The results of the discontinued operations are as follows:

	2023	2022
	\$'000	\$'000
Revenue	47,738	29,460
Cost of sales	<u>(24,493)</u>	<u>(20,377)</u>
Gross profit	23,245	9,083
Other income	1,211	8,664
Other (losses)/gains - net	(568)	6,162
Administrative expenses	(30,633)	(30,007)
Impairment on goodwill (Note 24(a)(iii))	(117,677)	(12,000)
Finance expenses	(6,481)	(6,903)
Share of loss of a former joint venture	-	(38)
Loss before income tax from discontinued operations	<u>(130,903)</u>	<u>(25,039)</u>
Income tax credit (Note 11)	83	173
Loss after tax from discontinued operations	<u>(130,820)</u>	<u>(24,866)</u>
Gain on deconsolidation of a subsidiary (Note 41(a)(ii))	<u>31,778</u>	<u>-</u>
Total loss for the financial year from discontinued operations	<u>(99,042)</u>	<u>(24,866)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

41 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(a) Deconsolidation of mm Connect Group (continued)

(ii) The effects of the deconsolidation on the cash flows of the Group were as follows:

	At 31 March 23 \$'000
Carrying amount of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	751
Trade and other receivables	3,322
Inventories	273
Income tax receivables	180
Property, plant and equipment (Note 22)	41,832
Intangible assets and goodwill (Note 24)	84,078
Total assets	<u>130,436</u>
Trade and other payables	15,619
Contract liabilities	2,000
Current borrowings	1,101
Current lease liabilities	17,182
Non-current borrowings	13,425
Non-current lease liabilities	27,998
Provisions (Note 32)	6,115
Deferred income tax liabilities (Note 33)	3,300
Total liabilities	<u>86,740</u>
Net assets derecognised and disposed of	<u>43,696</u>
<u>Fair value of the mm Connect Group:</u>	
Net assets disposed of (as above)	43,696
Gain on deconsolidation (Note 41(a)(i))	31,778
Financial guarantee provided by the Company to mm Connect Group (Note 19(b) and 27)	14,526
	<u>90,000</u>
<u>Net cash outflows arising from disposal:</u>	
Cash and bank balances in subsidiary disposed of	<u>(751)</u>

(iii) The impact of the discontinued operations on the cash flows of the Group was as follows:

	2023 \$'000	2022 \$'000
Operating cash inflows	77,135	20,212
Investing cash (outflows)/inflows	(130)	25
Financing cash outflows	(76,795)	(22,794)
Total cash inflows/(outflows)	<u>210</u>	<u>(2,557)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

41 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(b) Disposal of AsiaOne Online Pte. Ltd.

On 29 December 2022, the Company had signed a Sales and Purchase Agreement ("SPA") to sell 41% equity interests in its 51% owned subsidiary, AsiaOne Online Pte. Ltd. ("AsiaOne"), to a non-related party at a consideration of \$393,600. The transaction was completed on 31 December 2022.

Part of the agreed terms and conditions of the sale relates to the non-related party committing to purchase the remaining 10% equity that the Company retains in AsiaOne within the next 24 months for an agreed consideration of \$96,000.

Consequently, the remaining 10% equity interest in AsiaOne was classified as a non-current asset held-for-sale and were written down to their fair value less costs to sell of \$96,000. This is classified as Level 2 in the fair value hierarchy.

(i) The results of AsiaOne are as follows:

	For the financial period from 1 April 2022 to 31 December 2022 \$'000	For the financial year ended 31 March 2022 \$'000
Revenue	2,037	2,642
Cost of sales	(2,714)	(3,014)
Gross profit	<u>(677)</u>	<u>(372)</u>
Other income	211	151
Other gains/(losses) - net	4	(2)
Administrative expenses	(268)	(374)
Finance expenses	(4)	(4)
Loss before income tax, representing net loss for the period/year	<u><u>(734)</u></u>	<u><u>(601)</u></u>

(ii) The effects of the disposal on the cash flows of the Group were as follows:

	At 31 December 2022 \$'000
Carrying amounts of assets and liabilities of AsiaOne as at the date of disposal:	
Cash and cash equivalents	159
Trade and other receivables	647
Property, plant and equipment (Note 22)	146
Intangible assets (Note 24)	276
Total assets	<u>1,228</u>
Trade and other payables	243
Contract liabilities	110
Current lease liabilities	40
Provisions (Note 32)	35
Non-current lease Liabilities	2
Total liabilities	<u>430</u>
Net assets derecognised	798
Less: Non-controlling interests	<u>(391)</u>
Net assets disposed of	<u>407</u>
<u>Cash inflows arising from disposal:</u>	
Net assets disposed of (as above)	407
Add: Gain on disposal (Note 9)	66
Less: Net assets attributable to the remaining 10% equity interest held by the Company	<u>(79)</u>
Cash proceeds from disposal	394
Less: Cash and cash equivalents in subsidiary disposed of	<u>(159)</u>
Total cash proceeds from disposal	<u><u>235</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

41 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(b) Disposal of AsiaOne Online Pte. Ltd. (continued)

(iii) The impact on the cash flows of the Group was as follows:

	Group	
	2023	2022
	\$'000	\$'000
Operating cash (outflows)/inflows	(35)	62
Investing cash outflows	(61)	(24)
Financing cash outflows	(42)	(41)
Total cash outflows	<u>(138)</u>	<u>(3)</u>

(iv) Details of assets in non-current asset classified as held-for-sale were as follows:

	Group/Company	
	2023	2022
	\$'000	\$'000
Investment in associated company	<u>96</u>	<u>-</u>

42 SEGMENTAL INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Executive Chairman, Chief Executive Officer, the Chief Financial Officer, and the heads of each business within the operating segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

The Group has 3 reportable segments (2022: 4 reportable segments), as described below, which are Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CODM reviews the internal management report on periodic basis.

Other segments includes café operations, social media advertising activities and development of software for interactive digital media, brand consulting services, streaming digital films and short-form content. These are not included within the reportable operating segment. The results of these operations are included in the "other segments" column.

The following describes the operations in each of the Group's reportable segments:

(a) Core Business

Core Business segment refers to the Group's production and distribution of motion picture, video and television programme and sponsorship.

(b) Digital and Live Production

Digital and Live Production (previously known as Post-production) segment refers to the services in visual effects and immersive media works for feature films and commercials and production of location-based

(c) Concert and Event

Concert and Event segment refers to sales on events production, concerts promotion and renting of stage sound system and equipment.

(d) Cinema Operations

Cinema Operations segment refers to sales of cinema ticket and concession, hall rental and screen advertising. As disclosed in Note 41(a) to the financial statements, with the deconsolidation of mm Connect Group, cinema operations is not part of the reportable segments for the financial year ended 31 March 2023 and 2022 respectively. Accordingly, segment information for the financial year end 31 March 2022 has been restated.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

42 SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments on continuing operations are as follows:

	Core Business \$'000	Digital and Live Production \$'000	Concert and Event \$'000	Others \$'000	Segments elimination \$'000	Total \$'000
2023						
Total segment sales	101,323	2,914	29,229	4,140	(3,321)	134,285
Inter-segment sales	(2,664)	(390)	(239)	(28)	3,321	-
Sales to external parties	98,659	2,524	28,990	4,112	-	134,285
Other material non-cash items						
- Expected credit losses in trade and other receivables	27	11	(544)	-	-	(506)
Adjusted earnings/(loss) before interest, tax, depreciation, amortisation, impairment and fair value losses ("EBITDA"/("LBITDA"))	24,117	(2,236)	3,624	(1,686)	16	23,835
Fair value loss in financial instruments	(24,172)	-	-	-	-	(24,172)
Depreciation	(463)	(309)	(1,256)	(92)	-	(2,120)
Amortisation	(9,460)	(695)	(832)	(503)	-	(11,490)
Finance expenses	(7,507)	(172)	(1,099)	(4)	2	(8,780)
(Loss)/profit before income tax	(17,485)	(3,412)	437	(2,285)	18	(22,727)
Income tax expenses	(968)	(4)	286	-	-	(686)
Net loss	(18,453)	(3,416)	723	(2,285)	18	(23,413)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

42 SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments on continuing operations are as follows:

	Core Business \$'000	Digital and Live Production \$'000	Concert and Event \$'000	Others \$'000	Segments elimination \$'000	Total \$'000
2022						
(Restated)						
Total segment sales	73,462	2,861	3,593	4,472	(871)	83,517
Inter-segment sales	(651)	(52)	-	(168)	871	-
Sales to external parties	72,811	2,809	3,593	4,304	-	83,517
Other material non-cash items						
- Expected credit losses in trade and other receivables	(1,927)	29	(1,172)	-	-	(3,070)
Adjusted earnings/(loss) before interest, tax, depreciation, amortisation, impairment and fair value losses ("EBITDA"/("LBITDA"))	17,936	(1,755)	(2,207)	(1,019)	(195)	12,760
Fair value loss in financial assets, at FVPL	(360)	(1)	-	-	-	(361)
Impairment losses	(2,417)	-	-	-	-	(2,417)
Depreciation	(658)	(479)	(1,337)	(93)	-	(2,567)
Amortisation	(12,131)	(3,472)	(832)	(548)	-	(16,983)
Finance expenses	(5,400)	(223)	(981)	(4)	3	(6,605)
Loss before income tax	(3,030)	(5,930)	(5,357)	(1,664)	(192)	(16,173)
Income tax expenses	(1,337)	97	191	-	-	(1,049)
Net loss	(4,367)	(5,833)	(5,166)	(1,664)	(192)	(17,222)

Total assets and total liabilities for each reportable segments were not presented as the CODM is of the opinion that it is not meaningful and impracticable as they do not use them for operating decision-making on allocation of resources and performance assessment.

Sales between segments are carried out at agreed terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Geographical information

Segmental revenue by geographical location of projects is disclosed in Note 5 to the financial statements.

Information of major customers

Revenue of approximately \$6,448,000 (2022: \$12,219,000) is derived from one (2022: one) external customers for the financial year ended 31 March 2023. This revenue is attributable from core business (2022: core business) in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

43 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

- (a) On 26 March 2023, the Company entered into a definitive conditional Sale and Purchase Agreement ("SPA") with Quin Yeo Chow In and Foo Jinzhong Jeremy ("Vendor") for the investment in Elliot Communications Pte. Ltd. ("Target Company") and its subsidiaries ("Target Group") through the acquisition of 1,000 ordinary shares from Vendor and 2,858 new ordinary shares in the Target Company. The total consideration for this acquisition amounted to \$775,393. The acquisition was approved by the shareholders of the Company in an Extraordinary General Meeting ("EGM") held on 10 May 2023. Consequently, on 27 May 2023, the Company has acquired 30% interest in the issued and paid-up capital of the Target Company.
- (b) On 26 April 2023, the Company had entered into a binding term sheet (the "Term Sheet") with Hildrics Asia Growth Fund VCC (acting on behalf of Hildrics Asia Growth Fund 1) (the "Investor") whereby the Investor shall subscribe for convertible bonds issued by mmLive Pte. Ltd. ("mmLive", being a wholly-owned subsidiary of the Company and together with the Company and the Investor, the "Parties") for an aggregate principal amount of up to \$5,000,000 ("Proposed CB Issuance"), with the Investor having an option to subscribe for an additional investment amount of up to S\$5,000,000 within 3 months from the date of the Term Sheet. The Term Sheet is subject to negotiation and execution of convertible bond subscription agreement. The transaction is ongoing as of date of this report.

44 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Company's accounting periods beginning on or after 1 April 2022 and which the Company has not early adopted:

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2023

44 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. SFRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. SFRS(I) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

45 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of mm2 Asia Ltd. on 12 July 2023.

STATISTICS OF SHAREHOLDINGS

As at 30 June 2023

Class of shares	:	Ordinary shares
Number of shares (excluding treasury shares)	:	2,790,609,220
Voting rights	:	One vote per share
No. of treasury shares and percentage	:	Nil
No. of subsidiary holdings held and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	7	0.24	257	0.00
100 - 1,000	229	7.83	172,700	0.01
1,001 - 10,000	661	22.59	4,063,600	0.15
10,001 - 1,000,000	1,908	65.21	257,315,144	9.22
1,000,001 and above	121	4.13	2,529,057,519	90.62
Total	2,926	100.00	2,790,609,220	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	CGS-CIMB Securities (Singapore) Pte Ltd	380,653,400	13.64
2	UOB Kay Hian Pte Ltd	375,319,100	13.45
3	Oei Hong Leong	235,776,100	8.45
4	DBS Nominees Pte Ltd	227,119,400	8.14
5	Goi Seng Hui	190,000,000	6.81
6	iFast Financial Pte Ltd	132,827,900	4.76
7	Citibank Nominees Singapore Pte Ltd	114,870,668	4.12
8	StarHub Ltd	114,315,790	4.10
9	Choo Meileen	113,345,600	4.06
10	Lim & Tan Securities Pte Ltd	84,784,800	3.04
11	Yeo Khee Seng Benny	76,167,888	2.73
12	DB Nominees (Singapore) Pte Ltd	58,040,000	2.08
13	Maybank Securities Pte. Ltd.	33,853,400	1.21
14	Phillip Securities Pte Ltd	32,228,400	1.15
15	BNP Paribas Nominees Singapore Pte Ltd	26,816,400	0.96
16	Raffles Nominees (Pte) Limited	23,845,400	0.85
17	Tjandra Tjakrawinata @ Chow Charles	20,384,900	0.73
18	OCBC Securities Private Ltd	16,679,500	0.60
19	Tiger Brokers (Singapore) Pte. Ltd.	13,597,805	0.49
20	Fok Chee Cheong @ Fok Chee Chiong	12,900,000	0.46
	Total	2,283,526,451	81.83

STATISTICS OF SHAREHOLDINGS

As at 30 June 2023

SUBSTANTIAL SHAREHOLDERS

as recorded in the Register of Substantial Shareholders

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Melvin Ang Wee Chye ⁽¹⁾	335,400	0.01%	614,324,000	22.01%
Oei Hong Leong	235,776,100	8.45%	–	0.00%
Goi Seng Hui	190,000,000	6.81%	–	0.00%
Ron Sim Chye Hock ⁽²⁾	130,631,700	4.68%	32,455,400	1.16%

(1) Mr. Melvin Ang Wee Chye (“**Mr. Melvin Ang**”) is deemed to be interested in the 614,324,000 ordinary shares, which are maintained under the following nominee accounts set out below respectively:-

- (a) 297,800,000 ordinary shares under CGS-CIMB Securities (Singapore) Pte. Ltd; and
- (b) 316,524,000 ordinary shares under UOB Kay Hian Pte. Ltd.;

(collectively, the “**MA Nominee Accounts**”)

Under the UOB Kay Hian Pte Ltd account, a total of 201,064,000 ordinary shares are held under Lionsgate Alpha Ltd., a company which is wholly owned by Mr Melvin Ang Wee Chye.

Pursuant to Section 7 of the Act, Mr. Melvin Ang is deemed to be interested in the shares held by the MA Nominee Accounts.

(2) Mr Ron Sim Chye Hock (“**Mr Ron Sim**”) is deemed to be interested in the 32,455,400 ordinary shares held under Future Store Pte Ltd, which is an indirect subsidiary of V3 Group Ltd, a company wholly-owned by Mr Ron Sim.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC HANDS

As at 30 June 2023, 69.8% of the Company’s shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or “**Meeting**”) of **mm2 Asia Ltd.** (“**Company**”) will be held at One Marina Boulevard, Level 8 - Room 801, NTUC Business Centre, Singapore 018989 on **Monday, 31 July 2023** at **1.00 p.m.** (Singapore Time) for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2023 together with the Independent Auditor’s Report thereon. **Resolution 1**
2. To approve the payment of Directors’ fees of \$247,500 for the financial year ending 31 March 2024, to be paid quarterly in arrears. **Resolution 2**
3. To re-elect the following Directors retiring pursuant to Regulation 110 of the Constitution of the Company:

Mr Melvin Ang Wee Chye **Resolution 3**
Mr Dennis Chia Choon Hwee **Resolution 4**

[See Explanatory Note (i)]
4. To re-appoint Messrs CLA Global TS Public Accounting Corporation, as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
5. To transact any other ordinary business which may properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force,

(the “**Share Issue Mandate**”)

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustment in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new share arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of the Share Issue Mandate.

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the Provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

Resolution 6

[See Explanatory Note (ii)]

7. Authority to issue shares under the mm2 Performance Share Plan

That pursuant to Section 161 of the Companies Act 1967, the Directors of the Company be authorised and empowered to offer and grant share awards under the mm2 Performance Share Plan (the “**mm2 PSP**”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the mm2 PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Resolution 7

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

8. Proposed Renewal of Share Buyback Mandate

That:

- a. for the purposes of Section 76C and 76E of the Companies Act 1967, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued and fully-paid ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Percentage (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:
 - (i) on-market purchases, transacted through the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for that purpose (“**Market Purchase**”); and/or
 - (ii) off-market purchases pursuant to an equal access scheme in accordance with Section 76C of the Companies Act 1967 (“**Off-Market Purchase**”),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- b. unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
 - a. the date on which the next AGM of the Company is held or required by law to be held;
 - b. the date on which the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;
 - c. the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by shareholders of the Company in a general meeting;

whichever is the earliest;

- c. in this Resolution:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five Market Days (“**Market Day**” being a day on which the SGX-ST is open for trading in securities) on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Maximum Percentage**” means that number of issued Shares representing 1% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares or subsidiary holdings as at that date);

“**Maximum Price**” in relation to a share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

NOTICE OF ANNUAL GENERAL MEETING

- d. the Directors and/or any one of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Buyback Mandate in any manner as they think fit, which is permissible under the Companies Act 1967; and
- e. the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

Resolution 8

[See Explanatory Note (iv)]

By Order of the Board

Lissa Siau Kuei Lian
Company Secretary
Singapore, 16 July 2023

Explanatory Notes:

- (i) Mr Melvin Ang Wee Chye will, upon re-election as a Director of the Company, remain as the Executive Chairman and Executive Director and member of Nominating Committee.

Mr Dennis Chia Choon Hwee will, upon re-election as a Director of the Company, remain as the Non-Executive and Non-Independent Director.

Please refer to Table A of the Corporate Governance Report on page 47 to page 50 of the Annual Report for the detailed information of the above-mentioned retiring Directors, required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

- (ii) The ordinary **Resolution 6** in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) The ordinary **Resolution 7** in item 7 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the mm2 PSP provided that the aggregate additional shares to be allotted and issued pursuant to the mm2 PSP do not exceeding in total (for the entire duration of the mm2 PSP) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (iv) The ordinary **Resolution 8** in item 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 1% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase and acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2023 are set out in greater detail in the Appendix.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified).
3. The Proxy Form must be deposited at the registered office of the Company at **1002 Jalan Bukit Merah, #07-11 Singapore 159456** by mail or by email to ir@mm2asia.com, in each case, no later than **1.00 p.m. on 28 July 2023**, and failing which, the Proxy Form will not be treated as valid.
4. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. In the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
7. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS Investors) and who wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

Submission of questions prior to the AGM

1. A member of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations no later than 1.00 p.m. on 23 July 2023 through any one of the following means: (a) in physical copy by depositing the same at the registered office of the Company at **1002 Jalan Bukit Merah, #07-11 Singapore 159456**; or (b) by email to ir@mm2asia.com. The Company will endeavour to address substantial and relevant questions and will upload the Company's responses to the queries from shareholders on the SGXNet and Company's website by 25 July 2023.
2. If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of such member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration, analysis and facilitation by the Company (or its agents or service providers) of his/her/its participation in the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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MM2 ASIA LTD.

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

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and SRS Operators to appoint the Chairman of the Meeting to act as their proxy, at least 7 working days before the Meeting, in which case, CPF/SRS Investor shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name), _____ (NRIC/Passport no./Co. reg. No)

of _____ (Address)

being a member/members of mm2 Asia Ltd. (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Annual General Meeting ("Meeting") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Meeting of the Company to be held at One Marina Boulevard, Level 8 - Room 801, NTUC Business Centre, Singapore 018989 on Monday, 31 July 2023 at 1.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolutions	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
Ordinary Business:				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2023 together with the Independent Auditor's Report thereon			
2.	Approval of Directors' fees amounting to \$247,500 for the financial year ending 31 March 2024, to be paid quarterly in arrears			
3.	Re-election of Mr Melvin Ang Wee Chye as a Director			
4.	Re-election of Mr Dennis Chia Choon Hwee as a Director			
5.	Re-appointment of Messrs CLA Global TS Public Accounting Corporation as the Independent Auditor and to authorise the Directors to fix their remuneration			
Special Business:				
6.	Authority to allot and issue new shares			
7.	Authority to allot and issue shares under the mm2 Performance Share Plan			
8.	Proposed Renewal of Share Buyback Mandate			

**If you wish to exercise all your votes 'For', 'Against' or 'Abstain', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2023

Total number of Shares	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Member
and/or, Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: Please read notes overleaf



NOTES TO PROXY FORM

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at the Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A member shall specify the proportion of his/her/ its shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number or class of shares shall be specified).
4. Subject to note 8, completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The Proxy Form must be deposited at the registered office of the Company at **1002 Jalan Bukit Merah, #07-11 Singapore 159456** by mail or by email to ir@mm2asia.com, in each case, no later than **1.00 p.m. on 28 July 2023**, and failing which, the Proxy Form will not be treated as valid.
6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a Director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
8. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS Investors) and who wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

* A Relevant Intermediary is:

- (a) *a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or*
- (b) *a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or*
- (c) *the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 July 2023.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

The logo for mm2, with 'mm' in blue and '2' in grey.

mm2

(Company Registration Number: 201424372N)
(Incorporated in Singapore on 20 August 2014)
1002, Jalan Bukit Merah
#07-11 Singapore 159456
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