



mm2 Asia Ltd.

SUSTAINABILITY REPORT

2022

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MESSAGE FROM THE BOARD

Dear Valued Stakeholders,

On behalf of the Board of Directors (the “**Board**”), I am pleased to present our 5th Sustainability Report (the “**Report**”) for mm2 Asia Ltd. (the “**Company**” or “**mm2**”, together with its subsidiaries, the “**Group**” or “**we**” or “**us**” or “**our**”). This Report provides a broad overview of our sustainability performance over the financial year ended 31 March 2022 (“**FY2022**”).

The COVID-19 pandemic has continued to pose unprecedented challenges for the Group. Emerging now from the pandemic, we find a renewed sense of purpose and optimism within society, where many believe that other global challenges, such as climate change issues, can also be overcome. People and organisations are now willing to demonstrate their joint commitment to sustainability with their money, votes, loyalty and actions. We should all seize this moment to do better for the benefit of our future generations.

We recognise that the media and entertainment industry plays a particularly crucial role in educating individuals, communities, and society on climate change issues and the need for more sustainable patterns of consumption and production, and in encouraging them to act in support for a more sustainable future.

As a Group, we seek to make an impact, with a specific focus on the following three areas:

1) Innovating for the future

We are committed to seek out innovative improvements to the products and services we offer, with the aim of generating long-term social and environmental benefits while also creating economic gains for the firm.

As part of our digitalisation journey, electronic movie gift vouchers were successfully introduced in Cathay Cineplexes, and the cinema chain achieved a 90% adoption rate in FY2022. This initiative has also helped to reduce the need for single-use printed paper vouchers and cardstock envelopes in the sale of this product

2) Reducing our footprint

We are committed to integrating sustainability into all our business operations and supply chains. From this year on, we will be disclosing on a new metric – our energy intensity ratios, where we monitor our energy usage as a function of our Group's revenue. While we are conscious of how much of our energy consumption are not currently from sustainable sources, we see the inclusion of this disclosure as an important first step towards taking control of our energy needs and reducing our overall carbon footprint.

3) Inspiring Sustainability

We are committed to motivating people to embrace sustainability. In FY2022, mm2 Asia and AsiaOne launched GreenHome, a five-part miniseries that celebrates Singaporeans who incorporate eco-practices such as recycling. The series represents one of the ways we engage in knowledge-sharing practices that seek to effect behavioural change in the communities that we are a part of.

On Earth Day 2021, AsiaOne launched EarthOne, a new section dedicated to environmental stories that are especially relevant to the lifestyles of young urban professionals. From conversations about climate change to sustainability, AsiaOne believes in using its reach to drive positive change.

We believe that mm2 is only at the beginning of its sustainability journey. Together, we will continue to work towards creating long-term sustainable value for our customers, employees, stakeholders, business partners, and community.

Sincerely,

Melvin Ang

Founder & Executive Chairman

ABOUT THIS REPORT

Reporting Period & Scope

The Report covers mm2's management approach and performance on material Economic, Environmental, Social, and Governance (“**EESG**”) factors, from 1 April 2021 to 31 March 2022 (“**FY2022**”). We have excluded Vividthree Holdings Ltd, UnUsUal Limited, and their respective subsidiaries from the scope of this Report, as they have published separate Sustainability Reports on their operations.

We have included comparative data reflecting the progress we have made towards our strategic goals as well as our Group's achievements. External assurance has not been sought for this Report, and we have relied on internal verification to ensure the accuracy of the data reported.

Reporting Framework

This Report takes reference from the guidelines set out in Practice Note 7.6 Sustainability Reporting Guide published by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as well as Rules 711A and 711B of SGX-ST's Mainboard Listing Manual.

This Report has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards: Core option. The internationally recognised GRI Standards were selected as a widely adopted reporting framework that supplies guidance suited for our business model.

In developing this Report, we have incorporated the following GRI reporting principles:

Sustainability Context

Presenting performance in the wider context of sustainability

Stakeholder Inclusiveness

Responding to stakeholder expectations and interests

Materiality

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

Completeness

Including information on all significant EESG impacts to allow stakeholders to assess our Group's performance

Report Contact and Feedback

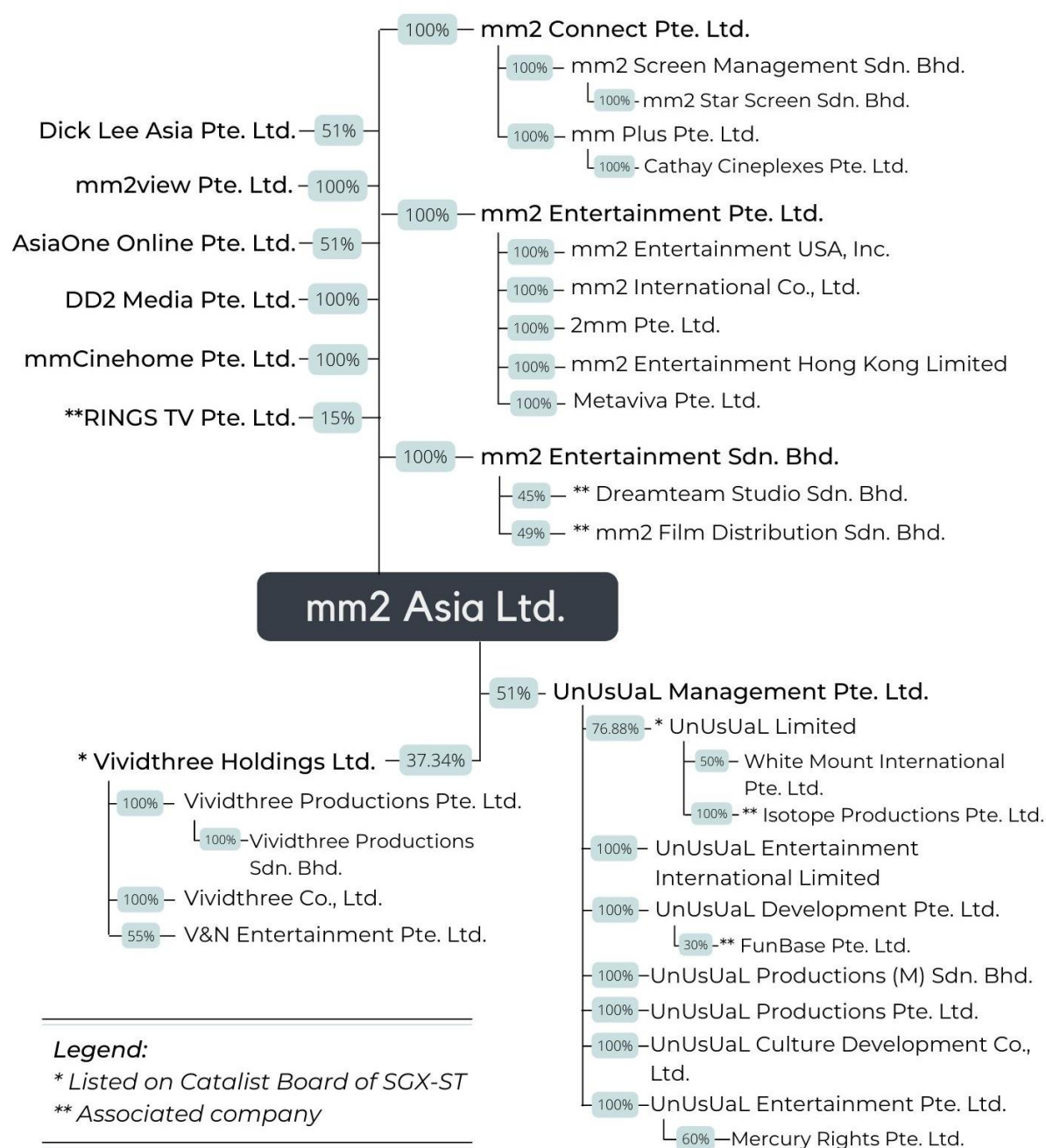
We welcome all feedback and suggestions on the contents of the Report, at IR@mm2asia.com.

ORGANISATIONAL PROFILE

Headquartered in Singapore, mm2 champions “Content and Media for Asia”, with integrated businesses across the content, immersive media, cinema, event and concert industries in Singapore, Malaysia, Hong Kong, Taiwan, China and the United States of America.

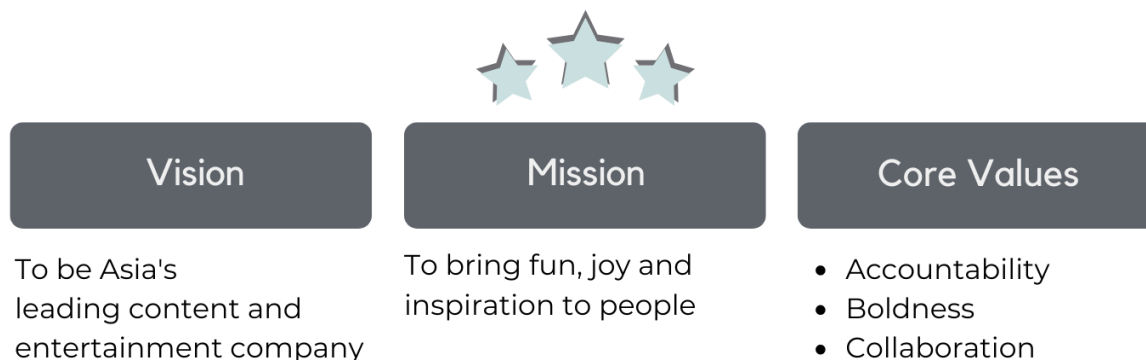
Our Group’s primary business activities include content production, distribution and sponsorship, post-production, cinema operations, event production and concert promotion.

Group Structure



Our Business Ethos

In all that we do, we are guided by our mission, vision, and core values.



Our Value Chain

The Group is firmly invested in integrating sustainability into our supply chain, stretching from content creation and production to its distribution and exhibition. We believe that sustainable supply chain management is key to achieving organisational excellence, helping us deliver long-term value for our stakeholders.

As set out in our Group's Supplier Evaluation Policy and Procedures, we continuously evaluate our suppliers' performance based on their service excellence, product quality, delivery timeliness, business ethics and reputation. We also require all suppliers to perform an annual declaration, in adherence to the Supplier Code of Conduct we have put in place.

EESG factors have become an increasingly important point of consideration in our supply chain assessment. Our production teams have been seeking to incorporate more eco-friendly practices in their business activities, whether by reducing the amount of plastic waste on film shoots or using rented or recycled props for projects.

At the same time, we also try to include various aspects of value chain management in our risk assessment and management processes. By continuously sourcing for new suppliers and maintaining a steady pool of suppliers with whom we have good business ties, we allow for alternative arrangements to be made, should any of our suppliers fail to meet our stringent internal requirements.

In FY2022, the Group did not engage in any long-term agreement with suppliers as services procured varied from project to project.

Membership of Associations

Our subsidiary, mm2 Entertainment Hong Kong Limited, is a member of The Singapore Chamber of Commerce (Hong Kong). As a member, we are privy to industry-relevant statistics and other information, and we are afforded with opportunities to foster closer business links, economic understanding and cooperation with other organisations across Singapore, Hong Kong, the People's Republic of China and other areas in the region.

Awards and Achievements

Over the past year, we are pleased to share that mm2's produced content has been well-received by the industry and consumers alike.

- After winning the Grand Jury Prize and Audience Award at the 15th FIRST International Film Festival held in Xi Ning in August 2021, our Hong Kong film, *Drifting* 《濁水漂流》 has received 12 nominations at the 2021 Golden Horse Awards, which was held in October 2021.
- Another of our productions, *Precious is the Night* 《今宵多珍重》 has been selected by the Singapore Film Commission in October 2021 to be Singapore's entry to the 2022 Academy Awards (Best International Feature Film).
- In addition, we have received the Charity Bronze Award in October 2021, for our involvement in the ecutivLIVE IT UP Charity Concert. Back in 2020, mm2 and AsiaOne helped organise an online charity concert, with all proceeds having been directed to local charities SPD and Community Chest, who provide support for people with disabilities, low-income families, the elderly, and disadvantaged individuals.

mm2 will continuously put our best foot forward as we seek to bolster our reputation and standing within the industry.

External Initiatives

The spirit of giving back to society is deeply entrenched in mm2's corporate culture. We strongly believe in fostering strong relationships not only with our customers and business partners, but also with the communities we serve. While the Covid-19 pandemic has impacted our ability to gather for in-person charity events, mm2 has been proactive in seeking alternative ways to demonstrate our support for local communities.

In FY2022, mm2 was involved in the following external initiatives:

1. Hong Kong Film Gala Presentation 2021

In July 2021, mm2 collaborated with the Asian Film Awards Academy to hold the Hong Kong Film Gala Presentation in Singapore. We are heartened by how the three-day programme drew strong interest from members of the public and film industry players in Singapore. mm2 will continue to do our part in promoting Asian cinema and celebrating creative talent.

Please refer to <http://www.mm2entertainment.com/workdetails.php?id=278> for more information.

2. 2021 Sus Ads Video Challenge

In support of the Singapore Green Plan 2030, REACH, mm2 Entertainment Pte. Ltd. and AsiaOne Online co-organised the 2021 Sus Ads Video Challenge, a short video competition that encouraged young Singaporeans to play their part in tackling environmental issues and leading more sustainable lifestyles. The Group firmly believes in the power of media to inspire change and bring about a greener future for all, and will continue to engage in related initiatives.

More details can be found at <https://www.asiaone.com/susads/>.

3. mm2-NTU Bursary Fund

Since 2017, mm2 has liaised with the NTU Development Office to set up the mm2-NTU Bursary Fund, with the aim to support students who require financial aid to pursue their studies in Digital Animation or Digital Filmmaking. mm2 has pledged to donate a total amount of S\$160,000, funding two (2) bursary awards of S\$6,000 each annually. S\$100,000 of the total donation will go into the Endowed Fund, allowing for the sustainable generation of returns in perpetuity and ensuring the continuity of the mm2-NTU Bursary Fund. Due to the COVID-19 pandemic, the mm2-NTU Bursary Fund was put on hold in FY2022 but mm2 shall continue its support for the fund from next year onwards.

In addition, we have also sought to provide internship opportunities for students at Institutes of Higher Learning to support interested students in their professional development within the media industry.

ETHICS AND INTEGRITY

To enhance our shareholders' value while protecting the interests of our stakeholders, we strive to maintain high standards of corporate governance, professionalism, integrity and commitment at all levels. We are committed to conducting our affairs in full compliance with all applicable laws, rules and regulations.

Conflict of Interest Policy

mm2 has a zero-tolerance stance for corruption and dishonest behaviour in all dealings with our colleagues, business partners, shareholders as well as suppliers. All key management personnel, including our Executive Directors and Executive Officers, complete and submit to the Board their conflict-of-interest disclosures on an annual basis. This helps circumvent any potential conflict of interest that may arise over the course of our business activities.

Fraud and Whistle-blowing Policy

The Group has implemented a whistle-blowing policy and accessible channels are provided for employees to raise concerns about possible improprieties on matters such as financial reporting, misconduct, unlawful activities, and dishonest practices.

Upon receiving any reports through the whistle-blowing mechanism, our Audit Committee ("AC") decides on the appropriate disciplinary action based on the completed investigation results, while ensuring that employees will be protected from reprisals or victimisation for whistleblowing in good faith and without malice.

Our whistle-blowing policy has been published on our website, at <https://www.mm2asia.com/corporate-governance.php>.

In FY2022, we did not receive any reports for misconduct or malpractice.

FAIR EMPLOYMENT

With our operations spread out across multiple countries, mm2 is committed to attracting and retaining a diverse workforce and forging an inclusive workplace culture. We believe this is the crux to allowing both our people and our organisation to thrive within a global marketplace.

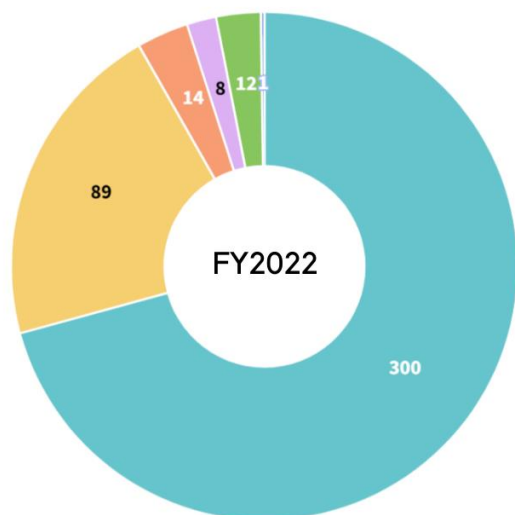
Adopting the five principles of Singapore's Tripartite Guidelines on Fair Employment Practices, mm2 is an equal opportunity employer. Our recruitment and selection process is based on aptitude, and there is no discrimination against race, age, gender, religion or nationality. In our cinemas, we offer internships to students with mild intellectual disabilities, empowering them with the necessary vocational skills to lead meaningful and independent lives.

In addition, we provide equal career development opportunities for all employees, assessing their performance and evaluating their suitability for promotion, pay increments, and bonuses on an annual basis.

As of 31 March 2022, our Group employed 424 employees, constituting 282 permanent full-time employees and 142 temporary part-time employees.

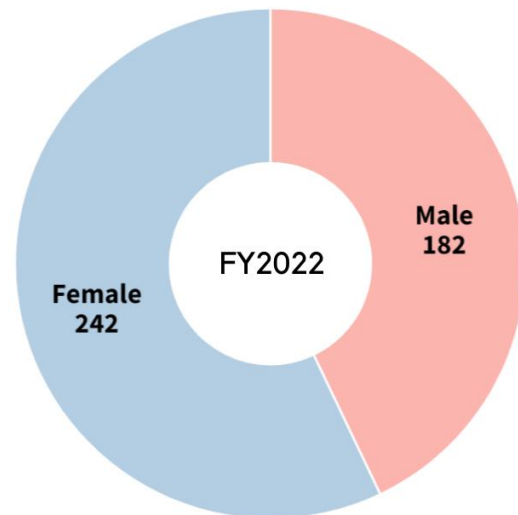
The breakdown of all our employees by country and by gender is as follows:

By Country:



Legend Singapore Malaysia Hong Kong Taiwan China USA

By Gender:



SUSTAINABILITY APPROACH

As Asia's leading media content producer, mm2 is committed to delivering long-term positive value for all our stakeholders.

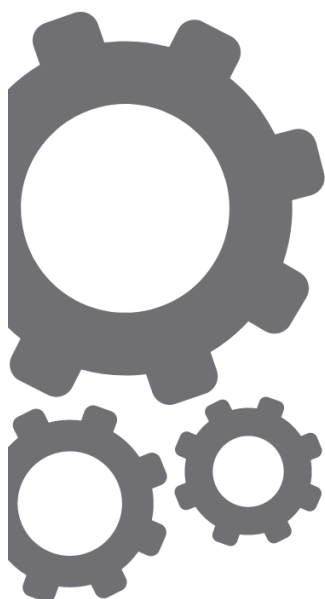
Whether at the strategic or the operational levels, sustainability is a key priority for the Group, as demonstrated by our robust sustainability governance framework, comprehensive risk assessment system, inclusive stakeholder engagement processes and rigorous materiality assessment methodology.



Sustainability Governance

To ensure the successful management of EESG issues and to enhance overall accountability, we have put in place a robust sustainability governance structure.

The Board, Board Committees, and key business units work closely together to integrate sustainability into our business operations and corporate objectives.



The Board

- Provides guidance on the Group's strategic direction on sustainability issues
- Validates material EESG factors, considering stakeholder groups' concerns and expectations
- Oversees how material EESG factors are monitored and managed

Board Committees

- Set performance targets and action plans for each material EESG factor
- Monitor the Group's sustainability performance and reports to the Board

Business Units

- Implement and execute EESG initiatives consistently across all departments within the Group.

Climate-Related Risks and Opportunities

In preparation for the roll-out of mandatory climate reporting over the next few years, our Group has completed a preliminary assessment of the actual and potential impact of climate-related risks and opportunities on our businesses.

Opportunities

With the growing emphasis on green growth across all industries, we are constantly on the look-out for opportunities relevant to our sector. This includes creating content for clients to communicate their sustainability strategies and values and having access to capital from sustainability-linked funds and grants to produce 'green' films or hold 'green' events.

Risks

Among possible physical risks, we consider the increase in business costs resulting from rising electricity prices to be one of the greatest climate-related risks for our Group. While extreme weather caused by climate change may lead to time delays and inflated project costs, we plan to manage this on a project level rather than at the business level.

Increasingly, we are noticing a tendency for clients and audiences to prefer working with companies that commit to minimum ecological standards. For instance, Netflix and other major media companies have piloted the Green Shooting initiative to tackle emissions across their entire value chain. As a production company ourselves, we understand that engaging in sustainable practices throughout our operations will eventually be a prerequisite to engaging with companies with a green mandate, like Netflix and Disney.

Our Group will continue to assess, monitor, and manage climate-related risks as part of our overall risk management system and internal controls to safeguard our stakeholders' interests.



Stakeholder Engagement

At mm2, we believe that developing and maintaining strong relationships with our stakeholders is key to our long-term growth.

Over the course of our day-to-day operations, we engage in open, two-way communication with key stakeholders that were identified by the management team. In doing so, we are better able to align our sustainability approach with our stakeholders' needs and expectations and to set collaborative goals.

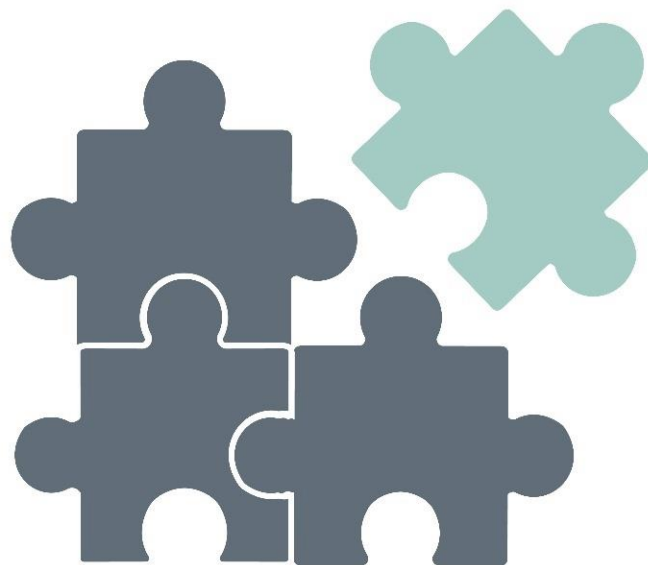
Stakeholder Groups	Engagement Activities	Stakeholders' Expectations	Frequency
Customers	Offer various content services to enhance customer experience around Asia	<ul style="list-style-type: none"> • Provide a platform to directly engage consumers in cinemas • Enhance brand experience • Build stronger customer relationships 	Ad-hoc
Suppliers	Maintain business dealings with suppliers that offer top-notch standards in areas such as ethical conduct and workplace standards	<ul style="list-style-type: none"> • Comply with terms and conditions of purchasing policies and procedures • Maintain high ethical standards 	Ad-hoc
Employees	Provide training and development courses for employees to remain competitive	<ul style="list-style-type: none"> • Ensure staff rights, welfare, personal development and a good working environment 	Ad-hoc
Investors	Hold annual meetings and regular board meetings to keep shareholders updated on the Group's economic performance	<ul style="list-style-type: none"> • Ensure profitability, transparency, timely reporting and fair purchasing practices 	Annually/ Ad-hoc
Business Partners	Actively pursue business opportunities to expand and strengthen our capabilities and competencies to become a leading media and entertainment company in Asia	<ul style="list-style-type: none"> • Build on main drivers of growth in the medium-to-long term • Produce and/or co-produce more films and high-quality content from Asia 	Ad-hoc
Governments and Regulators	Ensure respectful relationships with regulators and disclose pertinent information in a timely manner	<ul style="list-style-type: none"> • Engage in socially and environmental-friendly business approaches • Ensure compliance with regulations • Timely reporting and resolution of issues 	Ad-hoc

Materiality Assessment

Based on the invaluable feedback gathered from our internal and external stakeholders, we have identified the following three (3) EESG factors as being material to our organisation and stakeholders.

EESG Focus Areas		
Economic Performance	Energy	Marketing and Labelling
Our economic value generated and distributed to communities where our business operates	Our efforts to optimise consumption and management of energy for our business operations	Our compliance with IMDA's guidelines on film classification ratings in Singapore

To ensure the continual relevance of material topics selected for disclosure to our Group's business activities, we review and re-evaluate our material topics on an annual basis. This year, we have chosen to report on Diversity and Equal Opportunities as part of our Fair Employment policies and not as a separate material topic. We will be retaining the other three material topics that were disclosed in the previous financial year ("**FY2021**").



ECONOMIC PERFORMANCE

We are cognisant that steady economic growth benefits not only our shareholders but also our other stakeholders.

As a socially responsible organisation, the economic value generated by our business activities has been duly distributed to our employees as wages and to governmental institutions and broader society through the timely payment of taxes.

As the Group's businesses gradually recovers from the disruptive effects of the COVID-19 pandemic, the Group's revenue increased by approximately \$37.8 million or 50.2%, from \$75.2 million in FY2021 to \$113 million in FY2022. This increase was primarily driven by our core content creation business and the cinema business, following the completion of more film projects and the gradual opening of cinemas in Singapore and the region.

Our economic performance highlights for FY2022 are as follows:

ECONOMIC VALUE GENERATED			
Year	Revenue (S\$'000)	Gross Profit (S\$'000)	Net Profit (S\$'000)
FY2022	112,977	17,843	-42,088
FY2021	75,230	5,959	-99,512
FY2020	235,774	89,387	6,289

ECONOMIC VALUE DISTRIBUTED			
Year	Cost of Sales (S\$'000)	Employee Compensation (S\$'000)	Net Profit attributable to Equity Holders (S\$'000)
FY2022	95,134	17,341	-34,982
FY2021	69,271	18,495	-90,777
FY2020	146,487	25,210	3,334

During the COVID-19 pandemic, the Singapore government introduced support measures, such as the Job Support Scheme ("**JSS**") and the Rental Support Scheme ("**RSS**"), to help businesses cope with the pandemic's impact. As government funding and support tapered off, the total amount of government grants received by the Group decreased from approximately \$6.5 million in FY2021 to \$5.9 million in FY2022.

With the progressive reopening of economies and the growing demand for Chinese-language content in the region, we are cautiously optimistic that our business segments will rebound further in the upcoming financial years. In the meantime, we will remain prudent in our spending and work towards bolstering our resilience as a business.

Please refer to the 'Financial & Operations Review' section of our Annual Report for further details on mm2's economic performance in FY2022.



ENERGY

Across our offices and the cinema theatres we operate, all electricity consumed is sourced from the national grid. As a Group, we are dedicated to actively integrating environmental considerations into our business operations. To improve the quality of our disclosure on electricity usage, starting in FY2022, we are including the Group's electricity consumption in kilowatt-hours ("kWh") as a standardised unit.

We strongly encourage our employees to engage in eco-friendly practices in the workplace, whether by participating in the "Reduce, Reuse, Recycle" programme initiated by the National Environment Agency or by switching off lights and fans when rooms are not in use. In FY2022, mm2 offices' total electricity usage was as below:

ELECTRICITY CONSUMPTION IN MM2'S OFFICES			
Year	Energy Usage (kWh)	Group Revenue (S\$'000)	Energy Intensity (kWh/S\$'000)
FY2022	100,220	112,977	0.887

As the COVID-19 pandemic persisted throughout FY2022, our cinemas continued to operate with a restricted seat capacity of 50%, and all live ceremonies and events were prohibited. Even so, the total number of movie sessions held in Cathay Cineplexes in FY2022 increased by 48.7% to 72,148. Accordingly, our water and electricity usage increased by approximately 53.3% to a total cost of \$860,928, while air-conditioning charges increased by 83.3% to a total cost of \$604,971. This results in an energy intensity ratio of 50 kWh per movie session held in our cinemas.

RESOURCE CONSUMPTION IN CATHAY CINEPLEXES' CINEMAS			
	FY2022	FY2021	FY2020
Water and electricity charges (S\$)	\$860,928	\$561,474	\$1,157,000
Air-conditioning charges (S\$)	\$604,971	\$330,097	\$1,100,131
Electricity consumption (kWh)	3,608,799		
Total number of movie sessions	72,148	48,516	101,864
Energy intensity ratio (kWh/ session)	50		

Within our cinemas, we have continued energy-saving measures that were first implemented in FY2021. This includes switching off lights, air-conditioning and other equipment unless in use, shortening the active hours of LED walls, e-posters, and point-of-sales machines in alignment with operating hours, and turning off alternate water taps in restrooms and cubicles.

The Group will continue to monitor energy consumption rates in our offices and cinemas before setting quantitative targets for this topic. Meanwhile, we are looking into adopting newly available technology such as energy-efficient LED lighting and motion sensor lighting in our cinema walkways and lobbies to help reduce energy consumption.

MARKETING & LABELLING

All films produced by our Group are rated and evaluated according to the latest film classification guidelines enforced by the local authority, the Infocomm Media Development Authority (“**IMDA**”). Accordingly, we carefully review each film before its release to ensure compliance with the Films Act 1981, and we label each advertising poster with the appropriate film classification rating.

In addition, we are committed to ensuring that all marketing activities and advertising materials adhere to the Singapore Code of Advertising Practice, administered by the Advertising Standards Authority of Singapore (“**ASAS**”). Our marketing team, with oversight from senior management, review all information disclosed on our websites, advertisements, and films before their publication.

Besides adhering to the relevant legislation and requirements, we continuously update ourselves on the industry’s best practices for communicating clear and concise information to consumers. We conscientiously include the names of producer(s) and cast members, production release dates and running time, as well as authorities’ endorsements on the relevant websites, advertisements and marketing collaterals for each production.

We are pleased to announce that there has been zero (0) incidents of non-compliance with regulations and/or voluntary codes concerning product and service information, labelling, or marketing communications.

Moving forward, we will sustain our efforts to engage in responsible marketing practices and we seek to maintain our record of full compliance with regulations and voluntary codes on film classification and advertising practices.



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