MM2 ASIA LTD.

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

INDEPENDENT AUDITOR'S REPORT ON THE AUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

The Board of Directors (the "Board") of the Company, and together with its subsidiaries, (collectively the "Group") wishes to announce that the independent auditor of the Company, Messrs Nexia TS Public Accounting Corporation (the "Independent Auditor") has rendered an unmodified audit opinion with a Material Uncertainty Related to Going Concern matter in their report (the "Independent Auditor's Report") on the audited financial statements of the Group and the Company for the financial year ended 31 March 2022 ("FY2022").

A copy of the Independent Auditor's Report, together with an extract of the relevant note to the audited financial statements FY 2022, are annexed to this announcement. For avoidance of doubt, the opinion of the Independent Auditor's Report on the FY2022 audited financial statements remains unqualified. In forming their audit opinion on the financial statements, the Independent Auditor has considered both the adequacy of the disclosures made in Note 4 to the financial statements and Management's use of the going concern basis of accounting in the preparation of the financial statements, which remain appropriate.

Notwithstanding the audit opinion from the Independent Auditor, the Directors based on transparency and good corporate governance, have disclosed the implications of the COVID-19 pandemic and the Management's actions and plans, as discussed below, to address the uncertainty events (refer to Notes 1 and 4 of the financial statements). The Directors, based on the reasons set out in Note 4, are of the opinion that there are no concerns on the Group's ability to operate as a going concern basis.

(a) Ongoing recovery from the effect of the COVID-19 pandemic

Even though the Group is in a net current liabilities position as at 31 March 2022 and has incurred a net loss for the current financial year, the financial metrics of the Group for the current financial year have improved when compared to that of the previous financial year. This is mainly due to the easing of the COVID-19 pandemic restrictions during the current financial year.

The net current liabilities of the Group have decreased by approximately $43.2 million, while revenue grew by approximately 50% in the current financial year. Consequently, the Group's Earnings Before Interests, Taxes, Depreciation and Amortisation (EBITDA) has increased significantly by $23.59 million or 270% from $8.74 million in FY2021 to $32.33 million in FY2022 while net loss of the Group has decreased by approximately 58% in the current financial year, from a net loss of $99.51 million in FY2021 to a net loss of $42.09 million in FY2022. Cash flows from operating activities have also seen a significant increase of $24.1 million in the current financial year.

Subsequent to the financial year end, with the easing from most of the COVID-19 pandemic restrictions, which includes the removal of seating capacity restrictions in cinema theatres and the lifting of the ban on large live entertainment events, Management is optimistic of the Group's performance for the next 12 months.

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

(i) On 23 March 2022, the Company has 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. As at reporting date, the Company has received advance payment of $9.75 million and this has been accounted as part of "Reserves" in equity within the Group's and Company's statements of financial position. The placement has been completed subsequent to the financial year end, on 4 April 2022, upon the receipt of the remaining placement funds of $9.75 million. Accordingly, on the same date, the Company has issued 390 million new ordinary shares to these placees.

(ii) On the respective dates of 12 May 2022, 6 June 2022 and 22 June 2022, mm Connect Pte. Ltd. ("mm Connect"), a wholly-owned subsidiary of the Company, has entered into convertible bond agreements with subscribers ("Bondholders") for issuance of unsecured convertible bonds in an aggregate of $12.0 million, carrying a coupon rate of 5% per annum and matures on the second anniversary of their respective dates of issue. These transactions were completed as at the date of this announcement.

(iii) On 16 June 2022, the Company has entered a term sheet with UOB Kay Hian Private Limited as arranger in relation to a proposed issue of exchangeable bonds ("Exchangeable Bonds") coupled with detachable warrants ("Warrants") by the Company (collectively known as "Proposed Issuance"). The Proposed Issuance remains subject to entry into definitive agreements after negotiations between the parties.

The principal amount of Exchangeable Bonds is $54.0 million, with a coupon rate of 5% per annum and a tenure of two (2) calendar years from the issue date, which will automatically be extended for one (1) year in the event the Exchange Right is not exercised at the end of the 2 years tenure. The Exchangeable Bonds are issued together with 250 million Warrants, each carrying the right for a period of five (5) years from the issue date to subscribe for one new ordinary share in the Company at an exercise price of $0.065 per new share. If fully exercised, the consideration from issuance of the Warrants will amount to $16.25 million. The total funds expected to be raised from this Proposed Issuance amount to $70.25 million. The transaction is in progress as of the date of this announcement.

(iv) The Group has been engaging continually with various lenders since the last financial year ended 31 March 2021 to obtain letters of waiver on certain compliance requirements stipulated in the facility agreements, refinancing of its existing loans and/or to extend existing loans tenure. Subsequent to the financial year end, one of the financial institutions of the Company has agreed in principle to defer the loan repayments, specifically, the loan principal repayments totaling $21.93 million which are due within twelve (12) months from the current financial year end, has been deferred for another twelve (12) months. These refinancing exercises allow the Group to preserve sufficient working capital to sustain its recovery from the impact of the COVID-19 pandemic. Based on the Group's successful negotiation with the lenders in past and the current financial year, the Group is cautiously optimistic that the various lenders will continue to support the Group in the upcoming financial year. The negotiations on these corporate exercises with the lenders are still ongoing and continuing as at the date of this announcement.

(v) Management will continue to implement comprehensive cost-containment measures, including but not limited to re-negotiation of the lease terms with the lessors.

Shareholders of the Company are advised to read the FY2022 Audited Financial Statements in full, as set out in its annual report 2022 (the "FY2022 AR"). The FY2022 AR will be available on the Company's website and SGXNet on 13 July 2022.

Shareholders and investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

BY ORDER OF THE BOARD

Melvin Ang Wee Chye
Executive Chairman

13 July 2022

4 GOING CONCERN

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 its liabilities as when they fall due. The Group incurred a net loss of $42,088,000 (2021: $99,512,000) for the financial year ended 31 March 2022. As of that date, the Group's current liabilities exceeded its current assets by $76,293,000 (2021: $119,498,000). As disclosed in Note 1 - *Coronavirus Disease 2019 (COVID-19) Impact* to the financial statements, the spread of the COVID-19 pandemic in the two preceding and current financial years have significantly affected the Group's operations. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The Group and the Company have implemented several measures to weather through this current challenging environment. These efforts are ongoing as the Group and the Company continue to seek support from the vendors, landlords, shareholders and business partners to meet the challenges.

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 2022 is appropriate based on the following:

(a) Ongoing recovery from the effect of the COVID-19 pandemic

Even though the Group is in a net current liabilities position as at 31 March 2022 and has incurred a net loss for the current financial year, the financial metrics of the Group for the current financial year have improved when compared to that of the previous financial year. This is mainly due to the easing of the COVID-19 pandemic restrictions during the current financial year.

The net current liabilities of the Group have decreased by approximately $43.2 million, while revenue grew by approximately 50% in the current financial year. Consequently, the Group's Earnings Before Interests, Taxes, Depreciation and Amortisation (EBITDA) has increased significantly by $23.59 million or 270% from $8.74 million in FY2021 to $32.33 million in FY2022 while net loss of the Group has decreased by approximately 58% in the current financial year, from a net loss of $99.51 million in FY2021 to a net loss of $42.09 million in FY2022. Cash flows from operating activities have also seen a significant increase of $24.10 million in the current financial year.

Subsequent to the financial year end, with the easing from most of the COVID-19 pandemic restrictions, which includes the removal of seating capacity restrictions in cinema theatres and the lifting of the ban on large live entertainment events, management is optimistic over of the Group's performance for the next 12 months.

(b) The following sources of funding and also disclosed in Note 42 to the financial statements are expected to be available to the Group for the next 12 months from the date of financial statements:

(i) On 23 March 2022, the Company has 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. As at reporting date, the Company has received advance payment of $9.75 million and this has been accounted as part of "Reserves" in equity within the Group's and Company's statements of financial position. The placement has been completed subsequent to the financial year end, on 4 April 2022, upon the receipt of the remaining placement funds of $9.75 million. Accordingly, on the same date, the Company has issued 390 million new ordinary shares to these placees.

(ii) On the respective dates of 12 May 2022, 6 June 2022 and 22 June 2022, mm Connect Pte. Ltd. ("mm Connect"), a wholly-owned subsidiary of the Company, has entered into convertible bond agreements with subscribers ("Bondholders") for issuance of unsecured convertible bonds in an aggregate of $12.0 million, carrying a coupon rate of 5% per annum and matures on the second anniversary of their respective dates of issue. These transactions were completed as at the date of this report.

4 GOING CONCERN (CONTINUED)

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

(iii) On 16 June 2022, the Company has entered a term sheet with UOB Kay Hian Private Limited as arranger in relation to a proposed issue of exchangeable bonds ("Exchangeable Bonds") coupled with detachable warrants ("Warrants") by the Company (collectively known as "Proposed Issuance"). The Proposed Issuance remains subject to entry into definitive agreements after negotiations between the parties.

The principal amount of Exchangeable Bonds is $54.0 million, with a coupon rate of 5% per annum and a tenure of two (2) calendar years from the issue date, which will automatically be extended for one (1) year in the event the Exchange Right is not exercised at the end of the 2 years tenure. The Exchangeable Bonds are issued together with 250 million Warrants, each carrying the right for a period of five (5) years from the issue date to subscribe for one new ordinary share in the Company at an exercise price of S$0.065 per new share. If fully exercised, the consideration from issuance of the Warrants will amount to $16.25 million. The total funds expected to raise from this Proposed Issuance amount to $70.25 million. The transaction is in progress as of the date of this report.

(iv) The Group has been engaging continually with various lenders since the last financial year ended 31 March 2021 to obtain letters of waiver on certain compliance requirements stipulated in the facility agreements, refinancing of its existing loans and/or to extend existing loans tenure. Subsequent to the financial year end, one of the financial institutions of the Company has agreed in principle defer the loan repayment, specifically, the loan principal repayment totaling $21.93 million which are due within next twelve (12) months from the financial year end, has been deferred for another 12 months. These refinancing exercises allow the Group to preserve sufficient working capital to sustain its recovery from the impact of the COVID-19 pandemic. Based on the Group's successful negotiation with the lenders in past and the current financial year, the Group is cautiously optimistic that the various lenders will continue to support the Group in the upcoming financial years. The negotiations on these corporate exercise with the lenders are still ongoing and continuing as at the date of this report.

(v) Management will continue to implement comprehensive cost-containment measures, including but not limited to re-negotiation of the lease terms with the lessors.

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 are unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to realised other than in the amounts at which are currently recorded in the statement of financial position. In addition, 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.

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 2022, 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 2022 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 of the financial statements, which indicates that the Group incurred a net loss of $42,088,000 (2021: $99,512,000) for the financial year ended 31 March 2022, and as of that date, the Group's current liabilities exceeded its current assets by $76,293,000 (2021: $119,498,000). In addition to Note 4, the Group has borrowings amounting to $154,394,000 (2021: $192,669,000) which are due within the next 12 months from the financial year ended 31 March 2022.

These events or conditions, along with other matters as set forth in Note 4 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In forming our opinion on the financial statements, we have considered both the adequacy of the disclosures made in Note 4 and management's use of the going concern basis of accounting in preparation of the financial statements, which remain appropriate.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

<u>Area of focus</u>

The Group's total revenue amounted to $112,977,000 for the financial year ended 31 March 2022 which is principally contributed from four (4) business segments, namely, core business, post-production and digital content production, cinema operations 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 as this is a significant audit risk and a vital area for the Group. Moreover, certain revenue streams in the Group are driven by certain terms in the related contracts which would require greater judgement and consideration.

<u>How our audit addressed the area of focus</u>

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; and

- Reviewed management's disclosures in the consolidated financial statements.

Key Audit Matters (continued)

Carrying value of goodwill and brand allocated to cash-generating units ("CGUs") of cinema operations
(Refer to Notes 2.8(a), 2.13(a), 3(c) and 24 to the financial statements)

Area of focus

As at 31 March 2022, the Group recorded goodwill and brand allocated to the CGUs of cinema operations, which arises from various business combinations, amounting to $185,058,000 and $17,969,000 respectively. The total goodwill and brand attributable to cinema operations represents 35% of the Group's total assets.

Brand does not generate cash flow independently and the recoverable amount of brand are determined together with the recoverable amount of the CGU that the brand belongs to. The determination of the recoverable amount of the CGU are performed annually.

Management applies the value-in-use method to determine the recoverable amount of the CGUs of cinema operations. In preparing the cash flow projections, significant judgement is used to assess the recoverable amounts of the CGUs which are highly dependent on management's forecasts and estimates which include, but are not limited to, discount rate, growth rate, future projected cash flows and assumptions that are affected by future market and economic conditions.

Consequently, the Group impaired its goodwill amounted to $12,000,000 as at 31 March 2022 as the carrying value of the CGUs, consisting of both goodwill and brand, exceeds the recoverable amount.

We focused on this area as a key audit matter due to the significance of the goodwill in relation to the total assets of the Group and the inherent uncertainties involved in the estimates and judgements used in the preparation of the forecasts.

How our audit addressed the area of focus

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

- With the assistance of our valuation specialist, we had critically evaluated whether the model and methodology used by management to determine the recoverable amount of goodwill and brand complies with SFRS(I) 1-36 *Impairment of Assets* and assessed the reasonableness of the growth rate and discount rate used;

- Analysed the future projected cash flows used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGUs (including the potential impact from COVID-19);

- Evaluated the reasonableness and challenged the appropriateness of key assumptions used by the management, by comparing them against historical forecasts and performance, as well as publicly available market data and considered reasonably possible changes in the key assumptions used; and

- Reviewed management's disclosures in the consolidated financial statements.

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 2022, trade and other receivables amounted to $122,856,000 have contributed 21% 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 instruments and incorporated forward-looking information, including assessing the potential impact arising from the outbreak of COVID-19.

Significant judgement was applied by the Group to assess the economic outlook and probability of cash flow difficulties that could be experienced by certain debtors when assessing the impact of COVID-19 on the expected credit loss of trade and other receivables.

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 (including the potential effects arising from the outbreak of COVID-19 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.

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 $48,955,000 are an integral part of the Group's businesses and contributed to approximately 8% 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, less estimated residual value and accumulated impairment are amortised in proportion to the estimated projected revenue over their 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 film is released. The Group recognised amortisation expense relating to these films totaling to $12,757,000 for the financial year ended 31 March 2022.

The amortisation period and method for these films are reviewed annually and subjected to impairment assessment whenever there is an indication that it may be impaired. Management had 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. The Group had recognised impairment loss relating to film intangibles and film inventories totaling to $2,417,000 for the financial year ended 31 March 2022.

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 (including the potential impact from COVID-19);
- 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.

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.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
13 July 2022