CONTENT & MEDIA
FOR ASIA

mm2 Asia Ltd Annual Report 2020

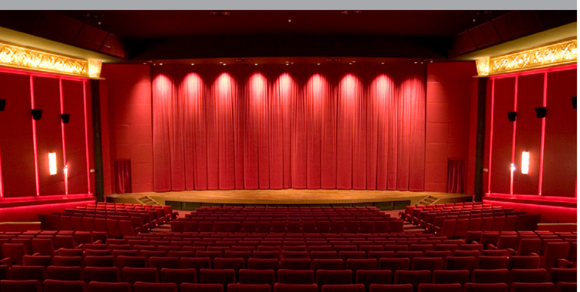

Triad Princess 極道千金 / Category : Series


In My Heart 想見你 / Category : Films


Westlife The Twenty Tour / Category : Concert Promotion

The Voice 决战好声 / Category : Formats

ION Sky - Immersive Experience / Category : MICE Experiences


Cathay Cineplexes / Category : Cinema Business

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CORPORATE GOVERNANCE REPORT

FINANCIAL REPORT

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:

Content Production, Distribution and Sponsorship ("**Core Business**")

Digital Content, MICE[1] Experiences & Consumer Entertainment ("**Post and Digital Content Production Business**")

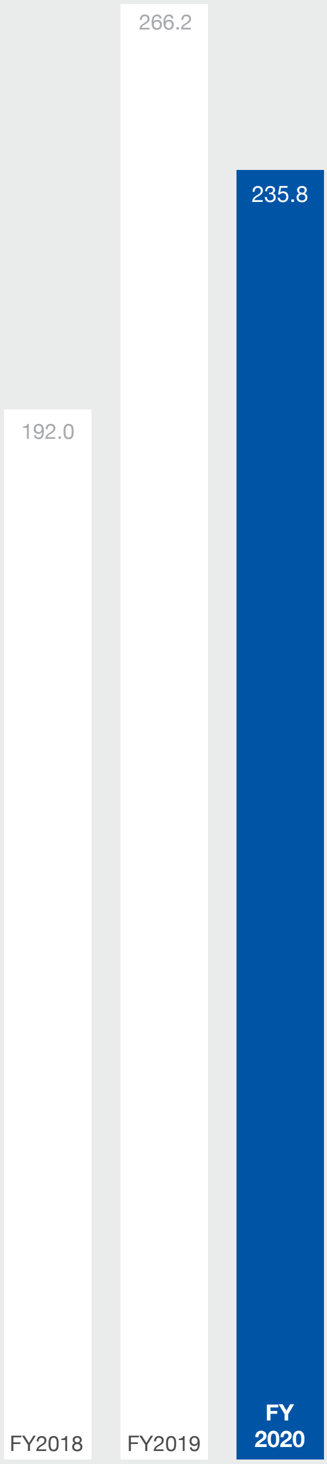
Cinema Operations ("**Cinema Business**")

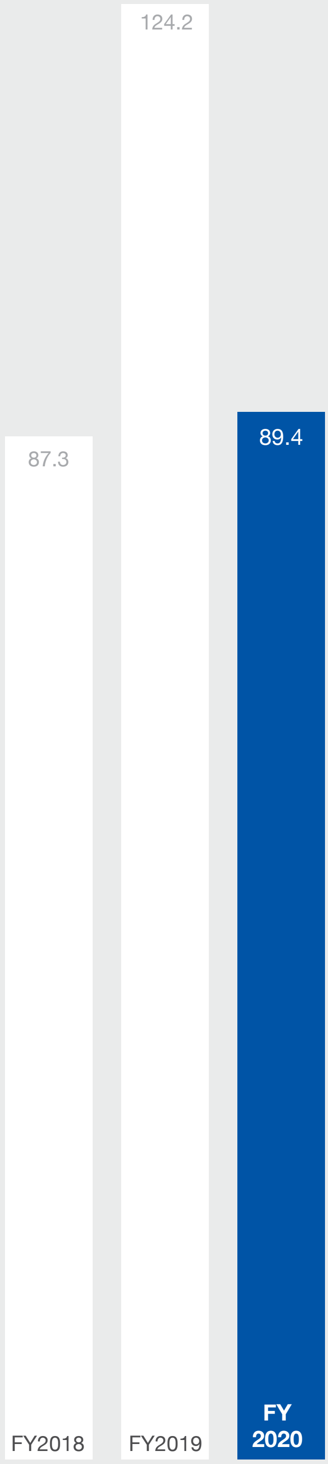
Event Production and Concert Promotion ("**Concert and Event Business**")

[1] MICE: Meetings, Incentives, Conventions and Exhibitions

Financial Highlights

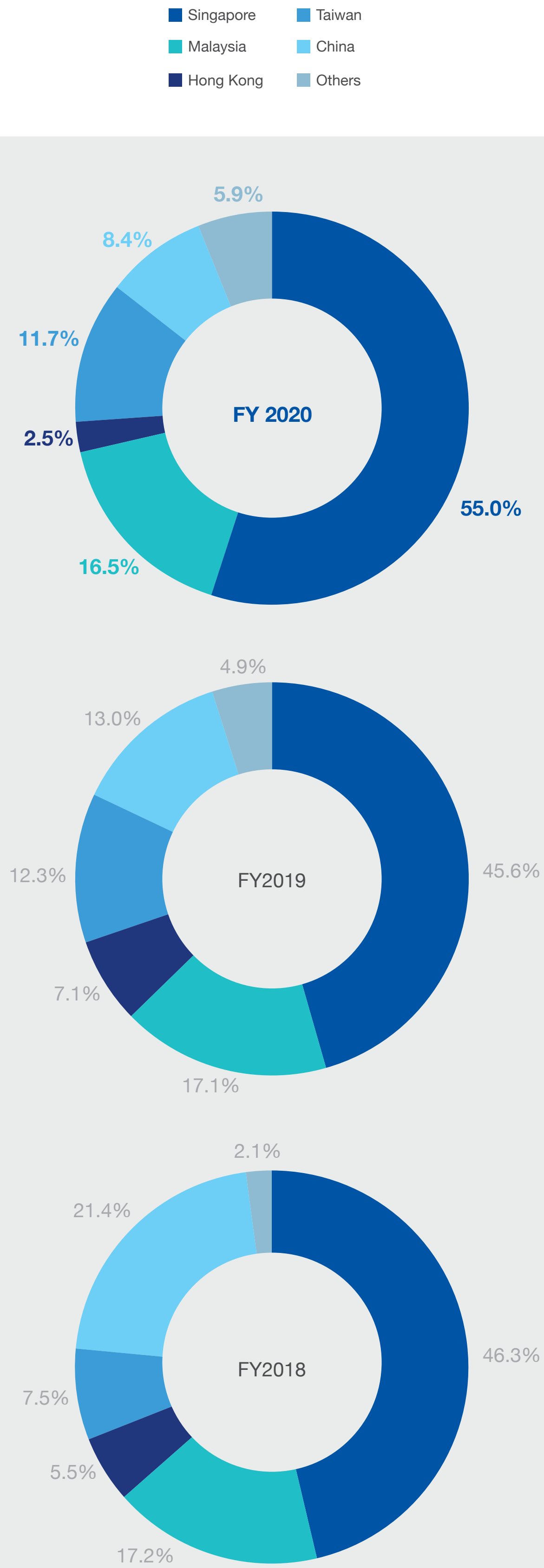
REVENUE ($ million)	GROSS PROFIT ($ million)	NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS ($ million)
235.8	89.4	3.3





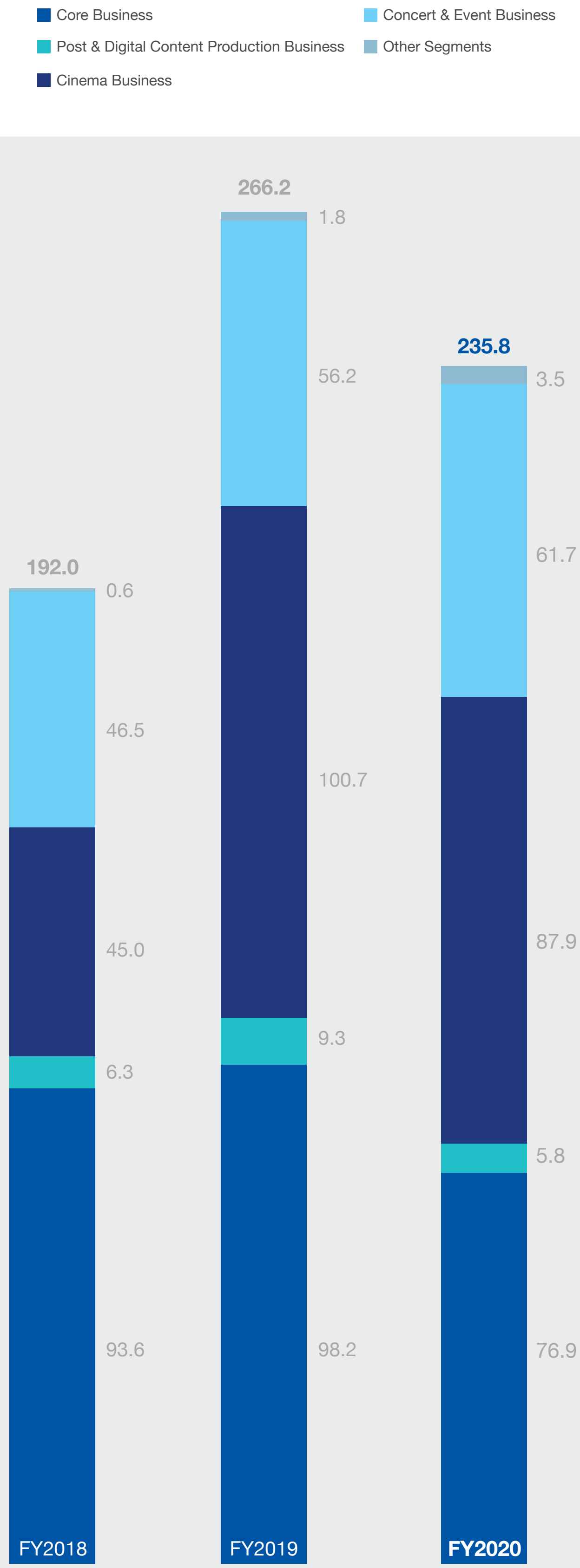
Financial Highlights

REVENUE BREAKDOWN BY GEOGRAPHICAL LOCATION



REVENUE BREAKDOWN BY BUSINESS SEGMENTS

($ million)



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.

POST AND DIGITAL CONTENT PRODUCTION

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

vividthree

Vividthree Holdings Ltd. ("Vividthree") is an award-winning studio specialising in VR[1], VFX[2] and CGI[3] serving clients across Asia. Vividthree's offerings are divided into three business segments: Digital Content, MICE[4] Experiences and Consumer Entertainment.

Train to Busan Horror House – Resorts World Genting

Vampire Cleanup Department 救殭清道夫 VFX

[1] VR: Virtual Reality
[2] VFX: Visual Effects
[3] CGI: Computer-generated Imagery
[4] MICE: Meetings, Incentives, Conferences and Exhibitions

Our Business

CINEMA BUSINESS

The Group is presently the only player managing and operating cinemas in both Malaysia and Singapore. The Group operates 151 screens across 20 locations in Malaysia under the brand "mmCineplexes". In Singapore, following the acquisition of Cathay Cineplexes Pte. Ltd., the Group became the second-largest cinema operator in Singapore, with 64 screens across 8 locations under the brand "Cathay Cineplexes".

Cathay Cineplexes

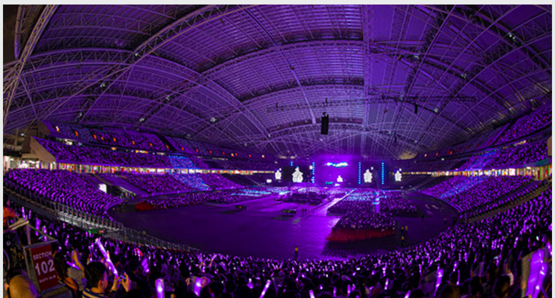
151 Screens
20 Locations

64 Screens
8 Locations

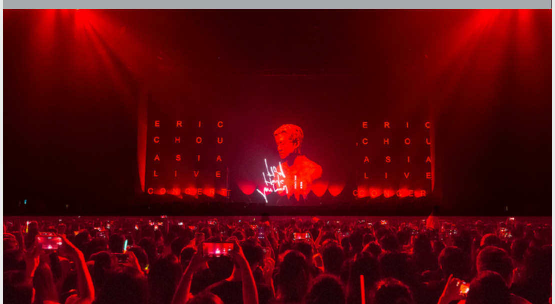
CONCERT AND EVENT BUSINESS

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.



JJ Lin Sanctuary World Tour 2.0



Eric 周興哲 How Have You Been 2019 Asia Tour in Singapore

Corporate Milestones

2020

Announced plans to launch on-demand streaming service – Cathay CineHOME

2019

- Incorporation of new subsidiary – DD2 Media Pte. Ltd. ("DD2 Media")
- Announced plans to launch video streaming service – mPlay Asia

2018

- Issuance of S$47.85 million in Convertible Debt Securities by mm2 Asia's subsidiary mm Connect Pte. Ltd. (Cinema Business)
- Establishment of US$300 million Guaranteed Multicurrency Medium Term Note in the Bond Market
- Incorporation of a 51%-owned subsidiary, AsiaOne Online Pte. Ltd., with Singapore Press Holdings Limited
- Joint venture business in Académie of Stars Pte. Ltd. ("Académie") with mm2 Asia owning 19% stake in Académie
- Listing of Vividthree Holdings Ltd., on SGX Catalist Board

2017

- Appointment of Mr Chang Long Jong as Chief Executive Officer of mm2 Asia Ltd.
- Listing of UnUsUaL Limited on SGX Catalist Board
- Incorporation of new subsidiary –满满哆文化传媒(上海)有限公司 mm2 International Co., Ltd. in Shanghai, China
- Signing of co-production deal with Turner for 5 Feature Films in 3 Years
- Commencement of trading on SGX Mainboard
- Aquired 13 cinema businesses and assets from Lotus Five Star Cinemas (M) Sdn. Bhd.
- Aquired 100% stake in Cathay Cineplexes Pte. Ltd.

2016

- Placement Agreement with StarHub Ltd. ("StarHub") to acquire 9% stake in mm2 Asia for $18 million
- Acquired 3 cinemas' businesses and assets from Mega Cinemas Management Sdn. Bhd.
- Incorporation of new subsidiary – mm2 Entertainment USA, Inc. in California, United States of America
- Acquired 51% stake in UnUsUaL Pte. Ltd. (now known as UnUsUaL Limited)
- Recognised as Forbes Asia's 200 Best under a Billion

2015

- Acquired 51% stake in Vividthree Productions Pte. Ltd.
- Issuance of $2.875 million Convertible Bonds to Phillip Asia Pacific Opportunity Fund Ltd.
- Issuance of $2.6 million with $1.3 million greenshoe option Exchangeable Convertible Bonds to 3VS1 Asia Growth Fund 2 Ltd.
- Acquired 2 cinemas' businesses and assets from Cathay Cineplexes Sdn. Bhd.

2014

Listed on SGX Catalist Board

REVIEW OF FINANCIAL PERFORMANCE

Revenue

The Group posted a revenue of $235.8 million for the financial year ended 31 March 2020 ("FY2020"), a decrease of $30.4 million or 11.4%, from $266.2 million for the financial year ended 31 March 2019 ("FY2019"). Revenue from Event Production and Concert Promotion ("Concert & Event") segment has seen an increase by approximately $5.6 million was mainly due to completion of larger scale projects during first nine months of FY2020. The increase is offset by lower revenue contributed from Core business, Cinema segment and Post and Digital Content Production segment by approximately $21.3 million, $12.8 million and $3.5 million respectively.

Since the outbreak of COVID-19 pandemic, the Group's sales and operations have been greatly affected in the fourth quarter of FY2020 ("4QFY2020"), as a result, the Group's entire operations in countries which the Group operates in have been disrupted since 4QFY2020 by the enforcement of social distancing and travel restrictions to contain COVID-19. Consequently, the release of various project titles, project completion and events dates have been rescheduled by the clients. Cinema segment sales have similarly been affected by COVID-19 due to slowdown of economic activities in Malaysia and Singapore at the end of January 2020 which saw cancellation of several global movie releases. The cinema operations in Malaysia and Singapore were closed since 18 March 2020 and 26 March 2020 respectively, due to the respective governments' efforts to curb the spread of COVID-19 in both countries.

Cost of Sales

Cost of sales increased by $4.4 million or 3.1%, from $142.0 million in FY2019 to $146.4 million in FY2020. The increase is mainly contributed by (i) Concert & Event segment's cost of sales increased by approximately $14.8 million which is in tandem with increase in its revenue; and (ii) Post and Digital Content Production segment's cost of sales increased by $1.3 million due to higher amortisation and depreciation charges, partially offset by lower cost of sales in Core business and Cinema segment for an aggregate decrease of $13.3 million as the businesses/operations were disrupted by COVID-19 outbreak.

Gross Profit

As Group's revenue has significantly dipped in the most of the Group's business segments as result of COVID-19 impact, while its fixed direct cost and amortisation charges were incurred continually during period under review, gross profit has decreased by $34.8 million or 28.0%, from $124.2 million in FY2019 to $89.4 million in FY2020. Accordingly, gross profit margin decreased from 46.7% in FY2019 to 37.9% in FY2020.

EBITDA[(1)] of the Group Increased by

+$19.4 million

FY2020	**$97.9 million**
FY2019	$78.5 million

Other Income

Other income decreased by approximately $3.9 million or 86.7%, from $4.5 million in FY2019 to $0.6 million in FY2020. The decrease was mainly due to the absence of one-off gain $3.6 million on fair value changes in deferred consideration for business combination recorded in FY2019.

Other gains/(losses), net

In FY2020, Group recorded net other gains approximately of $7.1 million compared to net other losses of $1.1 million in FY2019. The net other gains in FY2020 mainly comprising the following:

- net fair value gain in derivatives financial instrument of $5.8 million arising from convertible bonds and notes and interest rate swaps;
- net gain on foreign currency exchange of $2.4 million; and
- losses in provision of expected credit losses on trade and other receivables of $1.0 million.

Administrative expenses

In FY2020, administrative expenses incurred approximately $67.9 million, a decreased by $2.0 million or 2.9%, from $69.9 million in FY2019. The decrease was mainly contributed by:

- decrease in staff cost by approximately $4.9 million;
- decrease in professional fees by approximately $1.5 million due to prior financial year's refinancing expenses;
- net reduction in rental expense by approximately $1.6 million due to the effect of adoption of SFRS(I)16 *Leases;* and
- savings in utilities expenses by $0.6 million;

The above savings in administrative expenses were offset by recognition of impairment loss on goodwill of Cinema segment amounted to $10.7 million after consideration of the impact of COVID-19 on certain cinema operations.

(1) *EBITDA: Earnings before impairment loss on goodwill, interest, tax, depreciation and amortisation*

Strategic Report

Corporate Governance Report

Financial Report

Finance expenses

Finance expenses mainly comprising the following:

- Interest expenses from banks and other instruments borrowings in FY2020 incurred $14.8 million, a decrease of $1.4 million or 8.6%, from $16.2 million in FY2019 was mainly due to lower interest expense on convertible bonds and notes by $1.6 million;
- One-off unwinding of discount on deferred consideration for business combinations amounted to $1.6 million which had recorded in FY2019; and
- Recognition of interest on lease liabilities in FY2020 amounting to $4.6 million (FY2019: Nil) following the adoption of SFRS(I)16 *Leases* at beginning of FY2020.

Overall, the Group's total finance expenses increased by $1.5 million or 8.4%, from $17.9 million in FY2019 to $19.4 million in FY2020.

Profit before tax

The Group recorded a lower profit before tax of approximately $9.6 million, a decrease of $30.2 million or 75.9%, as compared to $39.8 million in FY2019 due to aforementioned analysis and COVID-19 impact.

REVIEW OF FINANCIAL POSITION

As at 31 March 2020, the Group's total assets amounted to $737.3 million, an increase of $71.6 million or 10.8% from $665.7 million as at 31 March 2019, while total liabilities amounted to $463.7 million, a decrease of $64.6 million or 16.2% from $399.1 million as at 31 March 2019. This translate to net assets of $273.6 million as at 31 March 2020.

Current assets

Current assets decreased by $31.8 million or 11.1%, from $287.6 million as at 31 March 2019 to $255.8 million as at 31 March 2020. The decrease was mainly due to:

(i) net reduction of trade and other receivables by approximately $42.3 million or 23.4%, from $180.7 million as at 31 March 2019 to $138.4 million as at 31 March 2020, comprising the following:
   - total net reduction in trade debts and accrued income of $51.6 million or 36.3% from FY2019, including additional of provision for expected credit losses of $0.8 million in FY2020; and
   - increase in other receivables and prepayment by $9.4 million mainly contributed by Core business for projects, net of provision for expected credit losses of $0.2 million in FY2020

(ii) film products and film under production decreased by approximately $19.1 million or 87.2%, from $21.9 million as at 31 March 2019 to $2.8 million as at 31 March 2020, was mainly due to the transfer of film products to film rights amounted to $18.7 million;

(iii) increase in cash and cash equivalents by approximately $10.8 million or 58.1%, from $18.6 million as at 31 March 2019 to $29.4 million as at 31 March 2020, mainly comprising the following:
   - cash inflows from operating activities and financing activities of $32.6 million and $3.8 million respectively; and
   - cash utilisation in investing activities of $26.9 million

   (Refer to review of Cash Position for explanation);

(iv) increase in other current assets (i.e. costs incurred by the Group in fulfilling a contract with its customers (third party commissioned projects)) by approximately $18.3 million or 27.6% as compared to last financial year, was mainly due to more projects with higher value in progress and also its handover/completion dates have been postponed due to COVID-19 impact.

Non-current assets

Non-current assets increased by $103.4 million or 27.3%, from $378.1 million as at 31 March 2019 to $481.5 million as at 31 March 2020, was contributed from:

(i) reclassification of long-term other receivables amounting to $18.1 million as the repayment is not expected to be within the Group's normal operating cycle due to delays in a project as a result of the outbreak of COVID-19;
(ii) recognition of right-of-use assets (classified within Property, plant and equipment) of $79.0 million is in respect of rental of office, retail and cinema spaces following the adoption of SFRS(I)16 at beginning of FY2020;
(iii) film rights increased by $12.4 million or 42.5%, from $29.2 million as at 31 March 19 to $41.6 million as at 31 March 2020, was mainly due to the completion of film production and acquisition of film rights, net of amortisation charges during the period under review;
(iv) additional of film intangibles and film inventories by $2.0 million; and
(v) investment in financial assets, at fair value through profit or loss ("FVPL") increased by approximately of $4.1 million comprising unquoted securities of $2.8 million (31 March 2019: $0.7 million) and unquoted convertible loans of $1.3 million (31 March 2019: Nil).

The above increases are offset by recognition of impairment loss on goodwill for Cinema segment amounting to $10.7 million in FY2020 due to the reassessment of the future cash flows of the cinema operations after due consideration of the outbreak of COVID-19's impact. It was allocated to Cathay acquisition, Malaysia and Cathay acquisition, Singapore amounting to $3.7 million and $7.0 million respectively.

Current liabilities

Current liabilities increased by $68.7 million or 35.1%, from $195.6 million as at 31 March 2019 to $264.3 million as at 31 March 2020, was mainly due to:

(i) increase in short-term borrowings by approximately $94.9 million or 257.9%, from $36.8 million as at 31 March 2019 to $131.7 million as at 31 March 2020, comprising of:
- reclassification of convertible bonds and notes and loan notes amounting $47.3 million and $5.0 million respectively from non-current liabilities to current liabilities in accordance to the repayment period of the debt instruments; and
- new short-term loan (net of repayment) of $42.7 million for Core business and Cinema segments ($33.6 million), Concert & Event segment ($7.4 million) and Post & Digital Content Production segment ($1.7 million) are mainly for the purposes of working capital;

Total Assets of the Group Increased by

+$71.6 million

10.8% ▲
(FY2019 : $665.7 mil)

(ii) the Group recognised short-term lease liabilities of $23.1 million as at 31 March 2020 following the adoption of SFRS(I)16 on 1 April 2019;

(iii) decrease in trade and other payables by $39.7 million or 30.2%, from $131.4 million as at 31 March 2019 to $91.7 million as at 31 March 2020, was mainly due to repayment of creditors during FY2020; and

(iv) decrease in contract liabilities, in relation to advance billings but services yet to be fully completed and delivered, by $5.4 million or 31.6%, from $17.1 million as at 31 March 2019 to $11.7 million as at 31 March 2020 due to recognition of revenue for completion of projects during FY2020.

Non-current liabilities

Non-current liabilities decreased by approximately $4.1 million or 2.0%, from $203.5 million as at 31 March 2019 to $199.4 million as at 31 March 2020. The decrease was mainly due to:

(i) recognition of long-term lease liabilities of $61.7 million following the adoption of SFRS(I)16;
(ii) reduction in derivatives financial instruments of $5.8 million due to increase in its fair value;
(iii) net repayment of borrowings of $14.7 million; and
(iv) reclassification of convertible bonds and notes and loan notes amounting to $47.3 million and $5.0 million respectively from non-current liabilities to current liabilities as mentioned above.

REVIEW OF CASH POSITION

Net Cash Generated from Operating Activities

$32.6 million

As at 31 March 2020, our cash and cash equivalents amounted to approximately $28.1 million, as compared to $18.6 million as at 31 March 2019. The increase in cash and cash equivalents is mainly arising from:

(a) Net cash inflows from operating activities

In FY2020, the Group generated $95.4 million (FY2019: $76.9 million) net cash from operating activities before net working capital changes. After applying net working capital changes, it generated $32.6 million (FY2019: $14.5 million) net cash inflows from operating activities. The changes in working capital mainly contributed by net decrease in trade and other receivables of $20.8 million, and offset by the outflows from:

(i) Cost incurred in other current assets for $18.2 million was mainly due to more projects with higher projects value on-going;
(ii) additions to film intangibles and film inventories for $5.6 million;
(iii) trade and other payables for $46.1 million mainly due to net repayment of creditors;
(iv) contract liabilities for $5.4 million due to recognition of revenue upon completion of services; and
(v) tax payments made for $8.5 million during the FY2020.

(b) Net cash outflows from investing activities

In FY2020, net cash used in investing activities amounted to approximately $26.9 million as compared to previous financial year of $238.3 million. It was mainly contributed from:

(i) acquisition of film rights for $15.9 million as Core business continues to expand its films library and intellectual properties;
(ii) additions to property, plant and equipment for $6.1 million;
(iii) increase in investment in financial assets, FVPL of $2.2 million;
(iv) Increase in intangible assets by Post and Digital Content Production segment for $2.7 million which arising from acquired rights and capitalised development cost of its OTT platform

(c) Net cash inflows from financing activities

In FY2020, net cash inflows from financing activities amounted to approximately $3.8 million (FY2019: $150.3 million), mainly contributed by:

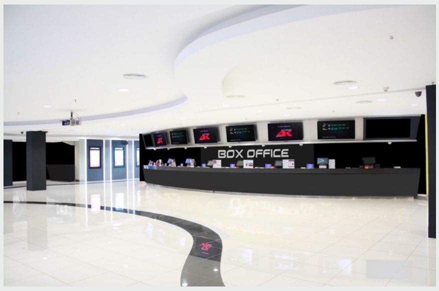
(i) proceeds, net of principal repayment, from loan drawn down for $31.1 million for the working capital for respective segments;
(ii) proceeds from issuance of convertible bonds of $5.0 million by Cinema segment;
(iii) repayment of lease liabilities for $17.0 million; and
(iv) interest payment of $15.9 million (comprising interest on bank borrowing of $11.4 million and interest on lease liabilities of $4.5 million).

As aforementioned, the Group recorded a net cash increase of approximately $9.5 million in FY2020, as compared to a net cash decrease of approximately $73.6 million in FY2019.

Financial & Operations Review

FUTURE OUTLOOK

The COVID-19 pandemic has impacted billions of people globally and many businesses have been adversely affected. Likewise, the Group will also face its challenges. Two of the Group's main businesses – Cinema and Concert and Events – have been clearly affected by COVID-19 with the mandated business closures. However, these two businesses have performed well during the first three quarters of FY2020 and profitable. In addition, the COVID-19 impact has been mitigated by the various financial support measures from industry regulators and also from partnerships with landlords.



Core Content Business Key Driver

The Group's core business in content development will continue to be a key driver, and its diversified businesses and multi-market presence will help mitigate the impact on other group businesses that have been more adversely affected by COVID-19.

With the increasing demand for Asian content, the Group's strategy remains focused on North Asia. With strong presence and proven track records, the Group will continue to produce more projects in these markets.

In addition, the increasing number of platform providers has resulted in an increase in demand for quality content. The Group will continue to strengthen its content creation capabilities to cater to these platform players, both broadcast networks and streaming service providers (OTT), based on a B2B business model.

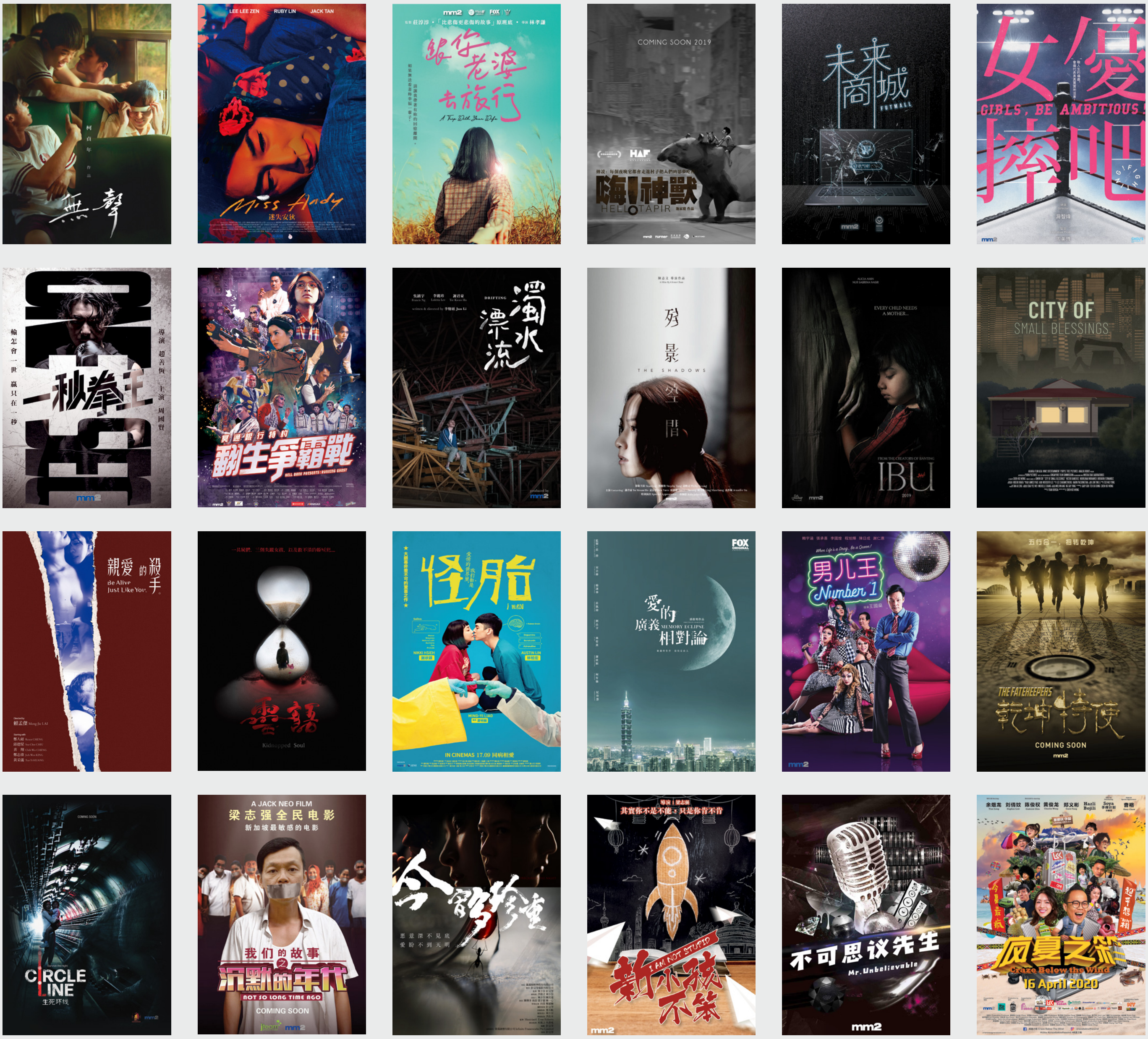
Concert & Event Business: Pent-up Demand for Live Entertainment

The Group foresees a pent-up demand for out-of-home and live entertainment after COVID-19 lockdowns ease. This coincides with its original pipeline with most shows planned for the second half of the coming financial year.

Cinema Business: Mitigate Impact of COVID-19 and Eventual Recovery

The Group is committed to ensure the initial reopening of cinemas will come with necessary safety measures to provide a safe environment for all customers. Since the beginning of COVID-19, a strong pipeline of Hollywood and Asian movies has accumulated to be released. The magic and draw of the movie-going experience is unparalleled and the Group remains optimistic about the cinema business over the longer term.

Order Book



COMING SOON

Group Structure

mm2

- 100% **mm2 Entertainment Sdn. Bhd.** (Malaysia)
  - 45% **Dreamteam Studio Sdn. Bhd.**(1) (Malaysia)
  - 49% **mm2 Film Distribution Sdn. Bhd.**(1) (Malaysia)
- 100% **mm2 Entertainment Pte. Ltd.** (Singapore)
  - 100% **mm2 Entertainment USA, Inc** (USA)
  - 100% **mm2 International Co., Ltd.** 满满哆文化传媒(上海) 有限公司 (Shanghai, China)
  - 100% **2mm Pte. Ltd.** (Singapore)
  - 100% **mm2 Entertainment Hong Kong Limited** (Hong Kong)
- 100% **mm Connect Pte. Ltd.** (Singapore)
  - 100% **mm2 Screen Management Sdn. Bhd.** (Malaysia)
    - 100% **mm2 Star Screen Sdn. Bhd.** (Malaysia)
    - 30% **River Front Mega Cineplex Sdn. Bhd.**(2) (Malaysia)
  - 100% **mm Plus Pte. Ltd.** (Singapore)
    - 100% **Cathay Cineplexes Pte. Ltd.** (Singapore)
- 41.53% **Vividthree Holdings Ltd.*** (Singapore)
  - 100% **Vividthree Productions Pte. Ltd.** (Singapore)
    - 100% **Vividthree Productions Sdn. Bhd.** (Malaysia)
  - 100% **Vividthree Co., Ltd.** 蔚视丰隆文化发展(上海)有限公司 (Shanghai, China)
  - 55% **V&N Entertainment Pte. Ltd.**(4) (Singapore)
- 51% **UnUsUaL Management Pte. Ltd.** (Singapore)
  - 76.88% **UnUsUaL Limited*** (Singapore)
    - 100% **UnUsUaL Productions Pte. Ltd.** (Singapore)
    - 100% **UnUsUaL Development Pte. Ltd.** (Singapore)
    - 100% **UnUsUaL Productions (M) Sdn. Bhd.** (Malaysia)
    - 100% **UnUsUaL Entertainment International Limted** (Hong Kong)
    - 100% **UnUsUaL Culture Development Co., Ltd.** 三优文化发展(上海)有限公司 (Shanghai, China)
    - 100% **UnUsUaL Entertainment Pte. Ltd.** (Singapore)
      - 60% **Mercury Rights Pte Ltd** (Singapore)
- 51% **Dick Lee Asia Pte. Ltd.** (Singapore)
- 100% **mm2view Pte. Ltd.** (Singapore)
- 51% **AsiaOne Online Pte. Ltd.** (Singapore)
- 100% **DD2 Media Pte. Ltd.** (Singapore)
- 100% **mmCinehome Pte. Ltd.**(3) (Singapore)
- 15% **RINGS.TV Pte. Ltd.**(1) (Singapore)
- 19% **Académie of Stars Pte. Ltd.**(1) (Singapore)

* Listed on Catalist Board
(1) Associated company
(2) Joint venture company
(3) Incorporated in June 2020
(4) Incorporated in July 2020

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report the Group achieved a resilient performance despite a challenging macroeconomic environment. The Group's underlying fundamentals remain strong. We are confident of managing the near-term headwinds with tenacity, clear-mindedness, cost control and discipline.

Against global and domestic headwind, due to COVID-19 pandemic, our core content business and other businesses are on track, particularly in the North Asia markets such as Taiwan, China and Hong Kong. With the easing of social distancing measures, we are ready to make a strong comeback with an exciting line-up of releases and productions. We kicked off July 2020 with the release of movies in Taiwan, Hong Kong, Singapore and Malaysia. We also recommenced our production and development projects in these markets. We have a strong pipeline of movies slated to be released in the upcoming months, targeting the Chinese-speaking markets in Asia.

Our cinemas have finally reopen their doors to cinema-goers in July this year. We have witnessed encouraging crowds within the first week of opening, the number of cinema-goers are likely to increase when the release of highly-anticipated blockbusters which are postponed due to the pandemic make their entrance to the silver screens.

As for the Concert and Event business, as the environment starts to open up, we are ready to return to the stage, beginning with the Taiwan market.

We have come a long way since we started the Company in 2008, producing several notable films in the region. This track record has cemented our position as a leading producer in the region. We have gained access to a greater number of good scripts, allowing us to select and produce higher quality productions.

The COVID-19 pandemic has also accelerated our digital initiatives. Starting with the establishment of our one-stop digital agency, DD2 Media, and together with several digital content platforms, namely mPlay, a regional video streaming platform for quality Chinese language short-form content; Cathay CineHOME, a movie streaming platform to complement our Cinema business; and our existing AsiaOne, one of the leading digital news portals in Singapore.

In this age of disruption, we cannot rest on our laurels and must continue to deliver innovative products and services to meet our customers' ever-changing expectations. We will continue to invest in our digital business strategy to complement all our existing businesses in content creation and distribution targeting audiences across Asia.

On behalf of the Group, I would like to thank all of our shareholders, business partners, fellow Board members and management again for your continued support. We will continue to stay cautious and humble in our growth journey, and continue to deliver value to our stakeholders. We will remain steadfast in our goal to become Asia's leading content and media company.

Melvin Ang
Founder & Executive Chairman

CEO's Statement

Dear Shareholders,

The world faced an unexpected and unprecedented crisis in the turn of the year, with countries locking down and economies closed to fight the pandemic outbreak. Most industries have been adversely affected, some to crippling proportions, by the impact of COVID19 which is still unfolding worldwide.

Against this backdrop of global socio-economic turmoil, the Group managed to deliver a respectable performance across our business segments. Although our cinema and event businesses were hit badly by the pandemic outbreak in the fourth quarter, I am pleased to report that the Group had achieved an EBITDA[1] of $97.9 million with a net profit of $6.3 million for the year.

COVID-19 has caused massive disruptions and uncertainties. The Group has taken steps to conserve our resources and tap the support schemes of the government to weather the storm ahead. Our core production business has shown resilience amidst the uncertainties. A strong pipeline of titles has been built from across the region and the demand for quality content remains high especially on the digital platforms which have seen a significant surge of users.

The Cinema and Concert and Event businesses have been the most severely impacted segments, as countries locked down and strict distancing measures were imposed. The recovery of these segments is expected to be gradual, as safe management measures are relaxed progressively.

The surge in digital platform traffic during the pandemic crisis opens up new opportunities for audience acquisition and engagement. Following the success of AsiaOne, we will launch two new digital services in FY2021 to grow our digital platform business. Cathay CineHOME will offer some of the most current movies for streaming shortly after the end of their theatrical releases. The service aims to complement and supplement the theatrical window so that more people get to catch the latest movies when they are released. Another video streaming service that will be launched is mPlay Asia, a free short-form video streaming platform targeting the Chinese speaking markets of Singapore, Taiwan, Malaysia and Hong Kong initially and subsequently, China.

These are unusual times and we are extremely grateful to all our key stakeholders including our shareholders, customers and business partners for their unwavering support. On behalf of the Management, I would like to thank the Board of Directors for their invaluable guidance and support. I would also like to express my heartfelt appreciation to our employees for their immense sacrifices and contributions as we brave the storm together with the unflinching resolve to emerge stronger and better.

Chang Long Jong
Group CEO

[1] *EBITDA: Earnings before impairment loss on goodwill, interest, tax, depreciation and amortisation*

Board Of Directors

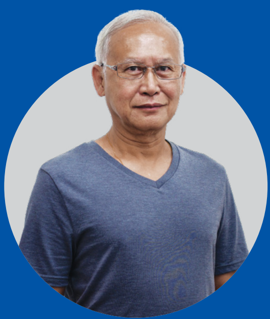
MELVIN ANG

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 the 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 ("Media Prima") 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 IviriaPte.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.

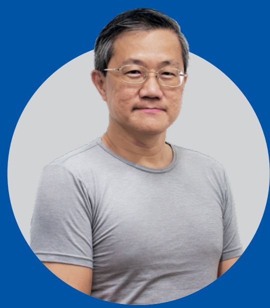
After twenty years in both the private and public sectors, substantially in Japan and China, with Arthur Andersen, Singapore Technologies, Government of Singapore Investment Corporation and the Enterprise Singapore Board, Mr Chia decided to embark on a career as a professional director, specializing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

Mr Chia's present directorships include Combine Will International Holdings Limited, Debao Property Development Limited, Dukang Distillers Holdings Limited and Ying Li International Real Estate 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 MyChinaChannel 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. Dennis 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

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

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

CHARLES YEO

Managing Director, Vividthree

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 14 years of experience in the production and post-production industry, with a special focus on VR and visual effects, since 2003 when he first ventured into the industry with Vividthree.

JED MOK

Chief Executive Officer, Vividthree

Jed Mok is responsible for the overall day-to-day management of Vividthree. He has over 20 years of experience in the media industry. Prior to that, from 2013 to March 2018, Jed Mok was General Manager for creative and strategy with Pico Art International Pte. Ltd..

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.

Our Team

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

Executive Director, mm2 Hong Kong

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

GARY GOH

Head, Digital Media, mm2 Singapore
Product Director, AsiaOne

Gary Goh has been a digital media native and innovator throughout his working career. While working at Singapore Press Holdings, he led product innovation in SPH Digital, and co-founded CashChanger.co, Singapore's top money changer product on Google. He currently heads Digital Media in mm2 and is in charge of AsiaOne.

ANDREW CHENG,

Director, Dick Lee Asia
Creative Consultant, mm2 Singapore

Andrew Cheng has over 40 years of television experience in Hong Kong and Singapore and held senior positions at Rediffusion Television and Mediacorp. He is responsible for the overall operations of Dick Lee Asia, and also assists the Group's Chief Content Officer in content development.

DICK LEE

Chief Creative Officer, Dick Lee Asia

With a music career spanning over 40 years, Dick Lee is an established performer and composer. His multiple accolades include receiving the Cultural Medallion as well as being the two-time recipient of the Hong Kong Film Awards for Best Original Movie Theme Song. He is responsible for all creative matters of Dick Lee Asia.

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. 1
2nd 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
8 Robinson Road
#08-00 ASO Building
Singapore 048544

Independent Auditor

Nexia TS Public Accounting Corporation
80 Robinson Road
#25-00
Singapore 068898

Engagement director: Low See Lien
(Appointment with effect from financial year ended 31 March 2019)

Principal Bankers

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 04 8624

Hongkong and Shanghai Banking Corporation
10 Marine Boulevard
#04-01, Marina Bay Financial Centre Tower 2
Singapore 018983

Investor Relations

Gem Comm Pte Ltd
1 Temasek Ave, Level 30
Singapore 039192
www.gem-comm.com

Company Website

http://www.mm2asia.com

Stock Code

1B0

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 financial year ended 31 March 2020 ("**FY2020**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance issued in August 2018, 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 – Principle 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 (6) Directors (the "**Directors**") of whom the Chairman is an Executive and Non-Independent Director, two (2) are Non-Executive Directors, three (3) are 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 half-year and full-year financial results and other strategic initiatives proposed by Management;

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 on the Board 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 pertaining 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 with 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 persons transactions. When there is an actual or potential conflict of interest, the concerned Directors shall, abstain from voting, and recuse themselves from discussion or decision making, on the conflict 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 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 independent auditor to facilitate efficient and direct access. 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. 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.

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 that all Directors receive regular training so as to be able to serve effectively on, and contribute to the Board.

During FY2020, there was no new appointment of director and the Company has no on-going budget for the non-executive and independent directors to attend appropriate courses, conferences and seminars conducted by external professional.

The Nominating Committee and Board are of the view that training is not required because the Non-Executive and Independent Directors have other relevant experiences and/or currently acting as non-executive director of several Singapore listed companies. The details of the directors experiences and qualifications are listed on pages 31 to 32 of this Report.

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. Our Independent Directors are also engaged full time in their respective profession, keeping them updated in their fields of knowledge.

In FY2020, the independent auditor, Nexia TS Public Accounting Corporation ("**Nexia TS**") 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 or corporate exercise;
- 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 the 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 half year and full year 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.

Provision 1.4 – Delegation by the Board to Board Committees

To assist in the execution of its responsibilities, the Board had established three (3) Board Committees. The Committees are the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**") (Collectively, "**the Board Committees**") and delegates specific areas of responsibilities to these Committees. Each of these Board Committees functions within clearly written terms of reference ("**TOR**"), which have been approved by the Board. The composition of the Board Committees for FY2020 is tabulated below:

Directors	AC	NC	RC
Melvin Ang Wee Chye ("**Melvin Ang**")	-	Member	-
Tan Liang Pheng ("**Mr Tan**")	Member	Member	Chairman
Chia Seng Hee, Jack ("**Jack Chia**")	Chairman	-	-
Lei Chee Kong Thomas ("**Thomas Lei**")	Member	Chairman	Member
Dennis Chia Choon Hwee ("**Dennis Chia**")	-	-	-
Mak Chi Hoo, Terry (**"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 rest 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 before each 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 various businesses 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.

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 FY2020 are as follows:

	Annual General Meeting		Board Meeting		NC Meeting		RC Meeting		AC Meeting	
Name of Director	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**	**No. Held**	**No. Attended**
Melvin Ang	1	1	4	4	1	1	NA	NA	NA	NA
Tan Liang Pheng	1	1	4	4	1	1	1	1	4	4
Jack Chia	1	1	4	4	NA	NA	NA	NA	4	4
Thomas Lei	1	1	4	4	1	1	1	1	4	4
Dennis Chia	1	1	4	4	NA	NA	NA	NA	NA	NA
Terry Mak	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 and where required, can 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 all Board and Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Company Secretary attends Board and Board Committees meetings and is responsible for ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary also periodically updates 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.

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
Provision 2.2 & 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 (6) Directors, three (3) of whom are independent and non-executive Directors (the "**Independent and Non-Executive Directors**"), two (2) are Non-Executive and Non-Independent Directors and one (1) Executive Chairman and Executive Director. 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, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affair. 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. The composition of the Board is as follows:

Mr Melvin Ang	(Executive Chairman and Executive Director)
Mr Tan Liang Pheng	(Lead Independent Director)
Mr Jack Chia	(Independent and Non-Executive Director)
Mr Thomas Lei	(Independent and Non-Executive Director)
Mr Terry Mak	(Non-Executive Director)
Mr 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 the Principal 2 of the Code for the NC review and recommendation to the Board.

Taking into consideration the foregoing, the NC has determined that Mr Tan Liang Pheng, Mr Jack Chia and Mr 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 Directors 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 form; such as the number of years which they have served on the Board.

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

Name of Director	Position	Date of initial appointment	Date of last re-election
Melvin Ang	Executive Chairman and Executive Director	20 August 2014	27 July 2017
Tan Liang Pheng	Lead Independent Director	4 November 2014	31 July 2019
Jack Chia	Independent Director	4 November 2014	31 July 2019
Thomas Lei	Independent Director	4 November 2014	31 July 2018
Terry Mak	Non-Executive Director	4 November 2014	31 July 2018
Dennis Chia	Non-Executive Director	31 August 2017	31 July 2018

The NC noted that none of the Independent and Non-Executive Directors, has served on the Board beyond nine (9) years from the date of his first appointment.

The Board and Board Committees are made up of a team of high caliber leaders whose diverse expertise and experience in accounting and finance, business administration strategic planning, business 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 Company does not adopt the board diversity policy, whereas it has embraced all aspects of diversity in the current Board composition. Although there is currently no female director appointed to the Board, the Board recognises the importance and value of gender and age diversity. However, the Board collectively of the view that it should not be considered as a requirement of selection of potential candidate. The right blend of skills, industry knowledge, relevant experiences, suitability, shall remain as priority.

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 are conducive for effective discussions 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, consider their current board size appropriate for effective decision-making, 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.

Executive Chairman ("Chairman") and Chief Executive Officer ("CEO")

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 of Directors.

Mr Melvin Ang, was appointed as the Executive Chairman of the Board on 20 August 2014 and Mr 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.

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(s). 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 provisions 3.3 of the Code, The Board has appointed Mr 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.

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 & 4.2 - Nominating Committee ("NC") Composition and Role

Nominating Committee ("NC")

The Board established the NC in 2014 which comprises two (2) 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, Mr 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.

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 KMPs,
(e) review the process and criteria for evaluation of the performance of the Board, its board committees and 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/her duties as director, having regard to the competing time commitments that are faced when service on multiple boards;
(i) to 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 to 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 its consideration and/or approval.

Under the Listing Rule 720(5) and the Company's Constitution, require all Directors to submit themselves for re-nomination and re-election at least once every three (3) 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. 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 Committees 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.

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.

Mr Melvin Ang, and Mr Dennis Chia are subject to retiring pursuant to Regulation 107 of the Company's 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 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 46 to 49 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 required, determined if a director is independent bearing in mind the circumstances set forth in Provision 2.1 and any other salient factors of the Code. Any Director who has served on the Board beyond nine (9) 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 the 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 (3) Independent Directors are independent (as defined in the Code) and in character, judgement and there were no circumstances which would likely affect or appear to affect their judgement.

During FY2020, 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 then 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.

The table below - Key Information of Directors, also shows the disclosure of directorships and chairmanships held over the preceding three (3) 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	Board Committee as chairman or member	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	Non-executive chairman of Unusual Limited
Tan Liang Pheng	• A member of the Institute of Singapore Chartered Accountants; and • Fellow Member of Association of Chartered Certified Accountants (UK)	Lead Independent Director, Chairman of RC and member of AC and NC	Nil	Nil
Jack Chia	• Degree in Accountancy from National University of Singapore; • Master of Arts in International Relations from International University of Japan; • Fellow member of the Institute of Certified Public Accountants; and • He also completed a General Manager Program at Harvard Business School.	Independent Director, Chairman of AC	• Sunray Holdings Limited • China Hongcheng International Holdings Limited • AGV Group Ltd. • Shanghai Turbo Enterprises Limited • Lifebrandz Limited • Combine Will International Holdings Limited	• Debao Property Development Limited • Dukang Distillers Holdings Ltd. • Ying Li International Real Estate Ltd. • CDW Holding Limited • Jieyu Business Information Consulting (Chogqing) Limited Liability Company
Thomas Lei	• Bachelor of Laws from National University of Singapore; and • Member of the Law Society of Singapore	Independent Director Chairman of NC and Member of AC and RC	Nil	Nil

Name of director	Academic & professional qualifications	Board Committee as chairman or member	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
Terry Mak	• Master of Business Administration from University of Connecticut; and • Bachelor of Science in Chemistry from Hong Kong Baptist University	Non-Executive Director, and Member of RC	• Celestial Pictures Ltd. • Land Plus Ltd. • FM Telemedia Ltd.	• Media Station Ltd.
Dennis Chia	• Bachelor's (Honours) degree in Accountancy from the National University of Singapore; and • Master's degree in Business Administration from University of Hull, United Kingdom.	Non-Executive Director	• Lear Automotive Corporation • Singapore Pte. Ltd. • Bloomeria Limited	• StarHub Mobile Pte. Ltd. • Starhub Cable Vision Ltd. • Starhub Internet Pte. Ltd. • Starhub Online Pte. Ltd. • Ensign infoSecurity Pte. Ltd. • StarHub (Hong Kong) Limited • StarHub Shop Pte. Ltd. • StarHub, Inc. • Starhub (Mauritius) 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.
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 committee meetings.

The NC evaluated the performance of the Board as a whole, each of its Board Committees 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.

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.*

Provision 6.1 and 6.2 – Remuneration Committee ("RC") Composition and Role
Provision 6.3 – Reviewing of Remuneration Terms
Provision 6.4 – Remuneration Consultants

Remuneration Committee ("RC")

The Board established the RC in 2014 which comprises three (3) 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 term of references, 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, 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 to by the RC and the Board.

The Company adopts a formal procedure for the fixing of the remuneration packages of individual directors, CEO and KMPs. No Director is involved in deciding his own remuneration.

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 KMPs. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2020.

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.

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 directors' fees. 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 and excludes profit before tax attributable to non-controlling interests and abovementioned performance-based bonus ("PBT") for each financial year, provided that the PBT is not less than $2.0 million for that financial year.

The service contracts for the Executive Chairman and Executive Director is annual renewal and the service contract of the CEO has fixed appointment period of two years and clauses relating to termination. The Executive Director's and CEO 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 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 Annual General Meeting of the Company.

The Company has adopted the mm2 Performance Share Plan ("**mm2 PSP**"). The 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 Mr Tan Liang Pheng, Mr Thomas Lei and Mr Terry Mak. There have been no options granted under the mm2 PSP in FY2020.

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

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 Top 5 KMP

Directors

A breakdown of compensation table of Directors' remuneration from the Company for the FY2020 is set out below:

Name of director	Salary	Bonus	Other benefits (1)	Fees	Total
	%	%	%	%	$'000
Melvin Ang	34	64	2	-	703
Tan Liang Pheng	-	-	-	100	55
Jack Chia	-	-	-	100	65
Thomas Lei	-	-	-	100	55
Terry Mak	-	-	-	100	50
Dennis Chia	-	-	-	100	50

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

Top 5 KMP

A summary compensation table of the KMP receiving remuneration from the Company for FY2020 appended below:

Remuneration Band & Name of Key Management Personnel	Salary	Bonus	Other benefits(1)	Total
Between $750,000 and $1,000,000				
Chang Long Jong	62%	36%	2%	100%
Between $250,001 and $500,000				
Ong Hock Seng	57%	37%	6%	100%
Below $250,000				
Chong How Kiat	98%	2%	-	100%
Angelin Ong	91%	3%	6%	100%
Ng Say Yong	91%	2%	7%	100%

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

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 sensitivities 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 FY2020 amounted to $664,192.

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.

For FY2020, 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.

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 FY2020.

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 Executive Chairman and 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 Mr Tan Liang Pheng, Mr Thomas Lei and Mr Terry Mak. There have been no performance shares granted under the mm2 PSP in FY2020.

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 key performance indicators 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 shares grants 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.

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.

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

The Company's Internal Auditor ("**IA**"), BDO LLP 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 (5) principal risk categories, namely strategic, financial, operational, information technology control and compliance risks.

The pilot ERM programme 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 structed approach of identify cation and assessment of risks.

(2) Risk Appetite of the Company

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 businesses 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.

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, equity price 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 IA 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 IA 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 and independent auditors 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 IA also reports any significant deficiencies of such internal controls to the AC, who then 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 the CFO that the Group financial records 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, the CFO and other KMP that the Group’s risk management and internal controls systems in place where 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 independent and internal auditors, 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 2020 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 Directors 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.

Audit Committee

Principle 10: *The Board has an Audit Committee (“AC”) which discharges its duties objectively*

Provisions 10.1 & 10.2 – Audit Committee (“AC”) Composition and Role
Provision 10.4 – Internal Audit Function

The Board established the AC in 2014 which comprises three (3) 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 recent and 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 any 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 FY2020 and all the Executive Directors 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 independent auditor’s 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 external and internal auditors respectively;

(c) reviewing 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 independent audit and the Company's internal audit function;

(h) reviewing 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) to 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 (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;

(m) to review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(n) to 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) to 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, to 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) to 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) to 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.

Independent 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, Nexia TS Public Accounting Corporation ("**Nexia TS**"), 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 Nexia TS is, and is perceived to be, independent for the purpose of the Group's statutory audit. The fees payable to the independent auditor is set out below:

	$'000	%
Audit fees	406	87%
Non-audit fees	60	13%
Total	466	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 Nexia TS for re-appointment for the financial year ending 31 March 2021, the AC has considered the adequacy of the resources, experience and competence of Nexia TS, and has taken into account the Audit Quality Indicators relating to Nexia TS at the firm level and on the audit engagement level. Consideration was also given to the experience of the engagement director 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 Nexia TS. It has recommended to the Board the nomination of Nexia TS for re-appointment as independent auditor at the forthcoming AGM of the Company.

For FY2020, the Company has complied with Listing Rules 712, 715 and 716 of the SGX-ST in relation to the appointments 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 FY2020, the AC agreed with the independent auditor that revenue recognition, carrying amount of goodwill and expected credit loss on trade and other receivables 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.

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 auditors report 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 auditors.

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.

Fraud and Whistle blowing Policy

The Group has implemented a 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 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, balance 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. There was no whistle blowing report received during FY2020.

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 and internal auditors, 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 work directly to the AC.

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

In view of the circuit breaker measures applicable and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the forthcoming AGM will be held by electronic means and members of the Company will NOT be allowed to attend the forthcoming AGM in person. As such, a temporary AGM proceedings for the conduct of virtual General Meeting ("**eAGM**") of the Company for FY2020, including (i) Interaction with Shareholders; (ii) Shareholders' Participations and (iii) timeline on delivery of Minutes of AGM are set out in the Notice of AGM and announcement on the details of eAGM proceedings ("**eAGM Proceedings**") which will be released by 2 September 2020 via SGXNet for shareholders information.

Notwithstanding the proceedings and/or regulations of the conduct of general meetings disclosed below, pursuant to the Constitution of the Company, shareholders shall refer to the eAGM Proceedings of the Company for FY2020 as prescribed in the Notice of AGM and the announcement mentioned above.

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 corporate 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, 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.

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 scrutineers 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. The Executive Chairman and the Chairman of the AC, NC and RC were present at the last AGM. All Directors will endeavour to be present at the Company's AGM to address shareholders' questions relating to the work of these Committees.

The Company's independent auditor, Nexia TS, are also present at 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 independent auditor's report.

Provision 11.4 – Shareholders' Participation

The Company supports active shareholder 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.

If shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not relevant intermediaries to appoint not more than two (2) proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two (2) proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent 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 pertaining to the resolutions tabled for approval and/or ask the directors or the Management questions regarding the Company and its operations. The Company prepares minutes of general meetings, which are made 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 FY2020 as the Group intends to conserve cash for upcoming business opportunity.

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
Provision 12.2 & 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 and fair manner via SGXNet, its corporate website at http://www.mm2asia.com and the media.

Although the Company has not adopted a formal investor relations policy to regularly convey pertinent information to the shareholders, the Board acknowledge 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 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.

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

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 are able to impact the Group's business and operations.

Eight (8) key stakeholders groups 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 half-yearly and full year financial results are available on the Company's website – 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 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 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 with securities with 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.

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 2019. 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 FY2020, the AC, as well as 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 ("**IPT**") pursuant to Rule 920 of the Listing Manual.

There is no IPTs in FY2020 to be disclosed in accordance with Rule 907 of the Listing Manual.

APPENDIX - INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Table A		
Name of Director	**Melvin Ang**	**Dennis Chia**
Date of first appointment	20 August 2014	31 August 2017
Date of last election	27 July 2017	31 July 2018
Age	57	51
Country of Principal residence	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board has accepted the NC's recommendation, which has reviewed and considered Mr. Ang's performance as Executive Chairman and Executive Director	The Board has accepted the NC's recommendation, which has reviewed and considered Mr. 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's (Honours) degree in Accountancy from the National University of Singapore; and • Master's degree in Business Administration from University of Hull, United Kingdom.

Table A		
Name of Director	**Melvin Ang**	**Dennis Chia**
Working experience and occupation(s) during the past 10 years	• 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	Mr. Dennis Chia is currently the 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. Mr. Dennis Chia was the Senior Vice President and CFO of STATS ChipPAC (Worldwide), a leading provider of advanced semiconductor packaging and test services. Prior to that role, he was with Lear Corporation for over seven years as its Vice President of Finance, Asia Pacific Operations (APO), where he oversaw 400 regional finance staff in 30 manufacturing and administrative locations across Asia. Previously, he was the CFO of Behringer Corporation and Frontline Technologies Corporation, leading their successful listings on the Singapore Exchange.
Shareholding interest in the listed issuer and its subsidiaries	Please refer to page 156 of the Annual Report, under Substantial Shareholders disclosure	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)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Table A		
Name of Director	**Melvin Ang**	**Dennis Chia**
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(8)		
Past (for the last 5 years)	Nil	Lear Automotive Corporation Singapore Pte. Ltd. Bloomeria Limited
Present	1. UnUsUaL Limited 2. mm2 Entertainment Pte. Ltd. 3. mm2 Entertainment Sdn. Bhd. 4. UnUsUaL Management Pte. Ltd. 5. Cathay Cineplexes Pte. Ltd. 6. AsiaOne Online Pte. Ltd. 7. mm2 Entertainment Hong Kong Limited 8. MA Holdings Management Company Limited 9. mmSync Pte. Ltd. 10. MCC International Pte. Ltd. 11. Fastco Pte. Ltd.	1. StarHub Mobile Pte. Ltd. 2. Starhub Cable Vision Ltd. 3. Starhub Internet Pte. Ltd. 4. Starhub Online Pte. Ltd. 5. Ensign infoSecurity Pte. Ltd. 6. StarHub (Hong Kong) Limited 7. StarHub Shop Pte. Ltd. 8. StarHub, Inc. 9. Starhub (Mauritius) Ltd. 10. 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
(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

The general statutory disclosures of the Retiring Directors are as follows:			
	Question	**Melvin Ang**	**Dennis Chia**
(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,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(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
	Any prior experience as a director of an issuer listed on the Exchange?	NA	NA
	If yes, please provide details of prior experience.	NA	NA
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA	NA

NA: Not applicable

FINANCIAL CONTENTS

Directors' Statement

For the Financial Year Ended 31 March 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2020 and the statement of financial position of the Company as at 31 March 2020.

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 63 to 155 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 2020, 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, 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 OR 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.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the other director 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:

Shareholdings registered in the name of directors

Company *(No. of ordinary shares)*	**At 21.04.2020**	**At 31.03.2020**	**At 31.03.2019**
Ang Wee Chye	14,335,400	34,335,400	21,425,400
Lei Chee Kong, Thomas	485,700	485,700	485,700
Mak Chi Hoo	85,700	85,700	85,700
Tan Liang Pheng	85,700	85,700	85,700
Chia Seng Hee, Jack	85,700	85,700	85,700

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

Shareholdings in which director is deemed to have an interest

Company *(No. of ordinary shares)*	**At 21.04.2020**	**At 31.03.2020**	**At 31.03.2019**
Ang Wee Chye	428,800,000	408,800,000	421,710,000

By virtue of section 7 of the Singapore Companies Act, Chapter 50, Mr. Ang Wee Chye is deemed to have an interest in the shares of the Company and all of its subsidiaries at the end of the financial year.

SHARE OPTIONS

There were 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 were 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 21 years as of the award date and hold such rank as may be designated by the 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.

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 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.

PERFORMANCE SHARE PLAN (CONTINUED)

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.

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.

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 granted options under mm2 PSP to subscribe for 959,400 ordinary shares at exercise price of $0.5980 per share on 31 May 2017. Subsequently, there were no performance shares awarded pursuant to mm2 PSP, including the current financial year ended 31 March 2020.

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 follows:

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, (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) reviewing 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 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 Company's internal controls and risk management systems;

(f) review the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements;

AUDIT COMMITTEE (CONTINUED)

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

(g) review the adequacy, effectiveness, independence, scope and results of the independent audit and the Company's internal audit function;

(h) reviewing 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) to 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 (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;

(m) to review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(n) to 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) to 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, to 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) to 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) to 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, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, Nexia 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

8 August 2020

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 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 155.

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, Chapter 50 (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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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.

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 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.

Revenue Recognition
(Refer to Note 2.3 and 4 to the financial statements)

Area of focus

For the financial year ended 31 March 2020, total revenue of the Group amounts to $235,774,000 which is mainly derived from 4 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 the relevant 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 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 tests of detail, including cut-off procedures, to ascertain that revenue was recognised in the correct financial year;
- Reviewed significant credit notes issued, where applicable, during the financial year and post financial year end to ascertain that revenue was appropriately recognsied in the correct financial year; and
- Assessed the adequacy of revenue related disclosures in the consolidated financial statements.

Key Audit Matters (continued)

Carrying value of goodwill
(Refer to Note 2.8(a), 3(c) and 23(a) to the financial statements)

Area of focus

The Group has recognised goodwill amounting to $248,974,000 arising from various business combinations and allocated the goodwill to respective cash-generating units ("CGUs"). The goodwill is assessed for impairment annually and whenever there is indication that the goodwill may be impaired. Management applies the value-in-use method to determine the recoverable amount of goodwill, except for the cash-generating unit of event production and concert promotion and post-production and digital content production, where fair value less costs of disposal method was applied.

In preparation of cash flow projections, significant judgement are 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.

In consideration to the current unprecedented situation caused by the outbreak of coronavirus disease ("COVID-19") which has created a high level of uncertainty to the near-term global economic prospects, the management has adopted expected cash flow approach (i.e. probability-weighted average cash flows projections) to determine the value-in-use for the CGUs of the cinema operation. Management has considered various factors to evaluate the possible expectation on consumer reaction towards the new normal caused by COVID-19. These would include consideration of:

(a) the expected date for the resumption of activities;
(b) occupancy rate, including possible reduction to the seating capacity; and
(c) market recovery rate.

Accordingly, an impairment to goodwill amounting to $10,698,000 (2019: Nil) has been provided as at 31 March 2020.

We focused on this area due to the significance of the goodwill in relation to the total assets and the inherent uncertainties involved in the estimates 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, critically evaluated whether the model and methodology used by management to determine the recoverable amount of goodwill 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 cash-generating unit (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

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

Key Audit Matters (continued)

Expected credit loss on trade and other receivables
(Refer to Note 2.14, 3(b), 13 and 39(b) to the financial statements)

Area of focus

The trade and other receivables due from local and overseas customers has contributed 54% to the Group's current assets, representing one of the most significant components to the financial statements. The Group is experiencing a higher than average collection period as compared to other customers, resulting in a greater inherent exposure to non-collectability and increased level of judgement involved in estimating the recoverability of trade receivables.

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) for its other receivables.

The Group assesses periodically and at the financial year end the expected credit loss ("ECL") associated with its trade and 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, including assessing the potential impact on the outbreak of COVID-19.

Given the dynamic circumstances surrounding COVID-19 and uncertainty over its economic impact, significant judgement was applied by the Group to assess the negative economic outlook and probability of cash flow difficulties that could be experienced by certain debtors when assessing the impact of COVID-19 on the impairment of trade and other receivables.

As the impairment assessment on the trade and other receivables required significant management judgement in estimating the ECL and in consideration of the significance of trade and other receivables in the Group, we determined this area to be a key audit matter.

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 estimation of ECL rates which are based on the historical loss rates for each category of customers and adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables and other relevant forward-looking information (including the potential effects arising from the outbreak of COVID-19);
- Assessed the recoverability of long outstanding trade and other receivables by comparing management's assumptions 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 other receivables, also considered management's assessment of any significant increase in credit risk since initial recognition; and
- Reviewed management's disclosures in the consolidated financial statements.

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 Mr. Low See Lien.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
8 August 2020

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 31 March 2020

	Note	2020 $'000	2019 $'000
Revenue	4	235,774	266,187
Cost of sales		(146,387)	(141,988)
Gross profit		89,387	124,199
Other income			
- Interest income	7	104	233
- Others	7	471	4,270
		575	4,503
Other gains/(losses) - net			
- Expected credit loss on financial assets	8	(1,035)	(2,101)
- Others	8	8,184	971
		7,149	(1,130)
Expenses			
- Administrative expenses		(67,902)	(69,893)
- Finance expenses	9	(19,436)	(17,876)
		(87,338)	(87,769)
Share of (losses)/profits of associated companies and joint venture		(147)	22
Profit before income tax		9,626	39,825
Income tax expense	10	(3,337)	(11,109)
Net profit for the financial year		6,289	28,716
Other comprehensive loss, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - losses	34(b)	(47)	(141)
Total comprehensive income for the financial year		6,242	28,575
Net profit attributable to:			
Equity holders of the Company		3,334	19,138
Non-controlling interests		2,955	9,578
		6,289	28,716
Total comprehensive income attributable to:			
Equity holders of the Company		3,274	18,986
Non-controlling interests		2,968	9,589
		6,242	28,575
Earnings per share for net profit attributable to equity holders of the Company			
Basic and diluted (cents)	11	0.29	1.65

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

Statements of Financial Position

As at 31 March 2020

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
ASSETS					
Current assets					
Cash and cash equivalents	12	29,383	18,566	308	600
Trade and other receivables	13	138,434	180,656	281,976	288,372
Inventories	14	412	363	–	–
Other current assets	15	84,498	66,156	–	–
Film products and films under production	16	2,825	21,882	–	–
Income tax recoverable		277	–	–	–
		255,829	287,623	282,284	288,972
Non-current assets					
Trade and other receivables	13	21,603	3,500	–	–
Financial assets, at fair value through profit or loss ("FVPL")	17	4,765	710	–	–
Investments in subsidiaries	18	–	–	70,225	69,459
Investments in associated companies	19	2,522	2,658	2,425	2,525
Investment in a joint venture	20	87	99	–	–
Property, plant and equipment	21	112,894	36,437	89	–
Intangible assets and goodwill	23	279,812	289,652	–	–
Film rights	24	41,635	29,234	–	–
Film intangibles and film inventories	25	16,442	14,434	–	–
Deferred income tax assets	32	1,721	1,377	–	–
		481,481	378,101	72,739	71,984
TOTAL ASSETS		737,310	665,724	355,023	360,956
LIABILITIES					
Current liabilities					
Trade and other payables	26	91,720	131,356	70,671	57,995
Contract liabilities	27	11,662	17,053	–	–
Borrowings	28	131,693	36,820	43,713	29,746
Lease liabilities	29	23,093	–	67	–
Derivative financial instruments	30	163	–	–	–
Current income tax liabilities		5,929	10,329	–	–
		264,260	195,558	114,451	87,741
Non-current liabilities					
Borrowings	28	126,144	186,172	103,631	125,750
Lease liabilities	29	61,743	–	23	–
Derivative financial instruments	30	113	5,905	–	–
Provisions	31	5,009	4,841	–	–
Deferred income tax liabilities	32	6,435	6,619	–	–
		199,444	203,537	103,654	125,750
TOTAL LIABILITIES		463,704	399,095	218,105	213,491
NET ASSETS		273,606	266,629	136,918	147,465
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	33	152,870	152,870	152,870	152,870
Reserves	34	(14,435)	(14,455)	–	–
Retained profits/(Accumulated losses)	35	79,082	75,748	(15,952)	(5,405)
		217,517	214,163	136,918	147,465
Non-controlling interests		56,089	52,466	–	–
TOTAL EQUITY		273,606	266,629	136,918	147,465

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 March 2020

Group	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Reserves	Retained profits	Total		
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Beginning of financial year	152,870	(14,455)	75,748	214,163	52,466	266,629
Profit for the financial year	–	–	3,334	3,334	2,955	6,289
Other comprehensive (loss)/income for the financial year	–	(60)	–	(60)	13	(47)
Total comprehensive (loss)/income for the financial year	–	(60)	3,334	3,274	2,968	6,242
Acquisition of subsidiary's shares from non-controlling interest	–	80	–	80	(80)	–
Increase in a subsidiary's share capital by non-controlling interest	–	–	–	–	735	735
End of financial year	152,870	(14,435)	79,082	217,517	56,089	273,606
2019						
Beginning of financial year	152,870	(30,907)	56,610	178,573	29,891	208,464
Profit for the financial year	–	–	19,138	19,138	9,578	28,716
Other comprehensive (loss)/income for the financial year	–	(152)	–	(152)	11	(141)
Total comprehensive (loss)/income for the financial year	–	(152)	19,138	18,986	9,589	28,575
Disposal of partial investment in a subsidiary without loss on control (Note 18(a))	–	11,727	–	11,727	14,073	25,800
Dilution of interest in subsidiaries without loss on control (Note 18(b))	–	4,877	–	4,877	8,845	13,722
Non-controlling interest arising from incorporation of a subsidiary	–	–	–	–	490	490
Acquisition of subsidiary's shares from non-controlling interest	–	–	–	–	(422)	(422)
Dividend paid by a subsidiary to non-controlling interests	–	–	–	–	(10,000)	(10,000)
End of financial year	152,870	(14,455)	75,748	214,163	52,466	266,629

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 March 2020

		Group	
	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Net profit for the financial year		6,289	28,716
Adjustments for:			
- Income tax expense	10	3,337	11,109
- Interest income	7	(104)	(233)
- Finance expenses	9	19,436	17,876
- Depreciation of property, plant and equipment	5	31,142	9,805
- Amortisation of intangible assets	5	1,300	1,055
- Amortisation of film rights	5	22,158	6,968
- Amortisation of film intangibles and film inventories	5	3,584	3,013
- Bad debts written off		49	–
- Impairment loss on goodwill	5	10,698	–
- Inventories written off		6	–
- Share of losses/(profits) of associated companies and joint venture		147	(22)
- Property, plant and equipment written off	8	–	40
- Gain on fair value changes in deferred consideration for business combination	7	–	(3,559)
- Gain on disposal of property, plant and equipment	8	(19)	(19)
- Gain on fair value changes in derivative financial instruments, net	8	(5,805)	(969)
- Loss on fair value changes in financial assets, FVPL	8	62	–
- Expected credit loss on financial assets (net)	8	1,035	2,101
- Loss on unrealised foreign exchange		983	868
- Issuance of subsidiary's shares to its employees prior to Initial Public Offering ("IPO") of the subsidiary		–	200
- Loss on disposal of an intangible asset	5	1,095	–
		95,393	76,949
Changes in working capital:			
- Trade and other receivables		20,783	(64,571)
- Inventories		(56)	54
- Other current assets		(18,157)	(51,699)
- Film products and films under production		221	(3,259)
- Film intangibles and film inventories		(5,606)	(9,464)
- Trade and other payables		(46,059)	62,922
- Contract liabilities		(5,391)	13,297
Cash generated from operations		41,128	24,229
Income tax paid		(8,542)	(9,775)
Net cash generated from operating activities		32,586	14,454

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 31 March 2020

	Note	Group 2020 $'000	Group 2019 $'000
Cash flows from investing activities			
Additions to investment in financial assets, FVPL		(2,232)	–
Acquisition of associated companies	19	–	(114)
Additions to intangible assets		(3,030)	(763)
Additions to film rights		(15,862)	(29,777)
Additions to property, plant and equipment		(6,091)	(4,576)
Deposit paid for acquisition of intangible assets		–	(13,848)
Interest received		71	233
Acquisition of subsidiary's shares from non-controlling interest		–	(422)
Proceeds from disposal of intangible assets		100	–
Proceeds from disposal of property, plant and equipment		120	133
Proceeds from disposal of partial investment in a subsidiary	18(a)	–	25,800
Repayment of deferred purchase consideration		–	(215,000)
Net cash used in investing activities		(26,924)	(238,334)
Cash flows from financing activities			
Release of fixed deposit pledged		–	1,000
Interest paid		(15,930)	(8,752)
Dividend paid by a subsidiary to non-controlling interests		–	(10,000)
Proceeds from issuance of shares of subsidiary to non-controlling interests		660	–
Proceeds from issuance of shares of a subsidiary, net of IPO expenses		–	11,522
Proceeds from issuance of convertible notes		5,000	–
Proceeds from issuance of subsidiary's shares pursuant to conversion of pre-IPO convertible loans		–	2,000
Proceeds from issuance of medium term note programme		–	50,000
Proceeds from issuance of loan notes		–	5,000
Proceeds from bank loans		56,113	233,410
Repayment of borrowings		(25,018)	(133,825)
Repayment of lease liabilities		(16,982)	–
Repayment of finance lease liabilities		–	(54)
Net cash generated from financing activities		3,843	150,301
Net changes in cash and cash equivalents		9,505	(73,579)
Cash and cash equivalents			
Beginning of financial year		18,566	92,180
Effects of currency translation on cash and cash equivalents		17	(35)
End of the financial year	12	28,088	18,566

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

Reconciliation of liabilities arising from financing activities

Group		Cash flows	Non-cash movement						
	Beginning of financial year	Net of proceeds from/ (repayment of) borrowings and interest	Interest	Adoption of SFRS(I) 16	Additional during the year	Embedded derivative at date of issuance	Accrued interest	Currency translation differences	End of financial year
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020									
Borrowings									
Bank loans	122,298	23,580	7,954	–	–	–	(3,096)	(529)	150,207
Finance lease liabilities	261	–	–	(261)	–	–	–	–	–
Convertible bonds and notes	45,433	5,000	2,373	–	–	(176)	–	–	52,630
Medium term note programme	50,000	(3,500)	4,118	–	–	–	(618)	–	50,000
Loan notes	5,000	(338)	338	–	–	–	–	–	5,000
	222,992	24,742	14,783	(261)	–	(176)	(3,714)	(529)	257,837
Lease liabilities	–	(21,559)	4,577	101,253	601	–	–	(36)	84,836
	222,992	3,183	19,360	100,992	601	(176)	(3,714)	(565)	342,673
2019									
Borrowings									
Bank loans	24,395	92,594	8,355	–	–	–	(2,761)	(285)	122,298
Finance lease liabilities	155	(60)	6	–	165	–	–	(5)	261
Convertible bonds and notes	41,392	–	4,041	–	–	–	–	–	45,433
Medium term note programme	–	48,245	3,764	–	–	–	(2,009)	–	50,000
Loan notes	–	5,000	54	–	–	–	(54)	–	5,000
	65,942	145,779	16,220	–	165	–	(4,824)	(290)	222,992

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2020

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 18, 19, and 20 to the financial statements, respectively.

Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation declared the outbreak of COVID-19 as Public Health Emergency of International Concern. COVID-19 was subsequently characterised as a pandemic on 11 March 2020.

In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced demand in global activities. Correspondingly, the Group's financial performance during the current financial year has been affected significantly due to the rescheduling of productions of motion pictures and concert and events dates and deferment of sales orders by customers as well as postponement of theatrical releases. Cinema operations in Singapore and Malaysia were temporarily ceased in compliance with both countries' governments directives on 26 March 2020 and 18 March 2020 respectively, in order to curb the spread of COVID-19 in both countries.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy. There is significant uncertainty as to the duration of the pandemic and its impact on those economies which the Group operates in, hence it will affect the Group's financial performance in the upcoming financial years.

The Group is currently recovering from the impact of COVID-19 pandemic. The Group's core business and post-production and digital content production have gradually resume operations in compliance with the directives from various countries' government. With the implementation of precautionary measures, the Group's cinema operations has also been allowed to reopen in July 2020.

An assessment was made for the reporting year whenever there is any indication that the Group's assets and liabilities may be impacted adversely. If such indication of uncertainties exists, an estimate will be made by assessing the fair value of the account balance.

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.

The financial statements of the Group and of the Company have been prepared on a going concern basis as the management believe that the Group and the Company will be able to meet its liabilities as and when they fall due. As at 31 March 2020, even though the Group is in a net current liabilities of $8.4 million, the Group had achieved a net profit of $6.3 million for the financial year ended 31 March 2020 and maintained at a net asset of $273.6 million. The Group had also generated a net cash inflows from operating activities of $32.6 million for the financial year ended 31 March 2020.

In view of this net current liabilities position of the Group as at 31 March 2020 and the impact of COVID-19, the Group has implemented on-going cost-cutting measures such as negotiation with the landlords for waiver or reduction in rental and group-wide temporary staff cost reduction. Furthermore, the Group's businesses have gradually return to operation and the Group also received wage subsidies granted by the Malaysia and Singapore government to defray staff costs and together with other measures as disclosed in Note 42(b) and (d). Accordingly, the financial statements of the Group and of the Company have been prepared on going concern basis which enable the Group to meet its obligations as and when they fall due.

2.2 Adoption of new and amended standards and interpretations

On 1 April 2019, 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 or prior financial years except for the adoption of SFRS(I) 16 *Leases*.

Adoption of SFRS(I) 16 *Leases*

<u>When the Group is the lessee</u>

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is disclosed in Note 2.7 to the financial statements.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (continued)

Adoption of SFRS(I) 16 *Leases* (continued)

When the Group is the lessee (continued)

(ii) On a lease-by-lease basis, the Group has:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short term leases;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its right-of-use ("ROU") assets at a carrying amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease, or if appropriate the incremental borrowing rate for each portfolio of leases with reasonably similar characteristics.

(iii) For leases previously classified as finance leases, the carrying amount of the leased assets and finance lease liability as at 1 April 2019 are determined as the carrying amount of the ROU assets and lease liability.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 April 2019 are as follows:

	Increase/(Decrease)	
	Group	**Company**
	$'000	**$'000**
ROU assets as presented within "Property, plant and equipment"	100,992	150
Lease liabilities	101,253	150
Borrowings	(261)	–

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the statements of financial position as at 1 April 2019 are as follows :

	Group	**Company**
	$'000	**$'000**
Operating lease commitment disclosed as at 31 March 2019	84,673	170
Less: Discounting effect using incremental borrowing rate at a range of 4.5% to 7.2%	(16,726)	(20)
Add: Finance lease liabilities disclosed as at 31 March 2019	261	–
Add: Extension options which are reasonably certain to be exercised	33,198	–
Currency translation differences	(153)	–
Lease liabilities recognised as at 1 April 2019	101,253	150

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are 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.

(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 at point in time upon satisfaction of performance obligation.

Professional services refer to revenue from services of development or pre-production services or production services on motion pictures, video and/or television programme. Revenue is recognised at 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 simulteneously 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 at 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 a one-time event. Revenue is recognised at 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) Post-production and digital content production

Post-production are services rendered to third parties for visual effects, computer-generated imagery services and immersive media works. Revenue is recognised at point in time or over time depending on the variation of respective contract terms and performance obligation attached.

Revenue from exploitation of copyrights is recognised at 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.

Production services are services rendered to third parties for the development and production of immersive entertainment location-based thematic show. Revenue is recognised at point in time or over time depending on the variation of respective contract and performance obligation attached.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(c) Cinema operations

Income from box office takings is recognised at point in time on the date of the showing of the film it relates to.

Income from confectionery sales is recognised at the point of sales.

Revenue from hall rental and screen advertising is recognised at point in time upon completion of the services.

(d) Event production and concert promotion (“Concert and event”)

Revenue from provision of stage sound system and equipment is recognised upon completion of the events.

Revenue from the rendering of technical services is recognised 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 when the events take 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 when the customer obtains control of the rights.

Revenue from the co-management of exhibition/concert halls is recognised upon completion of the events.

Revenue from provision exhibition/concert halls related equipment is recognised upon completion of the events.

(e) Others segment

Others segment consist of revenue from café operations, social media advertising activities and development of software for interactive digital media.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Dividend Income

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

(h) Other income

The income from talent fee, formatting fee and management fee is recognised 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.

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 subsequent accounting policy on goodwill is disclosed in Note 2.8(a) to the financial statements.

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 Standard.

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 subsequent accounting policy on investment in subsidiaries 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 but not exceeding 50%.

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.

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.

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.

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:

	Useful lives
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
Machinery	5 years
Renovation	3 - 10 years
Leasehold properties	51 years and 92 years

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 gains/(losses)-net”.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases

The accounting policy for leases before 1 April 2019 are as follows:

When the Group is the lessee:

The Group leases motor vehicles and office equipment under finance leases from non-related parties and motor vehicles, office space, apartments and cinema halls under operating leases from related and non-related parties.

(i) Lessee - Finance lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

The accounting policy for leases after 1 April 2019 are as follows:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases (continued)

The accounting policy for leases after 1 April 2019 are as follows: (continued)

When the Group is the lessee: (continued)

(i) Right-of-use assets (presented within "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.

	Useful lives
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 payments, including in-substance fixed payments, less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases (continued)

The accounting policy for leases after 1 April 2019 are as follows: (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 22 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. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(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 assumed to be either finite or indefinite.

(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.

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 comprising participation rights that are stated at cost less accumulated amortisation and accumulated impairment losses. Acquired rights, less estimated residual value and accumulated impairment losses, are amortised over its license period.

(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 until it is available for intended use.

(f) 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 are stated at cost less accumulated amortisation and accumulated impairment losses. Film 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 is made if future estimated projected revenue is adversely different from the previous estimation. Estimated projected revenue are reviewed at regular intervals.

2.10 Film intangibles and film inventories

Film intangibles and film inventories comprise of rights and films acquired by the Group. It is amortised over the economic beneficial period subject to the maximum of the license period when the film is released.

2.11 Borrowing costs

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 venture

Property, plant and equipment, film rights, film intangibles and film inventories, intangible assets and investments in subsidiaries, associated companies and joint venture 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.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets

(a) Classification and measurement

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.

The subsequent measurement categories depend 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 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 gains/(losses)-net".

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- *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 in "other gains/(losses)-net".

(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.

(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.

On disposal of an equity investment, the difference in the carrying amount and sales proceed is required 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

(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 bonds and notes

The total proceeds from convertible bonds and notes 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 bonds. 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 bonds and notes 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 (Note 2.17). 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 bonds and notes issued are allocated to the liability component and the embedded derivatives component which are separately presented on the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Derivatives financial instruments

A derivatives 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 bonds and notes

When the conversion option of the convertible bonds and notes (Note 2.16) 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.

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 derivatives 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. These guarantees are financial guarantees as they require the Group and the Company to reimburse the banks if the subsidiaries default their payments to banks 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Film products and films under production

Film products are stated at cost less accumulated impairment losses. Upon first theatrical release, these film 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.

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

An impairment loss is made if there has been a change in the estimate used to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

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 other costs incurred in bringing inventories to the present location. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

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. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Income taxes (continued)

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 and the Company 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employees' compensation (continued)

(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.

(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 ("$" or "SGD") and all values are rounded to the nearest thousand ($'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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Currency translation (continued)

(b) Transactions and balances (continued)

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 of the entity giving rise to such reserve.

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.

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.

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.

Given the pervasiveness of COVID-19, management has considered and estimated the impact of COVID-19 in the Group's assessment on amortisation of film rights, impairment of trade and other receivables and impairment assessment of goodwill 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) Amortisation of film rights

The costs of film rights less residual values, are amortised in proportion to the estimated projected revenues over the economic beneficial period subject to a maximum of five (5) years. Additional amortisation is made if estimated projected revenues are materially different from the previous estimation.

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, including the impact arising from COVID-19.

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. Such change in revenue projections or estimations may result in a change in the rate of amortisation of the assets. This could have an impact on the Group's results of operations. The carrying amounts of film rights as at 31 March 2020 and 2019 are disclosed in Note 24 to the financial statements.

If the estimated projected revenue differs by 10% from management's estimates, the carrying amount of the film rights would have been lower by $3,433,000 (2019: $2,289,000) as at 31 March 2020.

(b) Impairment of 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) 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, including assessing the potential impact on the outbreak of COVID-19.

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 are disclosed in Note 13 to the financial statements. The ECL allowance recognised for trade and other receivables as at 31 March 2020 is $3,280,000 (2019: $2,261,000). Details of the ECL allowance are disclosed in Note 38(b) to the financial statements.

(c) Impairment assessment 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 23(a) to the financial statements.

4 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.

	2020 $'000	2019 $'000
Group		
At point in time	223,084	232,207
At over time	12,690	33,980
	235,774	266,187
Disaggregation of revenue		
Core business	76,930	98,201
Post production and digital content production	5,776	9,258
Cinema operations	87,853	100,746
Concert and event	61,758	56,207
Others	3,457	1,775
	235,774	266,187
Geographical regions based on location of customers		
Singapore	129,671	121,303
Malaysia	38,880	45,615
People's Republic of China	19,827	34,727
Taiwan	27,496	32,630
Hong Kong	5,936	18,811
Others	13,964	13,101
	235,774	266,187

5 EXPENSES BY NATURE

The Group's profit before income tax is arrived at after charging the following:

	Note	2020 $'000	2019 $'000
Group			
Amortisation of intangible assets	23	1,300	1,055
Amortisation of film rights	24	22,158	6,968
Amortisation of film intangibles and film inventories	25	3,584	3,013
Artistes fees		22,374	14,906
Concerts and events hosting		17,284	9,298
Cost of inventories sold		4,502	4,842
Depreciation of property, plant and equipment	21	31,142	9,805
Directors' fees			
- directors of the Company		275	275
- directors of the subsidiaries		199	151
Employees' compensation	6	25,210	30,100
Equipment rental		280	325
Film rental expenses		26,765	33,332
Impairment loss on goodwill	23	10,698	–
Loss on disposal of intangible assets		1,095	–
Production and distribution of film costs		23,871	50,943
Professional fees		1,890	3,375
Rental expense on low assets value and variable lease payments		1,559	–
Rental expense on operating leases		–	25,552
Travelling and transportation		2,622	2,731
Upkeep of property, plant and equipment		5,567	5,356
Utilities		4,403	5,024

The production and distribution of film costs of the Group mainly include subcontracting costs, copyright fees and share of net receipts from the exploitation of copyrights and overhead costs.

6 EMPLOYEES' COMPENSATION

	2020 $'000	2019 $'000
Group		
Wages and salaries	20,850	26,775
Employer's contribution to defined contribution plans	2,414	2,148
Other short-term benefits	1,946	1,177
	25,210	30,100

7 OTHER INCOME

	2020 $'000	2019 $'000
Group		
Government grants	153	89
Gain on fair value changes in deferred consideration for business combination	–	3,559
Miscellaneous income	318	622
	471	4,270
Interest income from bank deposits	104	233
	575	4,503

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

8 OTHER GAINS/(LOSSES) - NET

	2020 $'000	2019 $'000
Group		
Currency exchange gains-net	2,422	23
Gain on disposal of property, plant and equipment	19	19
Property, plant and equipment written off	–	(40)
Gains on fair value changes in derivative financial instruments, net	5,805	969
Loss on fair value changes in FVPL (Note 17)	(62)	–
	8,184	971
Expected credit loss on financial assets, net (Note 39(b)(i))	(1,035)	(2,101)
	7,149	(1,130)

9 FINANCE EXPENSES

	2020 $'000	2019 $'000
Group		
Interest expense on:		
- Bank loans	7,954	8,355
- Finance lease liabilities	–	6
- Lease liabilities (Note 22(c))	4,577	–
- Convertible bonds and notes	2,373	4,041
- Medium term note programme	4,118	3,764
- Loan notes	338	54
	19,360	16,220
Unwinding of discount on:	76	67
- Provision for restoration costs (Note 31)	–	1,589
- Deferred consideration for business combinations	19,436	17,876

10 INCOME TAX EXPENSES

Tax expense attributable to profit is made up of:

	2020 $'000	2019 $'000
Group		
Profit for the financial year:		
Current income tax		
- Singapore	5,789	9,980
- Foreign	5	573
	5,794	10,553
Deferred income tax	(293)	414
	5,501	10,967
(Over)/under provision in prior financial years:		
Current income tax		
- Singapore	(2,006)	173
- Foreign	(104)	137
	(2,110)	310
Deferred income tax	(54)	(168)
	(2,164)	142
	3,337	11,109

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

	2020 $'000	2019 $'000
Group		
Profit before tax	9,626	39,825
Tax calculated at tax rate of 17% (2019: 17%)	1,636	6,770
Effects of:		
- Differential of tax rates in foreign countries	(589)	256
- Expenses not deductible for tax purposes	6,492	5,001
- Income not subject to tax	(1,670)	(856)
- Tax incentives and rebates	(585)	(296)
- Deferred tax assets not recognised during the year	340	–
- (Over)/Under provision of income tax in prior financial years	(2,110)	310
- Overprovision of deferred income tax in prior financial years	(54)	(168)
- Others	(123)	92
Tax charge	3,337	11,109

11 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

There were no dilutive earnings per share for the financial years ended 31 March 2020 and 31 March 2019 as there were no dilutive potential ordinary shares outstanding.

	2020	2019
Group		
Net profit attributable to equity holders of the Company ($'000)	3,334	19,138
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,162,804	1,162,804
Basic and diluted (cents)	0.29	1.65

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Cash at banks and on hand	24,515	17,566	308	600
Short-term bank deposits	4,868	1,000	–	–
	29,383	18,566	308	600

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

	Group	
	2020 $'000	**2019 $'000**
Cash and bank balances	29,383	18,566
Less: Bank overdraft	(1,295)	–
	28,088	18,566

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13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current				
Trade receivables				
- Non-related parties	89,696	111,338	–	–
- Related parties	311	–	–	–
- Associated companies	1,076	5,799	–	–
	91,083	117,137	–	–
Less: Expected credit loss allowance				
- Non-related parties (Note 39(b))	(3,073)	(2,261)	–	–
Trade receivables - net	88,010	114,876	–	–
Other receivables				
- Non-related parties	8,625	4,072	–	–
- Associated companies	396	810	–	–
- Joint venture	285	199	–	–
- Subsidiaries	–	–	281,710	288,324
	9,306	5,081	281,710	288,324
Less: Expected credit loss allowance				
- Non-related parties (Note 39(b))	(50)	–	–	–
	9,256	5,081	281,710	288,324
Deposits	31,474	31,181	236	–
Less: Expected credit loss allowance				
- Non-related parties (Note 39(b))	(157)	–	–	–
	31,317	31,181	236	–
Prepayments	7,606	2,561	30	18
Accrued income	2,245	26,957	–	30
	138,434	180,656	281,976	288,372
Non-current				
Other receivables - Non-related party	18,103	–	–	–
Deposits	3,500	3,500	–	–
	21,603	3,500	–	–

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

Included in the deposits of the Group (current) is collateral amount of $1,402,000 (2019: Nil) for Loan Notes as disclosed in Note 28(d) to the financial statements. The withdrawal of the collateral is subject to terms and conditions to the Loan Notes.

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.

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-current other receivables from non-related party is interest-free, unsecured and not expected to be repaid within 12 months. The repayment is not expected to be within the Group's normal operating cycle due to delays in a project as a result of the outbreak of COVID-19.

The fair value of non-current deposits of the Group amounted to approximately $3,241,417 (2019: $3,283,000) and is determined from the discounted market borrowing rates of 5.25% (2019: 5.25%) as at 31 March 2020. The fair value are classified in level 3 of the fair value hierarchy.

14 INVENTORIES

	2020 $'000	2019 $'000
Group		
Finished goods		
- Trading goods	6	66
- Consumable goods	406	297
	412	363

The trading goods pertain to food and beverage of cinema operations and café business. The consumable goods pertain to consumable goods of cinema operations, concert and event.

The cost of inventories recognised as an expense and included in cost of sales amounted to $4,502,000 (2019: $4,896,000).

15 OTHER CURRENT ASSETS

	2020 $'000	2019 $'000
Group		
Other current assets		
Assets recognised from costs incurred to fulfil revenue contracts	84,498	66,156

Costs incurred to fulfil revenue contracts relate to direct costs incurred for revenue contracts in progress as at 31 March 2020 and 31 March 2019. The Group expects the capitalised costs to be completely recovered, hence no impairment loss has been recognised.

16 FILM PRODUCTS AND FILMS UNDER PRODUCTION

	2020 $'000	2019 $'000
Group		
Film products (Note 16(a))	–	2,355
Films under production (Note 16(b))	2,825	19,527
	2,825	21,882

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

		2020 $'000	2019 $'000
(a)	Film products		
	Beginning of financial year	2,355	–
	Transfer from films under production (Note 16(b))	16,325	4,077
	Transfer to film rights (Note 24)	(18,680)	(1,722)
	End of financial year	–	2,355
(b)	Films under production		
	Beginning of financial year	19,527	20,686
	Additions	524	4,345
	Transfer to film products (Note 16(a))	(16,325)	(4,077)
	Transfer to other current assets	(155)	(342)
	Disposal	(746)	(1,085)
	End of financial year	2,825	19,527

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

	2020 $'000	2019 $'000
Group		
Financial assets designated at FVPL:		
- Unquoted securities		
- Hong Kong	710	710
- Singapore	1,700	–
- Malaysia	1,072	–
	3,482	710
- Unquoted convertible loans		
- Singapore	501	–
- Malaysia	782	–
	1,283	–
	4,765	710

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

	2020 $'000	2019 $'000
Beginning of financial year	710	–
Additions	4,117	–
Transferred from available-for-sale financial assets	–	710
Loss on fair value changes (Note 8)	(62)	–
End of financial year	4,765	710

Unquoted securities investments comprise of 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.

Unquoted convertible loans comprise of debt instruments with interest rate of 3% to 8% per annum with maturity date between 2 to 4 years from the contracted date.

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

In the previous financial year, the Group had transferred the unquoted security - Hong Kong amounted to $710,000 from available-for-sale financial asset to financial assets, at FVPL following the adoption of SFRS(I) 9 on 1 April 2018.

18 INVESTMENTS IN SUBSIDIARIES

	2020 $'000	2019 $'000
Company		
Equity investments at cost		
Beginning of financial year	69,459	66,035
Additions	766	511
Additions pursuant to restructuring exercise	–	2,913
End of financial year	70,225	69,459

During the financial year:

(i) On 31 March 2020, the Company subscribed for additional share capital in its subsidiary, AsiaOne Online Pte. Ltd., a company incorporated in Singapore, for an amount of $765,000 (the "Subscription"). The Subscription has no changes to the equity interest held by the Company.

(ii) On 3 September 2019, the Company incorporated a new wholly-owned subsidiary, DD2 Media Pte. Ltd. with a initial share capital of $1,000.

(iii) On 1 November 2019, the Company acquired the remaining 30% equity interests in mm2view Pte. Ltd. for $1 from its non-controlling interest. Following the acquisition, mm2view Pte. Ltd. become a wholly-owned subsidiary of the Company.

In the previous financial year,

(i) On 3 May 2018, the Company incorporated a wholly-owned subsidiary, AsiaOne Online Pte. Ltd., with initial share capital of $51. Subsequently on 3 July 2018, the Company and SPH Invest Ltd. had subscribed for 509,949 new shares and 490,000 new shares in AsiaOne Online Pte. Ltd. respectively at a subscription price of $1 per share. Following the subscription, AsiaOne Online Pte. Ltd. become 51% owned subsidiary of the Company.

(ii) Vividthree Productions Pte. Ltd., an indirect subsidiary of the Group, had undergone a restructuring exercise which involved acquisitions and rationalisation of the incorporated and shareholding structure for the IPO exercise. Upon the completion of the restructuring exercise, the Vividthree group was formed and its subsidiaries are disclosed below.

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiaries of the Company								
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	70	100	70	–	30
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	49	49
mm Connect Pte. Ltd.[(a)]	Investment holding	Singapore	100	100	100	100	-	-
Vividthree Holdings Ltd.[(a)(g)(o)]	Investment holding	Singapore	41.53	41.53	41.53	41.53	58.47	58.47
AsiaOne Online Pte. Ltd.[(a)(h)]	News agency activities and development of software for interactive digital media	Singapore	51	51	51	51	49	49
DD2 Media Pte. Ltd.[(a)(j)]	Digital advertising and brand consultancy services	Singapore	100	–	100	–	–	–

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiaries of mm2 Entertainment Pte. Ltd.								
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) (m)]	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)(m)]	Motion picture, video and television programme and production activities	People Republic of China	100	100	100	100	–	–
Subsidiaries of Vividthree Holdings Ltd.								
Vividthree Productions Pte. Ltd. [(a)(o)]	Motion picture, video and television programme post-production and digital content production activities	Singapore	100	100	41.53	41.53	58.47	58.47
Vividthree Co., Ltd. 蔚视丰隆文化发展 (上海) 有限公司 [(b)(k)(m)(o)]	Motion picture, video and television programme post-production and digital content production activities	People's of Republic China	100	100	41.53	41.53	58.47	58.47
Subsidiary of Vividthree Productions Pte. Ltd.								
Vividthree Productions Sdn. Bhd. [(b) (d) (f) (o)]	Motion picture, video and television programme post-production and digital content production activities	Malaysia	100	100	41.53	41.53	58.47	58.47

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiaries of mm Connect Pte. Ltd.								
mm Plus Pte. Ltd. [(a)]	Investment holding	Singapore	100	100	100	100	–	–
mm2 Screen Management Sdn. Bhd. [(b) (d) (f)]	Cinema management and operation activities	Malaysia	100	100	100	100	–	–
Subsidiary of mm Plus Pte. Ltd.								
Cathay Cineplexes Pte. Ltd. [(a)]	Cinema management and operation activities	Singapore	100	100	100	100	–	–
Subsidiary of mm2 Screen Management Sdn. Bhd.								
mm2 Star Screen Sdn. Bhd. [(b) (d) (f)]	Cinema management and operation activities	Malaysia	100	100	100	100	–	–
Subsidiary of UnUsUaL Management Pte. Ltd.								
UnUsUaL Limited [(a)]	Investment holding	Singapore	76.88	76.88	39.21	39.21	60.79	60.79
Subsidiaries of UnUsUaL Limited								
UnUsUaL Productions Pte. Ltd. [(a) (p)]	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) (p)]	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

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
Subsidiaries of UnUsUaL Limited (continued)								
UnUsUaL Entertainment Pte. Ltd. (a) (p)	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) (p)	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
UnUsUaL Productions (M) Sdn. Bhd. (b) (e) (f) (p)	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) (k) (m) (p)	Organising and management of events	People's of Republic China	100	100	39.21	39.21	60.79	60.79
Subsidiary of UnUsUaL Entertainment Pte. Ltd.								
Mercury Rights Pte. Ltd. (a) (l) (p)	Organising and promoting all kinds of shows, entertainment acts and other related services	Singapore	60	100	23.53	39.21	76.47	60.79

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) *Audited by Nexia TS Public Accounting Corporation.*

(b) *For the purpose of preparing the consolidated financial statements, these financial statements have been reviewed by Nexia 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. 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.*

(g) *The subsidiary, Vividthree Holdings Ltd. was incorporated on 7 April 2018.*

(h) *The subsidiary, Asiaone Online Pte. Ltd. was incorporated on 3 May 2018.*

(i) *The subsidiary, DD2 Media Pte. Ltd. was incorporated on 3 September 2019.*

(j) *The subsidiary, UnUsUaL Culture Development Co., Ltd. was incorporated on 4 May 2018.*

(k) *The subsidiary, Vividthree Co., Ltd. was incorporated on 10 January 2019.*

(l) *The subsidiary, Mercury Rights Pte. Ltd. was incorporated on 11 February 2019.*

(m) *The financial statements of the subsidiary is not subject to audit under local law of country.*

(n) *On 27 August 2018, the Company's wholly owned subsidiary, mm2 Entertainment Pte. Ltd. had transferred its 51% equity interest in Vividthree Productions Pte. Ltd. to Vividthree Holdings Ltd., a subsidiary of the Company.*

(o) *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.*

(p) *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.*

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Disposal of partial investment in a subsidiary without loss on control

On 16 April 2018, the Company's subsidiary, UnUsUaL Management Pte. Ltd. ("UMPL") had sold a total of 55,483,959 ordinary shares in the Company's indirect subsidiary, UnUsUaL Limited ("UnUsUaL") at $0.465 per share for a total cash consideration of $25,800,000 to external parties. As a result, UMPL's shareholdings in UnUsUaL had reduced from 82.18% to 76.88% and the Group's effective shareholdings in UnUsUaL had diluted from 41.91% to 39.21%. The disposal of partial investment did not result in loss on control over the indirect subsidiary.

The effects of disposal of partial investment in a subsidiary without loss on control is summarised as follows:

	2019 $'000
Group	
Consideration received from non-controlling interests	25,800
Less: Carrying amount of interests in UnUsUaL disposed of	(14,073)
Excess recognised in equity attributable to equity holders of the Company	11,727

(b) Dilution of interests in subsidiaries without loss on control

On 25 September 2018, the Company's subsidiary Vividthree Holdings Ltd. ("Vividthree"), had successfully listed on Catalist, the sponsor-supervised listing platform of SGX-ST. As a result, the Company and the Group's effective shareholdings in Vividthree had reduced from 51% to 41.53%. The dilution of exercise did not result in loss on control over the subsidiary, Vividthree Holdings Ltd..

The effects of dilution of interests in subsidiaries without loss on control are summarised as follows:

	2019 $'000
Group	
Issuance of new ordinary shares, pursuant to: - Vividthree's Listing on Catalist	13,722
Less: Carrying amount of non-controlling interests	(8,845)
Excess recognised in equity attributable to equity holders of the Company	4,877

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

	2020 $'000	2019 $'000
Group		
UnUsUaL Limited and its subsidiaries ("UnUsUaL Group")	39,189	35,774
Vividthree Holdings Ltd. and its subsidiaries ("Vividthree Group")	13,106	13,529
Other subsidiaries with immaterial NCI	3,794	3,163
	56,089	52,466

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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.

There were no transactions with immaterial non-controlling interests for the financial year ended 31 March 2020 (2019: dividend paid to the NCI amounted to $10,000,000)

Summarised consolidated statement of financial position as at financial years ended 31 March:

	UnUsUaL Group		Vividthree Group	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Current				
Assets	64,055	77,615	15,658	20,569
Liabilities	(24,161)	(36,133)	(3,857)	(3,001)
	39,894	41,482	11,801	17,568
Non-current				
Assets	29,998	12,386	13,385	7,897
Liabilities	(10,890)	(952)	(535)	(52)
	19,108	11,434	12,850	7,845
Net assets	59,002	52,916	24,651	25,413

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

	UnUsUaL Group		Vividthree Group	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Revenue	61,942	56,932	6,136	9,284
Profit/(Loss) before income tax	7,292	16,132	(828)	4,089
Income tax (credit)/expense	(1,227)	(2,938)	67	(821)
Net profit/(loss)	6,065	13,194	(761)	3,268
Other comprehensive income, net of tax	21	9	(1)	9
Total comprehensive income/(loss)	6,086	13,203	(762)	3,277
Total comprehensive income/ (loss) allocated to NCI	3,700	8,026	(446)	1,916

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

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

	UnUsUaL Group		Vividthree Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net cash (used in)/generated from operating activities	(5,425)	(6,164)	1,464	(6,170)
Net cash used in investing activities	(1,289)	(12,395)	(5,238)	(5,036)
Net cash generated from financing activities	15,540	3,982	1,487	13,224
Net changes in cash and cash equivalents	8,826	(14,577)	(2,287)	2,018
Translation differences	(1)	(2)	28	9
Cash and cash equivalents at beginning of the year	3,749	18,328	4,382	2,355
Cash and cash equivalents at end of year	12,574	3,749	2,123	4,382

19 INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Beginning of financial year	2,658	2,554	2,525	2,430
Currency translation differences	–	(4)	–	–
Additions	–	114	–	114
Share of losses during the financial year	(136)	(6)	(100)	(19)
End of financial year	2,522	2,658	2,425	2,525

In the previous financial year, the Company had entered into share subscription and shareholders' agreement with Mr. Sebastian Yeo Boon Kiat and Ms. Kuo Po to subscribe 114,000 ordinary shares in Académie of Stars Pte. Ltd. ("Académie"), a company incorporated in Singapore, for a total consideration of $114,000, representing 19% of the issued ordinary shares in Académie.

19 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

The Group has the following associated companies:

Name of associates	Principal activities	Country of incorporation	2020	2019
			%	%
Held by the Company				
RINGS.TV Pte. Ltd. [(b) (c)]	Development of software for interactive digital media	Singapore	15	15
Académie of Stars Pte. Ltd. [(c) (d)]	Performing arts school for children	Singapore	19	19
Held by mm2 Entertainment Sdn. Bhd.				
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

(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) *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 shareholders' meeting and contractual terms. Consequently, the investment has been classified as associated company.*

(d) *Exempted from issuing audited financial statement under local statutory exemption.*

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

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
RINGS.TV Pte. Ltd.	2,391	2,440	2,391	2,440
Other immaterial associated companies	131	218	34	85
	2,522	2,658	2,425	2,525

There are no contingent liabilities relating to the Group's interest in the associated companies.

19 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for associated company

Set out below are the summarised financial information of the Group's and the Company's material associated company.

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

	RINGS.TV Pte. Ltd.	
	2020	**2019**
	$'000	**$'000**
Revenue	8,998	11,479
Expenses include:		
- Depreciation	(94)	(70)
- Amortisation	(1,808)	(857)
Total comprehensive (loss)/profit, representing net (loss)/profit	(328)	66

Summarised statement of financial position as at:

	RINGS.TV Pte. Ltd.	
	2020	**2019**
	$'000	**$'000**
Current assets	2,264	2,967
Non-current assets	3,064	3,045
Current liabilities	(1,164)	(1,520)
Net assets	4,164	4,492
Includes in current assets:		
- Cash and cash equivalents	45	95
Includes in current liabilities:		
- Financial liabilities (excluding trade payables)	(1,048)	(1,200)

19 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 company, is as follows:

	RINGS.TV Pte. Ltd.	
	2020	**2019**
	$'000	**$'000**
Reconciliation to carrying amounts:		
Net assets at beginning of financial year	4,492	4,426
(Loss)/profit for the financial year	(328)	66
Net assets at end of financial year	4,164	4,492
Shareholding in percentage:	15%	15%
Group's share	625	674
Goodwill	1,766	1,766
Carrying amount	2,391	2,440

The following table summarises, in aggregate, the Group's and the Company's share of profit and other comprehensive income of the Group's and the Company's individually immaterial associated companies' accounted for using the equity method:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Loss before tax for the financial year	(366)	(220)	(270)	(155)
Net loss, representing total comprehensive loss for the financial year	(366)	(216)	(270)	(155)

20 INVESTMENT IN A JOINT VENTURE

	Group	
	2020 $'000	2019 $'000
Beginning of financial year	99	73
Currency translation differences	(1)	(2)
Share of (loss)/profit during the financial year	(11)	28
End of financial year	87	99

The Group has the following joint venture company:

Name of joint venture	Principal activities	Country of incorporation	2020 %	2019 %
Held by mm2 Screen Management Sdn. Bhd.				
River Front Mega Cineplexes Sdn. Bhd.	Cinema management and operation activities	Malaysia	30	30

No summarised financial information for the joint venture is presented as the joint venture is not material to the Group.

21 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Computer, office, equipment and furniture and fittings	Tools and equipment	Rental equipment	Renovation	Leasehold properties	Work-in-progress	Offices and retail spaces	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2020									
Cost									
Beginning of financial year	1,109	14,247	21,589	6,267	10,074	646	–	–	53,932
Adoption of SFRS(I) 16 (Note 2.2)	150	10	–	–	–	–	–	100,832	100,992
Currency translation differences	(3)	(38)	(61)	(3)	61	(4)	–	–	(48)
Additions	204	409	1,811	640	2,093	921	22	592	6,692
Disposals	(165)	(11)	(3)	–	–	–	-	–	(179)
Reclassification	–	(7,672)	605	–	7,067	–	–	–	–
End of financial year	1,295	6,945	23,941	6,904	19,295	1,563	22	101,424	161,389
Accumulated depreciation									
Beginning of financial year	489	4,359	7,542	1,085	3,964	56	–	–	17,495
Currency translation differences	–	(9)	(14)	(1)	(51)	–	–	11	(64)
Depreciation charge for the year (Note 5)	199	1,443	3,613	675	2,783	22	–	22,407	31,142
Disposals	(65)	(10)	(3)	–	–	–	–	–	(78)
Reclassification	–	(852)	(778)	–	1,630	–	–	–	–
End of financial year	623	4,931	10,360	1,759	8,326	78	–	22,418	48,495
Carrying amount									
End of financial year	672	2,014	13,581	5,145	10,969	1,485	22	79,006	112,894

21 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles	Computer, office, equipment and furniture and fittings	Tools and equipment	Rental equipment	Renovation	Leasehold property	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2019							
Cost							
Beginning of financial year	881	12,609	20,907	5,213	9,708	660	49,978
Currency translation differences	(4)	(236)	(173)	(5)	(28)	(14)	(460)
Additions	474	1,882	909	1,059	417	–	4,741
Disposals	(242)	(3)	–	–	–	–	(245)
Written off	–	(5)	(54)	–	(23)	–	(82)
End of financial year	1,109	14,247	21,589	6,267	10,074	646	53,932
Accumulated depreciation							
Beginning of financial year	363	2,408	3,193	501	1,370	48	7,883
Currency translation differences	(1)	(22)	10	(5)	(3)	1	(20)
Depreciation charge for the year (Note 5)	247	1,977	4,383	589	2,602	7	9,805
Disposals	(120)	–	(11)	–	–	–	(131)
Written off	–	(4)	(33)	–	(5)	–	(42)
End of financial year	489	4,359	7,542	1,085	3,964	56	17,495
Carrying amount							
End of financial year	620	9,888	14,047	5,182	6,110	590	36,437

21 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicle $'000
Company	
Beginning of financial year	–
Adoption of SFRS(I) 16 (Note 2.2)	150
End of financial year	150
Accumulated depreciation	
Beginning of financial year	–
Depreciation charge for the year	61
End of financial year	61
Carrying amount	
End of financial year	89

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 22 to the financial statements.

Included in additions of the Group as at 31 March 2019 were motor vehicles acquired under lease arrangement amounted to $165,000.

The carrying amounts of computers, office equipment and furniture and fittings and motor vehicles held under finance leases were $28,000 and $345,000 respectively as at 31 March 2019.

Certain bank borrowings are secured on leasehold properties of the Group with carrying amount of $1,528,000 (2019: $590,000).

22 RIGHT-OF-USE ASSETS

Leases - Group as lessee

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.

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.

Tools and equipment
The Group leases tools and equipment for cinema operations purposes.

22 RIGHT-OF-USE ASSETS (CONTINUED)

Leases - Group as lessee (continued)

(a) Carrying amounts

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

	2020 $'000
Group	
Motor vehicles	554
Computers, office equipment and furniture and fittings	242
Tools and equipment	878
Renovation	2,987
Offices and retail spaces	79,006
	83,667

(b) Depreciation charge during the year

	2020 $'000
Group	
Motor vehicles	83
Computers, office equipment and furniture and fittings	30
Tools and equipment	290
Renovation	925
Offices and retail spaces	22,407
	23,735

(c) Interest expenses

	2020 $'000
Group	
Interest expense on lease liabilities (Note 9)	4,577

(d) Cash outflow

	2020 $'000
Group	
Total cash outflow for all the leases recognised in consolidated statement of cash flows	23,118

(e) Future cash outflow which are not capitalised in lease liabilities - variable lease payments

The leases for cinema operation contain variable lease payments that are based on a percentage of sales generated by cinema hall. Such variable lease payments are recognised to profit or loss when incurred. The variable lease payments are immaterial to the Group for the financial year ended 31 March 2020.

23 INTANGIBLE ASSETS AND GOODWILL

	Goodwill $'000 (Note 23(a))	Brand with finite useful lives $'000 (Note 23(b))	Brand with indefinite useful lives $'000 (Note 23(c))	Content development cost $'000	Acquired rights $'000	Software under development $'000	Other intangible assets $'000	Total $'000
Group								
2020								
Cost								
Beginning of financial year	259,915	8,423	17,969	554	–	1,404	3,479	291,744
Currency translation differences	(235)	–	–	–	–	–	(2)	(237)
Additions	–	–	–	12	1,983	436	1,167	3,598
Disposal	–	–	–	–	–	(1,195)	–	(1,195)
Reclassification	–	–	–	–	–	(444)	444	–
End of financial year	259,680	8,423	17,969	566	1,983	201	5,088	293,910
Accumulated amortisation								
Beginning of financial year	–	1,497	–	28	–	–	567	2,092
Amortisation charge for the year (Note 5)	–	562	–	113	81	–	544	1,300
End of financial year	–	2,059	–	141	81	–	1,111	3,392
Accumulated impairment								
Beginning of financial year	–	–	–	–	–	–	–	–
Currency translation differences	8	–	–	–	–	–	–	8
Impairment during the year (Note 5)	10,698	–	–	–	–	–	–	10,698
End of financial year	10,706	–	–	–	–	–	–	10,706
Carrying amount								
End of financial year	248,974	6,364	17,969	425	1,902	201	3,977	279,812

23 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

	Goodwill	Brand with finite useful lives	Brand with indefinite useful lives	Content development cost	Software under development	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	(Note 23(a))	(Note 23(b))	(Note 23(c))				
Group							
2019							
Cost							
Beginning of financial year	260,756	8,423	17,969	–	1,195	3,000	291,343
Currency translation differences	(841)	–	–	–	–	–	(841)
Additions	–	–	–	554	209	490	1,253
Written off	–	–	–	–	–	(11)	(11)
End of financial year	259,915	8,423	17,969	554	1,404	3,479	291,744
Accumulated amortisation							
Beginning of financial year	–	942	–	–	–	106	1,048
Amortisation charge for the year (Note 5)	–	555	–	28	–	472	1,055
Written off	–	–	–	–	–	(11)	(11)
End of financial year	–	1,497	–	28	–	567	2,092
Carrying amount							
End of financial year	259,915	6,926	17,969	526	1,404	2,912	289,652

23 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation

Allocation of goodwill

The aggregate carrying amount of goodwill allocated to each CGU identified accordingly to countries of operation and business segments.

The segment level summary of the goodwill allocation is as follows:

	2020 $'000	2019 $'000
Group		
Concert and event, Singapore (Note 23(a)(i))	19,314	19,314
Post and digital content production, Singapore (Note 23(a)(ii))	2,852	2,852
Cinema operations (Note 23(a)(iii)):		
- Cathay acquisition, Malaysia	7,006	10,727
- Mega acquisition, Malaysia	6,140	6,178
- Lotus acquisition, Malaysia	22,008	22,141
- Cathay acquisition, Singapore	191,654	198,703
	226,808	237,749
	248,974	259,915

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 value-in-use.

Fair value less cost to disposal ("FVLCD")

(i) Goodwill attributable from concert and event:

The recoverable amount is determined based on FVLCD calculation. The fair value less cost to disposal is measured based on UnUsUaL Limited's listed share price in SGX catalist board at $0.1369 per share as at 31 March 2020 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 fair value less cost to disposal calculation for this CGU had declined by 11%, the recoverable amount of the CGU would equal to the carrying amount.

23 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Fair value less cost to disposal ("FVLCD") (continued)

(ii) Goodwill attributable from post and digital content production

The recoverable amount of the CGU was determined based on FVLCD method via discounted cash flow approach. The key assumptions on which the Group has based cash flow projections when determining FVLCD were that projected future performance was based on past performance and expectations for the future (including the potential impact from COVID-19), and that no significant events were identified which would cause the Group to conclude that past performance was not an appropriate indicator of future performance.

The FVLCD is determined based on financial budgets approved by management covering a period of 5 years using a growth rate of 5% (2019: 5%-8%). These cash flows were discounted using a pre-tax discount rate of 10% (2019: 13%) 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. Under the fair value hierarchy, level 3 inputs were used.

The Group believes that any reasonably possible change in the above key assumptions are not likely to cause the recoverable amount to be materially lower than the related carrying amount.

Value-in-use

(iii) Goodwill attributable from cinema operations

The recoverable amount is determined based on value-in-use method.

The management has adopted expected cash flow approach (probability-weighted average cash flows projections) to determine the value-in-use. Management has applied differing factors to accommodate the possible expectation on consumer reaction towards the new normal caused by COVID-19. The factors include, but not limited to, the expected date for the resumption of activities, occupancy rate and market recovery rate.

The cash flow projection covering a five-year period are computed based on an average growth rates stated below. Cash flows beyond the five-year period were extrapolated using terminal growth rate of 2.8% and 1.9% (2019: 2.5% and 1.5%) for Malaysia's and Singapore'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 is based on past performance and expectations on market development.

In the previous financial year, management had determined the value-in-use using the traditional approach, which uses a single cash flow projection, based on financial budgets approved by management covering a five-year period for each CGU.

Under the fair value hierarchy, level 3 inputs were used.

23 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Value-in-use (continued)

(iii) Goodwill attributable from cinema operations (continued)

Key assumptions used for value-in-use calculations:

	2020 %	2019 %
Growth Rate [1]		
- Singapore	25.0	4.0
- Malaysia	9.2	3.0
Discount Rate [2]		
- Singapore	8.2	10.0
- Malaysia	9.64 - 10.97	13.0

[1] *Average revenue growth rate used for extrapolation of future revenue for the five-year period*

[2] *Pre-tax discount rate applied to pre-tax cash flow projection*

During the financial year, the Group recognised impairment loss on goodwill of cinema operation amounting to $10,698,000. It was allocated to Cathay acquisition, Malaysia and Cathay acquisition, Singapore amounting to $3,648,000 and $7,050,000 respectively. The impairment loss is recognised in “Administrative expenses” in profit or loss. 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.

Except for Cathay acquisition, Malaysia and Cathay acquisition, Singapore, the recoverable amount of the CGU of Mega acquisition, Malaysia and Lotus acquisition, Malaysia exceeded its carrying amounts. If the management’s estimated pre-tax discount rate applied to the probability-weighted cash flows projections raised by an average basis points of 21 and 13 for Mega acquisition, Malaysia and Lotus acquisition, Malaysia respectively, the recoverable amount of the CGUs would be equal to the carrying amount.

23 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(b) Brand with finite useful life

Brand with finite useful life was acquired in a business combination of concert and event segment.

(c) Brand with indefinite useful life

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 are 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 reporting date, the Group had carried out an assessment of the recoverable amounts of brand based on value-in-use calculations alongside with the assessment of recoverable amount on goodwill from cinema operations - Cathay acquisition, Singapore. Based on the assessment, the recoverable amounts of brand exceeded the carrying amounts and therefore no impairment was recognised.

24 FILM RIGHTS

	2020 $'000	2019 $'000
Group		
Cost		
Beginning of financial year	76,449	44,987
Currency translation differences	127	(37)
Additions	15,963	29,777
Written off	(57)	–
Transfer to other current assets	(43)	–
Transfer from film products (Note 16(a))	18,680	1,722
End of financial year	111,119	76,449
Accumulated amortisation		
Beginning of financial year	47,215	40,293
Currency translation differences	111	(46)
Amortisation charge for the year (Note 5)	22,158	6,968
End of financial year	69,484	47,215
Carrying amount		
End of financial year	41,635	29,234

25 FILM INTANGIBLES AND FILM INVENTORIES

	2020 $'000	2019 $'000
Group		
Cost		
Beginning of financial year	20,515	7,279
Currency translation differences	(18)	(52)
Additions	5,680	13,288
Expiry	(1,074)	–
Write-off	(74)	–
End of financial year	25,029	20,515
Accumulated amortisation		
Beginning of financial year	6,081	3,095
Currency translation differences	(4)	(27)
Amortisation charge for the year (Note 5)	3,584	3,013
Expiry	(1,074)	–
End of financial year	8,587	6,081
Carrying amount		
End of financial year	16,442	14,434

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables				
- Non-related parties	44,477	71,099	–	–
- Associated company	495	2,700	–	–
	44,972	73,799	–	–
Other payables				
- Non-related parties	11,191	15,187	229	1,761
- Related parties	231	39	–	–
- Subsidiaries	-	–	55,985	51,453
- Director	41	–	–	–
	11,463	15,226	56,214	53,214
Accruals	19,599	31,463	3,457	4,781
Deposits received	12,884	10,826	11,000	–
Withholding tax	2,802	42	–	–
	91,720	131,356	70,671	57,995

The non-trade amounts due to related parties and subsidiaries are unsecured, interest-free and repayable on demand.

The amount due to a director is in respect of corporate expenses incurred by a director on behalf of the Group.

27 CONTRACT LIABILITIES

	2020 $'000	2019 $'000
Group		
Contract liabilities	11,662	17,053

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 2020 amounted to $12,872,000 (2019: $3,582,000) were included in contract liabilities at beginning of the financial year.

28 BORROWINGS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current				
Bank loans	79,392	36,713	43,713	29,746
Finance lease liabilities (Note 28(a))	–	107	–	–
Convertible bonds and notes (Note 28(b))	47,301	–	–	–
Loan notes (Note 28(d))	5,000	–	–	–
	131,693	36,820	43,713	29,746
Non-current				
Bank loans	70,815	85,585	53,631	75,750
Finance lease liabilities (Note 28(a))	–	154	–	–
Convertible bonds and notes (Note 28(b))	5,329	45,433	–	–
Medium term note programme (Note 28(c))	50,000	50,000	50,000	50,000
Loan notes (Note 28(d))	–	5,000	–	–
	126,144	186,172	103,631	125,750
Total borrowings				
Bank loans	150,207	122,298	97,344	105,496
Finance lease liabilities	–	261	–	–
Convertible bonds and notes	52,630	45,433	–	–
Medium term note programme	50,000	50,000	50,000	50,000
Loan notes	5,000	5,000	–	–
	257,837	222,992	147,344	155,496

28 BORROWINGS (CONTINUED)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
12 months or less	84,392	36,713	43,713	29,746
1 - 5 years	69,400	90,257	53,631	75,750
Over 5 years	1,415	328	–	–
	155,207	127,298	97,344	105,496

The bank loans of the Group are secured by certain assets of the Group and of the Company as follows:

- leasehold properties of the Group (Note 21);
- total corporate guarantees of $28,480,000 (2019: $12,379,000) from the Company for subsidiaries' banking facilities;
- corporate guarantee of $97,344,000 (2019: $105,278,000) from subsidiaries for the Company's banking facilities;
- equity interests of certain subsidiaries; and
- an assignment of entire subsidiary's 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 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 $77,569,000 (2019: $95,179,000) 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	
	2020 %	2019 %	2020 %	2019 %
Finance lease liabilities	–	4.30 - 8.30	–	–
Convertible bonds and notes	11.24	7.41	–	–
Medium term note programme	8.44	8.44	8.44	8.44

28 BORROWINGS (CONTINUED)

(a) Finance lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 April 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.2 to the financial statements.

In the previous financial year, the Group leases motor vehicles and office equipment from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	2019 **$'000**
Group	
Minimum lease payments due	
- Not later than one year	117
- Between one and five years	178
	295
Less: Future finance charges	(34)
Present value of finance lease liabilities	261

The present values of finance lease liabilities are analysed as follows:

	2019 **$'000**
Group	
Not later than one year	107
Between one and five years	154
Total	261

(b) Convertible bonds and notes

<u>*Convertible bonds and notes issued on 7 February 2018*</u>

On 7 February 2018, the Company's wholly-owned subsidiary, mm Connect Pte. Ltd. ("mm Connect"), has entered into subscription agreements with subscribers in connection with the issuance by mm Connect of an aggregate of $47,850,000 convertible notes and convertible bonds ("CBCN-1"). The following are the summary of terms and condition attached to the CBCN-1:

(i) Under the subscription agreements, the CBCN-1 shall bear interest at the rate of 2% per annum, which shall, along with the principal, be payable in cash upon redemption or conversion (as applicable) in accordance with the terms of the subscription agreements. Unless converted in accordance with the terms of the Subscription Agreements, the CBCN-1 shall be redeemed by the Company at a redemption price equal to 100% of the CBCN-1 issue price, together with all accrued interest, at the CBCN-1 maturity date, payable in cash. Each Subscription Agreement provides for the Subscribers to subscribe for Convertible Notes and Convertible Bonds in the ratio of 1:2.

28 BORROWINGS (CONTINUED)

(b) Convertible bonds and notes (continued)

Convertible bonds and notes issued on 7 February 2018 (continued)

(ii) The maturity date of the Convertible Notes shall be the earlier of: (a) the date (the "IPO Date") on which an Initial Public Offering ("IPO") of the Issuer is first open for acceptance; or (b) the third anniversary of the date of issuance of the Convertible Notes. The maturity date of the Convertible Bonds shall be the third anniversary of the date of the issuance of the Convertible Bonds, or, if an IPO has taken place on or before such third anniversary, the second anniversary of the IPO Date.

(iii) The Convertible Notes may be converted into fully paid up shares in the Issuer in the event that the Issuer seeks an IPO prior to the Maturity Date, at a conversion price set at a 15% discount to the IPO price, at the election of the Subscribers. The Convertible Bonds may, in addition, be converted into fully paid up shares in the Issuer if the Issuer achieves an IPO prior to the Maturity Date in the following circumstances:

- provided that the Convertible Bonds have not otherwise been converted/redeemed in accordance with the terms of the Subscription Agreements at the option of the Subscribers at any time after such IPO and up to and including the second anniversary date of such IPO, at a conversion price set at a 20% premium to the IPO price (the "CB Conversion Price"); or

- at the option of the Issuer for so long as the Convertible Bonds are outstanding, in the event that closing price of the Issuer's shares on the relevant stock exchange exceeds 150% of the CB Conversion Price for 30 consecutive trading days, at the CB Conversion Price.

The CBCN-1 issued contained both a liability component and an embedded derivative component. The embedded derivative liability is calculated first and the residual value is assigned to the liability component. The liability component will be accounted for subsequently at amortised cost. The embedded derivative liability will be fair valued at each reporting period and the fair value changes would be recognised in "other gains/(losses)-net" in profit or loss.

Convertible notes issued on 2 June 2019

On 2 June 2019, the Company's wholly-owned subsidiary, mm Connect has entered into a subscription agreement with a subscriber in connection with the issuance by mm Connect of an aggregate of $5,000,000 Convertible Notes ("CN-2"). The following are the summary of terms and condition attached to the CN-2:

(i) Under the subscription agreement, CN-2 shall bear interest at the rate of 3.50% per annum, which shall be payable in cash on a semi-annual basis in accordance with terms of the subscription agreement. Unless converted in accordance with the terms of the Subscription Agreement, CN-2 shall be redeemed by mm Connect at a redemption price equal to 120% of CN-2 issue price, together with all accrued interest, at CN-2 maturity date.

(ii) The maturity date of the CN-2 shall be the earlier of: (a) the date (the "IPO Date") on which an Initial Public Offering ("IPO") of mm Connect is first open for acceptance; or (b) the third anniversary of the date of issuance of the CN-2.

(iii) CN-2 may be converted into fully paid up shares in mm Connect in the event that mm Connect seeks an IPO prior to the Maturity Date, at a conversion price set at a 15% discount to the IPO price, at the election of the Subscriber.

The CN-2 issued contained both a liability component and an embedded derivative component. The embedded derivative liability is calculated first and the residual value is assigned to the liability component. The liability component will be accounted for subsequently at amortised cost. The embedded derivative liability will be fair valued at each reporting period and the fair value changes would be recognised in "other gains/(losses)-net" in profit or loss.

28 BORROWINGS (CONTINUED)

(b) Convertible bonds and notes (continued)

The carrying amount of the liability component of the convertible bonds and notes is derived as follows:

	2020 $'000	2019 $'000
Group		
Face value of convertible bonds and notes at date of issuance:		
- CBCN-1	47,850	47,850
- CN-2	5,000	–
	52,850	47,850
Derivative financial instruments on initial recognition	(7,046)	(6,870)
Liability component on initial recognition	45,804	40,980
Accumulated amortisation of interest expense	6,826	4,453
Liability component at end of financial year	52,630	45,433

As at 31 March 2020 and 31 March 2019, the Group does not have any outstanding convertible bonds/notes except as disclosed. The Company does not have any outstanding convertible bonds/notes.

(c) Medium Term Note Programme ("MTN")

The Company established a US$300 million guaranteed multicurrency MTN on 10 March 2018. Subsequently, the Company issued $50,000,000 at fixed interest rate of 7.00% with maturity period of 3 years and due on April 2021 under the MTN with effective date from 30 April 2018. The MTN notes is listed and quoted in the Bond Market.

The MTN is secured by corporate guarantee of certain subsidiaries.

(d) Loan notes

On 30 January 2019, the Group's subsidiary, UnUsUaL Management Pte. Ltd. has issued loan notes amounting to $5,000,000 due in 29 January 2021.

The loan notes is secured by equity interest of a subsidiary and collateral deposits amounting to $1,406,000 (Note 13).

29 LEASE LIABILITIES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Undiscounted lease payments due:				
- 12 months or less	26,175	–	70	–
- 1 - 5 years	57,312	–	23	–
- Over 5 years	13,498	–	–	–
	96,985	–	93	–
Less: Future interest costs	(12,149)	–	(3)	–
Lease liabilities	84,836	–	90	–
Represented by :				
- Current	23,093	–	67	–
- Non-current	61,743	–	23	–
	84,836	–	90	–

30 DERIVATIVE FINANCIAL INSTRUMENTS

	2020 $'000	2019 $'000
Group		
Derivatives financial instruments arising from:		
Current		
- Interest rate swap (Note 30(b))	163	–
	163	–
Non-current		
- Issuance of convertible bonds and notes (Note 30(a))	–	5,905
- Interest rate swap (Note 30(b))	113	–
	113	5,905

30 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) The derivative financial instruments arises from the issuance of convertible bonds and notes issued by mm Connect Pte. Ltd., a wholly-owned subsidiary and is disclosed in Note 28(b) to the financial statements. The fair value of derivative financial instruments are within Level 3 of the fair value hierarchy.

	2020 $'000	2019 $'000
Beginning of financial year	5,905	6,874
At date of issuance of CN-2	176	–
Gain on fair value changes	(6,081)	(969)
End of financial year	–	5,905

As at 31 March 2020 and 31 March 2019, the fair value of embedded derivative are valued internally and by an independent valuer respectively. 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.

(b) During the financial year 31 March 2020, 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 will mature on April 2022. The fair value is within level 2 of the fair value hierarchy.

	Contract notional amount $'000	Fair value liability $'000
2020		
Derivatives not held for hedging:		
Interest rate swap	12,116	276
Represented by :		
- Current		163
- Non-current		113
		276

31 PROVISIONS

	2020 $'000	2019 $'000
Group		
Non-current		
Provision for restoration costs	5,009	4,841

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:

	2020 $'000	2019 $'000
Group		
Beginning of financial year	4,841	4,978
Currency translation differences	(8)	(27)
Provision made	100	40
Unwinding of discount (Note 9)	76	67
Utilised	–	(217)
End of financial year	5,009	4,841

32 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:

	2020 $'000	2019 $'000
Group		
Deferred income tax assets	1,721	1,377
Deferred income tax liabilities	6,435	6,619

32 DEFERRED INCOME TAX (CONTINUED)

Movement in deferred income tax is as follows:

	2020 $'000	2019 $'000
Group		
Beginning of financial year	5,242	5,001
Currency translation differences	4	(5)
(Charged)/Credited to profit or loss	(347)	246
End of financial year	4,899	5,242

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) are as follows:

Deferred income tax liabilities

	Accelerated tax depreciation/ amortisation $'000	Other $'000	Total $'000
Group			
2020			
Beginning of financial year	6,783	–	6,783
Currency translation differences	3	–	3
Credited to profit or loss	(305)	–	(305)
End of financial year	6,481	–	6,481
2019			
Beginning of financial year	6,953	57	7,010
Currency translation differences	(21)	–	(21)
Credited to profit or loss	(149)	(57)	(206)
End of financial year	6,783	–	6,783

32 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) are as follows (continued):

Deferred income tax assets

	Accelerated tax depreciation/ amortisation $'000	Tax losses $'000	Total $'000
Group			
2020			
Beginning of financial year	(1,091)	(451)	(1,542)
Currency translation differences	2	–	2
Charged/(credited) to profit or loss	80	(122)	(42)
End of financial year	(1,009)	(573)	(1,582)
2019			
Beginning of financial year	(1,558)	(451)	(2,009)
Currency translation differences	14	–	14
Charged to profit or loss	453	–	453
End of financial year	(1,091)	(451)	(1,542)

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 $1,955,000 (2019: Nil) and $87,000 (2019: Nil) respectively that can be carried forward against future taxable income without expiries.

33 SHARE CAPITAL

	No. of ordinary shares		Amount	
	2020 '000	2019 '000	2020 $'000	2019 $'000
Group and Company				
At beginning and end of financial year	1,162,804	1,162,804	152,870	152,870

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.

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34 RESERVES

	Group	
	2020	2019
	$'000	$'000
Composition:		
Merger reserve (Note 34(a))	(37,338)	(37,338)
Currency translation reserve (Note 34(b))	(948)	(888)
Other reserves (Note 34(c))	23,851	23,771
	(14,435)	(14,455)

Reserves are non-distributable.

The movement of reserves are as follows:

(a) Merger reserve

	2020	2019
	$'000	$'000
Beginning and end of financial year	(37,338)	(37,338)

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

	2020	2019
	$'000	$'000
Beginning of financial year	(888)	(736)
Net currency translation differences of financial statements of foreign subsidiaries, associated company and joint venture	(47)	(141)
Less: Non-controlling interests' portion	(13)	(11)
	(60)	(152)
End of financial year	(948)	(888)

34 RESERVES (CONTINUED)

The movement of reserves are as follows: (continued)

(c) Other reserves

	2020 $'000	2019 $'000
Beginning of financial year	23,771	7,167
Acquisition of non-controlling interest	80	–
Disposal of partial investment in a subsidiary without loss on control (Note 18(a))	–	11,727
Dilution of interest in subsidiaries without loss on control (Note 18(b))	–	4,877
End of financial year	23,851	23,771

35 RETAINED PROFITS/(ACCUMULATED LOSSES)

(a) Retained profits of the Group are distributable.

(b) Movement in accumulated losses of the Company is as follows:

	2020 $'000	2019 $'000
Company		
Beginning of financial year	(5,405)	(3,645)
Net loss during the year	(10,547)	(1,760)
End of financial year	(15,952)	(5,405)

36 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 21 years as of the award date and hold such rank as may be designated by the 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.

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 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.

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.

36 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 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 granted options under mm2 PSP to subscribe for 959,400 ordinary shares at exercise price of $0.5980 per share on 31 May 2017. Subsequently, there were no performance shares awarded pursuant to mm2 PSP, including the current financial year ended 31 March 2020.

37 COMMITMENTS

In the previous financial year, the Group and the Company has the following commitments:

(a) Operating lease commitments – where the Group is a lessee

The Group leases motor vehicles, office space, apartments and cinema halls from related parties and non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for as at 31 March 2019 but not recognised as liabilities, are as follows:

	2019 $'000
Group	
Not later than one year	23,888
Between one and five years	48,564
More than five years	12,221
	84,673
Company	
Not later than one year	70
Between one and five years	100
	170

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 *Leases* on 1 April 2019. These payable leases have been recognised as right-of-use assets and lease liabilities respectively on the statements of financial position as at 1 April 2019.

37 COMMITMENTS (CONTINUED)

At the reporting date, the Group and the Company has the following commitments: (continued)

(b) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements, excluding those relating to investments in associated companies and a joint venture are as follows:

	2020 $'000	2019 $'000
Group		
Property, plant and equipment	580	888

38 CONTINGENT LIABILITIES

(a) Performance guarantee

Contingent liabilities, of which the probability of settlement is remote at the reporting date, are as follows:

	2020 $'000	2019 $'000
Group		
Performance guarantees	5,300	4,333

(b) Corporate guarantees

During the financial year, the Company has issued corporate guarantees amounting up to $32,867,000 (2019: $19,114,000) to banks for borrowings of its subsidiaries. These bank borrowings of the subsidiaries amounted to $28,480,000 (2019: $12,379,000) as at the reporting date.

The Company has evaluated the fair values of the corporate guarantees 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 support to subsidiaries

The Company provides financial support to certain subsidiaries in the Group with capital deficiency amounting to an aggregate of $13,932,000 (2019: $287,000) as at reporting date to operate as going concern and to meet its liabilities as and when they fall due. Management is of the view that the probability of outflow in respect of these 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, 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 Malaysian Ringgit ("RM"), United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Chinese Renminbi ("RMB") and New Taiwan Dollar ("TWD").

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	RM $'000	USD $'000	HKD $'000	RMB $'000	TWD $'000	Others $'000	Total $'000
Group								
2020								
Financial assets								
Cash and bank balances	18,606	2,371	1,934	375	5,766	193	138	29,383
Financial assets, FVPL	2,202	1,853	–	710	–	–	–	4,765
Trade and other receivables	99,014	9,581	29,011	7,072	4,087	3,025	641	152,431
Receivables from subsidiaries	376,973	9,209	2,428	5,334	584	13	–	394,541
	496,795	23,014	33,373	13,491	10,437	3,231	779	581,120
Financial liabilities								
Trade and other payables	(62,655)	(12,675)	(8,655)	(1,663)	(3,961)	(1,884)	(227)	(91,720)
Borrowings	(232,203)	(10,817)	(12,116)	–	–	(2,701)	–	(257,837)
Lease liabilities	(65,386)	(19,263)	–	(187)	–	–	–	(84,836)
Derivative financial instruments	–	–	(276)	–	–	–		(276)
Payables to subsidiaries	(376,973)	(9,209)	(2,428)	(5,334)	(584)	(13)	–	(394,541)
	(737,217)	(51,964)	(23,475)	(7,184)	(4,545)	(4,598)	(227)	(829,210)
Net financial (liabilities)/ assets	(240,422)	(28,950)	9,898	6,307	5,892	(1,367)	552	(248,090)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	7,044	(28,404)	9,898	5,617	5,870	(1,367)	552	(790)

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows (continued):

	SGD $'000	RM $'000	USD $'000	HKD $'000	RMB $'000	TWD $'000	Others $'000	Total $'000
Group								
2019								
Financial assets								
Cash and bank balances	12,597	2,521	621	293	433	1,862	239	18,566
Financial assets, FVPL	–	–	–	710	–	–	–	710
Trade and other receivables	128,940	17,267	11,642	9,222	3,778	8,154	2,592	181,595
Receivables from subsidiaries	412,938	28,246	1,192	3,356	456	12	–	446,200
	554,475	48,034	13,455	13,581	4,667	10,028	2,831	647,071
Financial liabilities								
Trade and other payables	(74,955)	(15,092)	(26,406)	(5,850)	(7,803)	(1,250)	–	(131,356)
Borrowings	(211,651)	(11,341)	–	–	–	–	–	(222,992)
Derivative financial instruments	(5,905)	–	–	–	–	–	–	(5,905)
Payables to subsidiaries	(412,938)	(28,246)	(1,192)	(3,356)	(456)	(12)	–	(446,200)
	(705,449)	(54,679)	(27,598)	(9,206)	(8,259)	(1,262)	–	(806,453)
Net financial (liabilities)/ assets	(150,974)	(6,645)	(14,143)	4,375	(3,592)	8,766	2,831	(159,382)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	2,963	963	(14,143)	3,426	(3,592)	8,766	2,831	1,214

The Company is not exposed to significant currency risk as most of its financial assets and liabilities as at 31 March 2020 and 31 March 2019 are denominated in SGD. The currency risk exposure has been determined by the management as not material to the Company's profit or loss for the financial year ended 31 March 2020 and 31 March 2019.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The following table shows the fluctuation of foreign currencies against Singapore Dollar ("SGD").

	2020 %	2019 %
Group		
Malaysian Ringgit ("RM")	1.0	1.0
United States Dollar ("USD")	5.0	3.0
Hong Kong Dollar ("HKD")	6.0	3.0
New Taiwan Dollar ("TWD")	7.0	2.0
Chinese Renminbi ("RMB")	5.0	3.0

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 profit	
	2020 $'000	2019 $'000
Group		
RM against SGD		
- Strengthened	(236)	8
- Weakened	236	(8)
USD against SGD		
- Strengthened	411	(352)
- Weakened	(411)	352
HKD against SGD		
- Strengthened	280	85
- Weakened	(280)	(85)
TWD against SGD		
- Strengthened	(80)	146
- Weakened	80	(146)
RMB against SGD		
- Strengthened	244	(89)
- Weakened	(244)	89

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the unquoted securities as disclosed in Note 17 classified as financial asset, at FVPL. As at reporting date, there are no significant exposure to equity price risk.

(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 which no hedges have been entered into as 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 5% (2019: 0.5%) with all other variables including tax rate being held constant, management had assessed and determined the impact to profit 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 asset, 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 statement of financial position.

39 FINANCIAL RISK MANAGEMENT (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 (2019: 5 debtors), which represented 23% (2019: 8% - 25%) 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:

	2020 $'000	2019 $'000
Group		
By geographical areas		
Singapore	24,094	33,055
Malaysia	10,993	22,047
China	30,323	26,265
Taiwan	9,461	18,835
Hong Kong	12,804	33,275
Others	5,653	10,617
	93,328	144,094
By types of customers		
Associated company	1,102	5,799
Related parties - corporations	441	–
Non-related parties		
- Individual	118	156
- Corporations	91,667	138,139
	93,328	144,094

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.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables and accrued income (continued)

The Group has recognised a loss allowance of $3,073,000 (2019: $2,261,000) against trade receivables and accrued income over 365 days past due, because historical experience and forward looking information has indicated that these group of receivables generally has a greater potential risk on the recoverability. No other loss allowance are recognised as the management believes that the amounts that are past due are collectible, based on historical payment behaviour and credit-worthiness of the customers.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

	2020 $'000	2019 $'000
Group		
At beginning of financial year	2,261	160
Currency translation differences	(1)	–
Amounts written off	(15)	–
Loss allowance recognised in profit or loss	828	2,101
At end of financial year	3,073	2,261

(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 $281,710,000. These 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 of the Group were not subject to any material credit losses except as disclosed below:

	2020 $'000	2019 $'000
Group		
At beginning of financial year	–	–
Loss allowance recognised in profit or loss	207	–
At end of financial year	207	–

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 12 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.

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.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Group					
2020					
Trade and other payables	91,720	–	–	–	91,720
Borrowings	131,693	83,460	56,590	5,730	277,473
Lease liabilities	23,093	22,135	35,177	13,498	93,903
Interest rate swap	163	106	7	–	276
	246,669	105,701	91,774	19,228	463,372
2019					
Trade and other payables	131,356	–	–	–	131,356
Borrowings	40,473	79,004	119,296	3,508	242,281
	171,829	79,004	119,296	3,508	373,637
Company					
2020					
Trade and other payables	70,671	–	–	–	70,671
Borrowings	43,713	77,386	39,860	–	160,959
Lease liabilities	67	26	–	–	93
Financial guarantee contracts	20,942	1,591	5,947	–	28,480
	135,393	79,003	45,807	–	260,203
2019					
Trade and other payables	57,995	–	–	–	57,995
Borrowings	39,933	25,930	113,086	–	178,949
Financial guarantee contracts	3,100	1,601	7,678	–	12,379
	101,028	27,531	120,764	–	249,323

39 FINANCIAL RISK MANAGEMENT (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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Borrowings (Note 28)	257,837	222,992	147,344	155,496
Less: cash and cash equivalents (Note 12)	(29,383)	(18,566)	(308)	(600)
Net debt	228,454	204,426	147,036	154,896
Total equity	273,606	214,163	136,918	214,163
Total capital	502,060	418,589	283,954	369,059
Gearing ratio (times)	0.46	0.49	0.52	0.42

(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.

The carrying amount of financial assets and financial liabilities recorded in the consolidated financial statements approximates their fair values, except for non-current deposits, financial asset, at fair value through profit or loss, deferred purchase consideration and derivative financial instruments. The fair value measurement disclosure, can be found respectively, at Notes 13, 17, 28 and 30 to the financial statements, respectively.

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

Level 3 fair value measurement

(i) Financial asset, at fair value through profit or loss

Investment in the above financial asset relate to unquoted equity instruments with no active markets. Management has assessed the fair value of these investments using market approach which require the comparison with publicly listed companies in the similar industry. However, due to size differential between these publicly listed companies and the financial assets, which resulted in the range of reasonable fair value measurements is too extensive and the probabilities of the various estimates cannot be reasonably assessed, these companies are entirely not comparable as their fair values cannot be reliably measured. Accordingly, management has applied adjusted net assets approach. The fair value measurement is disclosed in Note 17 to the financial statements.

(ii) Deposits (non-current)

The fair value measurement is disclosed in Note 13 to the financial statements.

(iii) Derivative financial instrument

The fair value measurement is disclosed in Note 30 to the financial statements.

(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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Group				
Financial assets, at amortised cost	181,814	200,161	282,254	288,942
Financial assets, at FVPL	4,765	710	–	–
Financial liabilities, at amortised cost	434,393	354,348	218,015	213,491
Derivative financial instruments	276	5,905	–	–

39 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Offsetting financial assets and financial liabilities

	Gross amounts of recognised financial assets/ (liabilities)	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	$'000	$'000	$'000
Group			
2020			
Trade receivables	27,079	(13,681)	13,398
Trade payables	(13,681)	13,681	–
2019			
Trade receivables	8,620	(4,375)	4,245
Trade payables	(4,375)	4,375	–

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement as at 31 March 2020 and 31 March 2019.

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.

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

	2020 $'000	2019 $'000
Group		
Sales of goods and/or services to		
Associated company	1,168	3,679
Other related parties	42	74
Purchase of services from		
Associated company	556	918
Other related parties	256	132
Rental expense paid/payable to director and key management personnel	28	20

Outstanding balances as at 31 March 2020 and 31 March 2019, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 26 to the financial statements.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	2020 $'000	2019 $'000
Group		
Directors		
Wages and salaries	240	240
Bonus	450	3,307
Directors' fees	275	395
Employer's contribution to defined contribution plans	13	16
	978	3,958
Key management personnel		
Wages and salaries	1,004	962
Bonus	390	284
Employer's contribution to defined contribution plans	52	35
	1,446	1,281
Total key management personnel compensation	2,424	5,239

41 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 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. 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) Post production and digital content production

Post production and digital content production segment refers to the services in visual effects and immersive media works for feature films and commercials and production of virtual reality products ("VR") for location-based thematic tour show with incorporate immersive experience.

(c) Cinema operations

Cinema operations segment refers to sales of cinema ticket and concession, hall rental and screen advertising.

(d) Concert and event

Concert and event segment refers to sales on events production, concerts promotion and renting of stage sound system and equipments.

41 SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments are as follows:

	Core business $'000	Post production and digital content production $'000	Cinema operations $'000	Concert and event $'000	Others $'000	Segments elimination $'000	Total $'000
2020							
Total segment sales	78,731	6,136	88,179	61,943	3,631	(2,846)	235,774
Inter-segment sales	(1,801)	(360)	(326)	(185)	(174)	2,846	–
Sales to external parties	76,930	5,776	87,853	61,758	3,457	–	235,774
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	**49,175**	**55**	**39,257**	**9,937**	**(480)**	**–**	**97,944**
Impairment loss on goodwill	–	–	(10,698)	–	–	–	(10,698)
Depreciation	(681)	(663)	(27,719)	(1,632)	(447)	–	(31,142)
Amortisation	(25,699)	(196)	(6)	(832)	(309)	–	(27,042)
Finance expenses	(10,191)	(23)	(7,968)	(1,232)	(22)	–	(19,436)
Profit/(loss) before income tax	12,604	(827)	(7,134)	6,241	(1,258)	–	9,626
Income tax expenses	(1,120)	67	(1,159)	(1,135)	10	–	(3,337)
Net profit/(loss)	**11,484**	**(760)**	**(8,293)**	**5,106**	**(1,248)**	**–**	**6,289**
2019							
Total segment sales	99,522	9,285	101,081	56,932	1,905	(2,538)	266,187
Inter-segment sales	(1,321)	(27)	(335)	(725)	(130)	2,538	–
Sales to external parties	**98,201**	**9,258**	**100,746**	**56,207**	**1,775**	**–**	**266,187**
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")	**49,648**	**4,455**	**17,587**	**17,605**	**(350)**	**(10,403)**	**78,542**
Depreciation	(218)	(292)	(7,558)	(1,603)	(134)	–	(9,805)
Amortisation	(9,984)	(71)	–	(831)	(150)	–	(11,036)
Finance expenses	(10,193)	(3)	(7,607)	(70)	(3)	–	(17,876)
Profit/(loss) before income tax	29,253	4,089	2,422	15,101	(637)	(10,403)	39,825
Income tax expenses	(6,937)	(821)	(492)	(2,842)	(17)	–	(11,109)
Net profit/(loss)	**22,316**	**3,268**	**1,930**	**12,259**	**(654)**	**(10,403)**	**28,716**

41 SEGMENTAL INFORMATION (CONTINUED)

Disclosure on the measures of total assets and total liabilities for each reportable segments was 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 locations of the customers is disclosed in Note 4 to the financial statements.

Information of major customers

Revenue of approximately $42,794,000 (2019: $12,271,000) is derived from two (2019: two) external customers for the financial year ended 31 March 2020. This revenue are attributable from core business and concert and event segments in Singapore.

42 SUBSEQUENT EVENTS

(a) In January 2020, the World Health Organisation has declared the Coronavirus Disease ("COVID-19") as a global health emergency. In between of February to June 2020, the government of Singapore, Malaysia and China have announced several restrictive measures respectively, including travel restriction within the cities and at country borders, and operations suspension nationwide where the Group's operations are situated in, in order to curb the outbreak of the COVID-19. The impact of COVID-19 is disclosed in Note 1 to the financial statements.

Due to the high level of uncertainties and unpredictable situation of the COVID-19, the Group is unable to reasonably estimate the full financial impact on the Group's business, results of operations and cash flows for the next financial year ending 31 March 2021.

The Group will continue to remain prudent with its expenditure and cash flow management. The Group is also constantly monitoring the situation and has been maintaining close interactions with customers via tele-conferencing and other electronic means, and look forward to resume full operations when the situation permits.

(b) On 16 April 2020, two subsidiaries of the Group entered into an aggregate $10,000,000 bank facility agreement with a financial institution, for 5-year Temporary Bridging Loan ("TBL") under Enterprise Financing Scheme with a fixed interest rate of 3% per annum. The principal repayment will commence in next 12 months from the date of first drawdown of the TBL.

(c) On 18 June 2020, the Company has incorporated a wholly-owned subsidiary, mmCineHome Pte. Ltd. with initial paid-up capital of $1,000, to distribute and stream digital film content.

(d) Prior to 31 March 2020, the Group had submitted a request to its financial institution to defer the scheduled principal repayment amid the COVID-19 situation. Subsequently, on 18 June 2020, the financial institution has approved and granted a moratorium on scheduled principal repayment for an aggregate amount of $14,250,000 for a period commencing from June 2020 to December 2020. The deferred principal repayment shall be repaid by 7 quarterly instalments commencing from March 2021.

42 SUBSEQUENT EVENTS (CONTINUED)

(e) On 11 February 2020, Vividthree Holdings Ltd. ("Vividthree"), a subsidiary of the Company, entered into a binding term sheet with Darkbox Studios Pte Ltd ("Darkbox"), Mr Goh Chun Hoong and Mr Goh Chun Keong (collectively known as "Vendors") for the acquisition of all the intellectual property ("IP") rights, published and unpublished works of the comic, namely "Silent Horror", as well as all rights and goodwill to the business name "Darkbox" and "Darkbox Studio" from the Vendors ("Acquisition").

The purchase consideration for the Acquisition is $1,500,000 ("Purchase Consideration") and shall be satisfied as follows:

- $500,000 in cash; and
- $1,000,000 in new shares of Vividthree ("Consideration Shares").

On 26 June 2020, the Acquisition has been completed. In relation to the Consideration Shares, the Vendors has requested that the Consideration Shares to be satisfied by cash amounting to $394,633 which Vividthree has agreed to. Accordingly, the Purchase Consideration in aggregate has been revised to $894,633 in cash.

(f) On 8 July 2020, Vividthree Holdings Ltd. ("Vividthree"), a subsidiary of the Group, has incorporated a joint venture company, V&N Entertainment Pte. Ltd. ("V&N") with an initial paid-up capital of $10,000, to provide event management services. Vividthree holds 55% equity stakes, which in turns a subsidiary of Vividthree and of the Group.

43 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 Group's accounting periods beginning on or after 1 April 2020 and which the Group has not early adopted:

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 April 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term "outputs" is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 April 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

44 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 8 August 2020.

Statistics of Shareholdings

As at 18 August 2020

Class of Shares	:	Ordinary shares
Number of shares (excluding treasury shares)	:	1,162,804,610
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	5	0.20	133	0.00
100 - 1,000	292	11.69	242,300	0.02
1,001 - 10,000	977	39.13	6,351,000	0.55
10,001 - 1,000,000	1,181	47.30	90,274,442	7.76
1,000,001 and above	42	1.68	1,065,936,735	91.67
Total	2,497	100.00	1,162,804,610	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	HSBC (Singapore) Nominees Pte. Ltd.	196,711,900	16.92
2	CGS-CIMB Securities (Singapore) Pte. Ltd.	194,749,413	16.75
3	StarHub Ltd.	114,315,790	9.83
4	KGI Securities (Singapore) Pte. Ltd.	93,081,100	8.01
5	Raffles Nominees (Pte) Limited	69,724,210	6.00
6	Citibank Nominees Singapore Pte. Ltd.	39,649,268	3.41
7	Maybank Kim Eng Securities Pte. Ltd.	38,468,200	3.31
8	OCBC Securities Private Ltd.	37,403,700	3.22
9	Choo Meileen	36,672,800	3.15
10	DBS Nominees Pte. Ltd.	32,826,524	2.82
11	Apex Capital Group Pte. Ltd.	25,461,354	2.19
12	BNP Paribas Nominees Singapore Pte. Ltd.	24,816,400	2.13
13	UOB Kay Hian Pte. Ltd.	24,056,000	2.07
14	RHB Securities Singapore Pte. Ltd.	23,943,800	2.06
15	Phillip Securities Pte. Ltd.	21,617,800	1.86
16	Melvin Ang Wee Chye	14,335,400	1.23
17	Henry Quek Peng Hock	10,148,800	0.87
18	Ong Chin Soon	5,909,300	0.51
19	Heah Tien Huat	5,566,200	0.48
20	DB Nominees (Singapore) Pte. Ltd.	4,700,000	0.40
	Total:	1,014,157,959	87.22

SUBSTANTIAL SHAREHOLDERS AS AT 18 AUGUST 2020

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Melvin Ang Wee Chye	14,335,400	1.230%	428,800,000[(1)]	36.87%
StarHub Ltd.	114,315,790	9.830%	–	–
Asia Mobile Holdings Pte. Ltd.	–	–	114,315,790[(2)]	9.83%
Asia Mobile Holding Company Pte. Ltd.	–	–	114,315,790[(2)]	9.83%
STT Communications Ltd;	–	–	114,315,790[(2)]	9.83%
Singapore Technologies Telemedia Pte. Ltd.	–	–	114,315,790[(2)]	9.83%
Temasek Holdings (Private) Limited	–	–	114,315,790[(2)]	9.83%
Ooredoo Investment Holding S.P.C.	–	–	114,315,790[(2)]	9.83%
Ooredoo Q.S.C.	–	–	97,376,888[(2)]	8.37%
Yeo Khee Seng Benny	3,123,200	0.260%	94,253,688[(3)]	8.10%

Notes:

1. Mr Melvin Ang Wee Chye ("**Mr. Melvin Ang**") is deemed to be interested in the 428,800,000 ordinary shares maintained under the nominee accounts set out below:

   (a) 93,000,000 ordinary shares under KGI Securities (Singapore) Pte. Ltd.;
   (b) 165,800,000 ordinary shares under CGS-CIMB Securities (Singapore) Pte. Ltd; and
   (c) 170,000,000 ordinary shares under HSBC (Singapore) Nominees Pte. Ltd. (collectively, the "**Nominee Accounts**")

   Under the CGS-CIMB Securities (Singapore) Nominees Account, a total of 63,500,000 ordinary shares are held under MA Holdings Management Company Limited ("**MA Holdings**"), a company which is wholly-owned by Mr. Melvin Ang.

   Pursuant to Section 7 of the Companies Act. Cap. 50 (the "**Act**"), Mr. Melvin Ang is deemed to be interested in the shares held by MA Holdings and the Nominee Accounts.

2. (a) StarHub Ltd ("**StarHub**") holds a total of 114,315,790 ordinary shares in mm2 Asia Ltd;

   (b) Based on our latest records as of 31 July 2020, Asia Mobile Holdings Pte. Ltd. holds approximately 55.77% of the total issued share capital of StarHub Ltd (excluding treasury shares);

   (c) StarHub Ltd is a subsidiary of Asia Mobile Holdings Pte. Ltd. ("**AMH**"), which in turn is a subsidiary of Asia Mobile Holding Company Pte. Ltd. ("**AMHC**"), a wholly-owned subsidiary of STT Communications Ltd ("**STTCom**"), which in turn is a wholly-owned subsidiary of Singapore Technologies Telemedia Pte Ltd ("**ST Telemedia**"), a wholly-owned subsidiary of Temasek (Holdings) Private Limited ("**Temasek**");

   (d) OIH Investment LLC ("**OIH**"), a wholly-owned subsidiary of Ooredoo Q.P.S.C. (formerly known as Ooredoo Q.S.C.) ("**Ooredoo**"), holds approximately 25% of the total issued share capital of AMH; and

   (e) accordingly, each of AHM, AMHC, STTCom, ST Telemedia, Temasek, OIH and Ooredoo have a deemed interest in the 114,315,790 shares of mm2 Asia Ltd held by StarHub.

3. Mr. Yeo Khee Seng Benny ("**Mr. Yeo**") is deemed interested in 24,816,400 Shares held under the name of BNP Paribas Nominees Singapore Pte. Ltd. and 43,975,934 Shares held under the name of Raffles Nominees (Pte) Ltd..

   Mr. Yeo owns 70% direct interest in Apex Capital Group Pte. Ltd. ("**Apex Capital**"), which in turn owns 25,461,354 ordinary shares in the issued share capital of the Company.

   Pursuant to Section 7 of the Act, Mr. Yeo is deemed to be interested in shares held by Apex Capital.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 18 August 2020, 38.23% of the Company's shares are held in the hand of public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual, which requires 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of **mm2 Asia Ltd.** ("**Company**") will be held by way of electronic means on **Thursday, 17 September 2020** at **11.30 a.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 Group and of the Company for the financial year ended 31 March 2020 together with the Independent Auditor's Report thereon.
Resolution 1

2. To approve the payment of Directors' fees of $275,000 for the financial year ending 31 March 2021, to be paid quarterly in arrears.
Resolution 2

3. To re-elect the following Directors retiring pursuant to Regulation 107 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 Nexia 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, Cap 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited

That pursuant to Section 161 of the Companies Act, Chapter. 50 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**")

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 6(2)(a) or 6(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.

[See Explanatory Note (ii)]

Resolution 6

7. Authority to issue shares under the mm2 Performance Share Plan

That pursuant to Section 161 of the Companies Act, Chapter 50, 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 fifteen per centum (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.

[See Explanatory Note (iii)]

Resolution 7

8. Proposed Renewal of Share Purchase Mandate

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, Chapter 50, 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, Chapter 50 ("**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 Purchase 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 Purchase 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:-

(i) the date on which the next AGM of the Company is held or required by law to be held;

(ii) the date on which the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(iii) the date on which the authority conferred by the Share Purchase 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 2% 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;

(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 Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act, Chapter 50; 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.

[See Explanatory Note (iv)]

Resolution 8

By Order of the Board

Lissa Siau
Company Secretary
Singapore, 2 September 2020

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. Chia Choon Hwee, Dennis, will, upon re-election as a Director of the Company, remain as Non-Executive Director.

Please refer to Table A of the Corporate Governance Report on page 46 to page 49 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 Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) 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 two per centum (2%) 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 Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2020 are set out in greater detail in the Appendix.

Notes:

General

1. In view of the circuit breaker measures applicable and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Notes 3 to 6 below;

   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and

   (c) voting by proxy at the AGM. Please refer to Notes 10 to 19 below for further details.

Participation in AGM proceedings via "live webcast"

3. A member of the Company or their corporate representative(s) (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast, either, via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, member must pre-register with the Company by **11.30 a.m. on 14 September 2020** ("**Registration Deadline**"), at the URL: http://sg.conveneagm.com/mm2asia (the "**mm2 AGM Website**"), to create an account.

4. Following the authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

5. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by **11.30 a.m. on 14 September 2020** should contact the Company at the following email address: ir@mm2asia.com, with the following details included:

   (a) the member's full name; and

   (b) his/her/its identification/registration number.

6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast.

Submission of questions prior to the AGM

7. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company will endeavour to address questions which are substantial and relevant.

8. To do so, all questions must be submitted no later than the Registration Deadline through any one of the following means: (a) via the **mm2 AGM Website**; or (b) in physical copy by depositing the same at the registered office of the Company at **Blk 1002, Jalan Bukit Merah #07-11 Singapore 159456**; or (c) by email to ir@mm2asia.com.

9. 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.

Voting by proxy

10. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/ she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) is/are advised to specify his/her/its votes for the respective resolutions in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

11. The Chairman of the Meeting, as proxy, need not be a member of the Company.

12. The Proxy Form must be submitted through any one of the following means: (a) via the **mm2 AGM Website** in the electronic format accessible on the MM2 AGM Website; (b) by depositing a physical copy at the registered office of the Company at **Blk 1002, Jalan Bukit Merah #07-11 Singapore 159456**; or (c) by sending a scanned PDF copy by email to main@zicoholdings.com, in each case, no later than **11.30 a.m. on 14 September 2020**, and failing which, the Proxy Form will not be treated as valid.

13. In the case of submission of the Proxy Form other than via the mm2 AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

14. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically.**

15. In the case of submission of the Proxy Form other than via the mm2 AGM Website, the Proxy Form must be executed under the hand of the appointor or of his 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.

16. 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 (Chapter 50 of Singapore) 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.

17. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.

18. 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 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

19. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish 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, Chapter 19 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, Chapter 289 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, 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:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, 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)
(the "Company")

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the AGM are set out in the Company's announcement which, together with the Notice of Annual General Meeting dated 2 September 2020, have been uploaded on SGXNET. The announcement and the Notice of Annual General Meeting can also be accessed at the home page of the Company's corporate website (www.mm2asia.com).

2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s). by informing 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, SRS Investors shall be precluded from attending the Meeting.

3. 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/Co. reg. No)

Of____ (Address)

being a member/members of mm2 Asia Ltd. (the "**Company**") hereby appoint the **Chairman of the Meeting** as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held by way of electronic means on Thursday, 17 September 2020 at 11.30 a.m. ("**AGM**" or the "**Meeting**"), and at any adjournment thereof.

I/We direct the Chairman of the Meeting to vote for, against and/or abstain from voting at the resolutions proposed at the AGM 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 Chairman of the Meeting will vote or abstain from voting at his discretion.

* Voting will be conducted by poll. If you wish the Chairman of the Meeting, as your proxy, to exercise all your votes "For" or "Against" or to "Abstain" from voting on the relevant resolution, please indicate with an "X" within the relevant box provided below. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman of the Meeting not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll. In the absence of specific directions for that resolution, the Chairman of the Meeting will vote or abstain from voting at his discretion.

No.	Ordinary Resolutions	No. of Votes For	No. of Votes Against	No. of Votes Abstain
Ordinary Business:				
1.	Directors' Statement and Audited Financial Statements of the Group and of the Company for the financial year ended 31 March 2020 together with the Independent Auditor's Report thereon.			
2.	Approval of Directors' fees amounting to $275,000 for the financial year ending 31 March 2021, 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 Nexia 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 Purchase Mandate			

Dated this____________ day of____________ 2020.

Total Number of Shares held in	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, Chapter 289 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. In view of the circuit breaker measures applicable and pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person.

3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) is/are advised to specify his/her/its votes for the respective resolutions in this Proxy Form.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. This Proxy Form must be submitted through any one of the following means: (a) via the following URL: http://sg.conveneagm.com/mm2asia (the "**mm2 AGM Website**") in the electronic format accessible on the mm2 AGM Website; or (b) by depositing a physical copy at the registered office of the Company at **Blk 1002, Jalan Bukit Merah #07-11 Singapore 159456**; or (c) by sending a scanned PDF copy via email to main@zicoholdings.com, in either case, no later than 11.30 a.m. on 14 September 2020, and failing which, this Proxy Form will not be treated as valid.

6. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

8. In the case of submission of this Proxy Form other than via the mm2 AGM Website, this Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this 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 this 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 this Proxy Form, failing which this Proxy Form may be treated as invalid.

9. 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, Chapter 50 of Singapore 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.

10. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish 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 (Cap. 19) 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 Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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 the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated **2 September 2020**.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy 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 the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Annual Report 2020

CONTENT & MEDIA
FOR ASIA

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(Incorporated in Singapore on 20 August 2014)
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