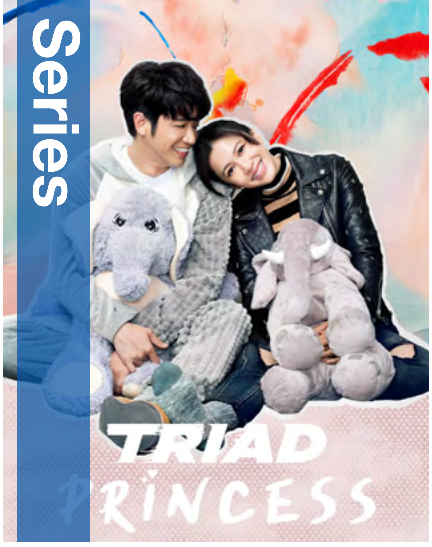
mm2 Asia Ltd Annual Report FY2021

CONTENT & MEDIA FOR ASIA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TRIAD
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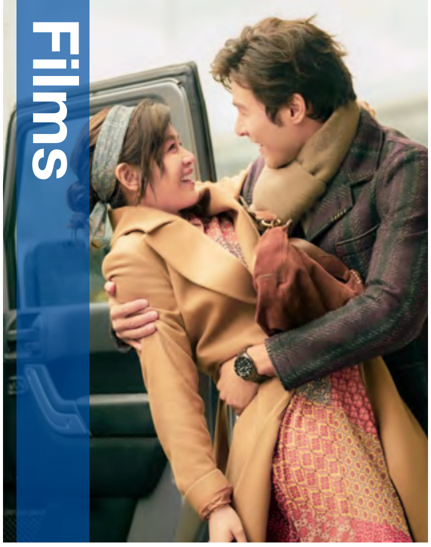

Films


Concert

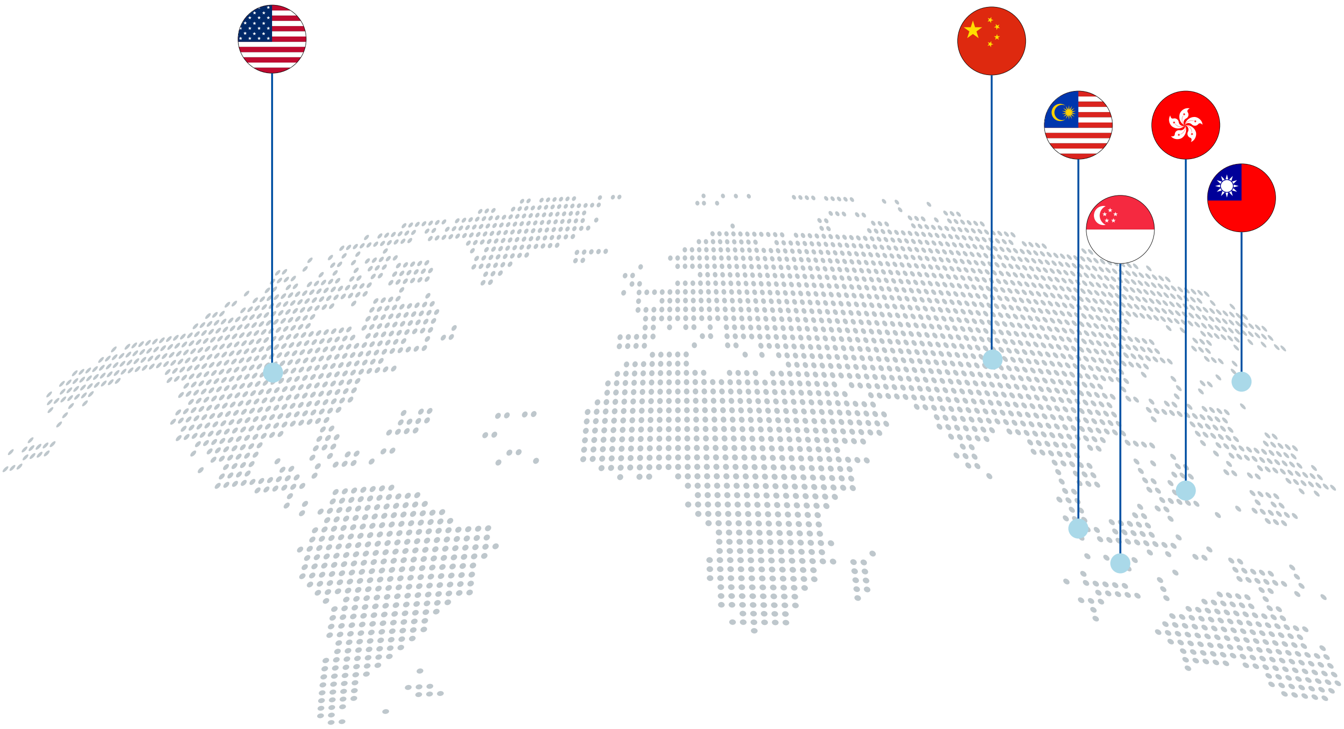

Formats


MICE
TRAIN TO BUSAN
부산행


Cinema

CONTENT

CORPORATE PROFILE



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

THE GROUP'S PRIMARY BUSINESS ACTIVITIES:

Core Business
Content Production, Distribution and Sponsorship

Post and Digital Content Production Business
Digital Content, MICE[1] Experiences & Consumer Entertainment

Cinema Business
Cinema Operations

Concert and Event Business
Event Production and Concert Promotion

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

FINANCIAL HIGHLIGHTS

75.2

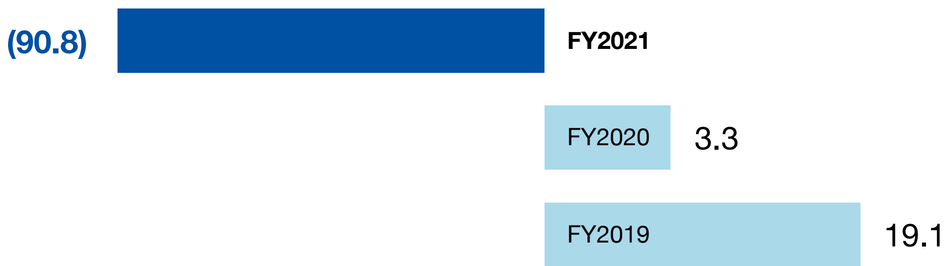
REVENUE
($ million)

6.0

GROSS PROFIT
($ million)

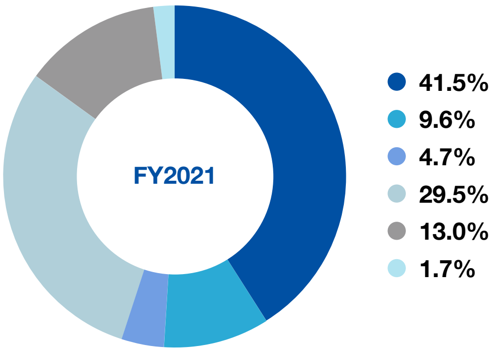
90.8

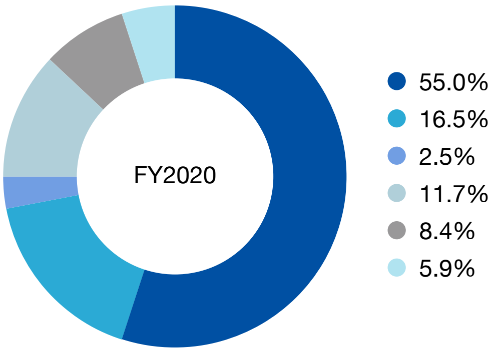
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS
($ million)

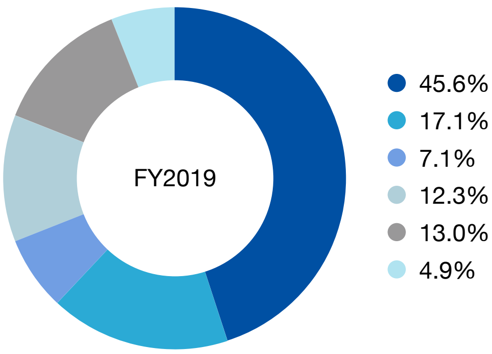


REVENUE BREAKDOWN BY GEOGRAPHICAL LOCATION

($ million)







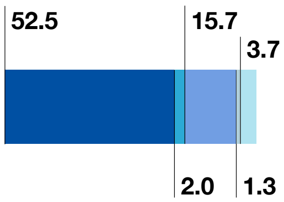
- Singapore
- Malaysia
- Hong Kong
- Taiwan
- China
- Others

REVENUE BREAKDOWN BY BUSINESS SEGMENTS

($ million)

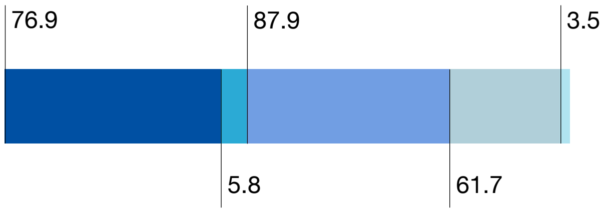
FY2021

75.2



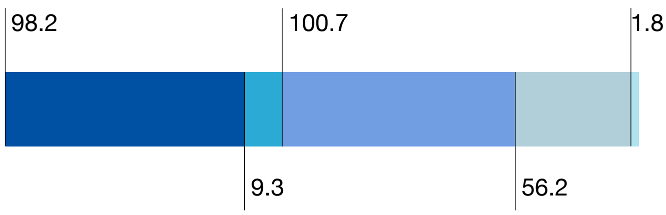
FY2020

235.8



FY2019

266.2



- Core Business
- Post & Digital Content Production Business
- Cinema Business
- Concert & Event Business
- Other Segments

OUR BUSINESS

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

(1) VFX: Visual Effects
(2) CGI: Computer-generated Imagery
(3) MICE: Meetings, Incentives, Conferences and Exhibitions

103 Screens | 11 Locations | 64 Screens | 8 Locations

CINEMA BUSINESS

The Group is presently the only player managing and operating cinemas in both Malaysia and Singapore. The Group operates 103* screens across 11* 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".

* as at 5 July 2021

CONCERT AND EVENT

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

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

CORPORATE MILESTONES

2014

Listed on SGX Catalist Board

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.

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

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.

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

2019

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

2020

- Announced plans to launch on-demand streaming service - Cathay CineHome
- Announced Proposed Spin-off and Listing of the mm2 Asia Cinema Business
- Announced Proposed Merger of the mm2 Asia Ltd. Cinema Business with Golden Village Cinemas in Singapore

2021

- Announced Proposed Renounceable Underwritten Rights Issue[1]
- Redemption of Medium-term Note Programme, together with its accrued interests, amounting $51.75 million on 27 April 2021 via proposed renounceable Underwritten Rights Issue.

(1) Renounceable Underwritten Rights Issue exercise was completed and the Rights Shares were listed and quoted on the Main Board of the SGX-ST on 16 April 2021

FINANCIAL & OPERATIONS REVIEW

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Group's revenue declined by approximately $160.6 million or 68.1% y-o-y, from $235.8 million in FY2020 to $75.2 million in FY2021, was mainly due to outbreak of Coronavirus Disease 2019 ("COVID-19") which has been impacted the Group's major businesses in movies/drama production progresses, film exhibitions and distributions as well as live entertainment since in January 2020. Despite the impact of COVID-19 across our business segments, the Group's overall performance improved in the second half of FY2021 (6-months period ended 31 March 2021 or "2H FY2021") as the Group posted revenue of $58.2 million as compared to $20.0 million in first half of FY2021 (6-months period ended 30 September 2021 or "1H FY2021"). The revenue contributed from each of the segments for FY2021 are set out below.

Segmental (FY2021)	1H FY2021	2H FY2021	Full Year (before inter-segment eliminations)	Full Year (after inter-segment eliminations)
	$' million	$' million	$' million	$' million
Core business	13.4	41.8	55.2	52.5
Digital content production	0.3	1.7	2.0	2.0
Cinema operation	3.6	12.3	15.9	15.7
Event	1.1	0.2	1.3	1.3
Others	1.6	2.2	3.8	3.7
Total	20.0	58.2	78.2	75.2

Core business

Revenue from Core business decreased by approximately $23.5 million or 29.9% y-o-y, from $78.7 million in FY2020 to $55.2 million in FY2021. The decrease was mainly attributable to:

(i) lower revenue from film/drama productions due to lesser projects were completed as compared to last financial year; and

(ii) lower revenue from distribution of films due to intermittent cinemas closure in the countries where the Group operates in as well as deferment of movie title releases.

Despite lower revenue recorded in 1H FY2021, Core business managed to close the gap in the 2H FY2021 as the segment managed to record revenue of $41.8 million, with increased productions activities and project execution in its production segment, as compared to $13.4 million in 1H FY2021.

Post and digital content production ("Digital content production")

Revenue from Post and digital content production ("Digital content production") segment declined by approximately $4.1 million or 67.2% y-o-y, from $6.1 million in FY2020 to $2.0 million in FY2021. The segment's revenue decline was mainly due to deferment of its digital content production business' location-based entertainment projects, such as MICE (Meetings, Incentives, Conferences and Exhibitions) and thematic show. In contrast, Post-production business had performed well within this segment in 2H FY2021 as it posted revenue of $1.7 million in 2H FY2021 as compared to $0.3 million in 1H FY2021.

Cinema operation

Revenue from Cinema segment fell by approximately $72.3 million or 82.0% y-o-y, from $88.2 million in FY2020 to $15.9 million in FY2021, was mainly due to reduced admissions, deferral of movies titles as well as countries' directives in containing the COVID-19 virus. Revenue from operation in Singapore had improved since the beginning of 2H FY2021 as compared to 1H FY2021 despite operating with reduced seating capacity and other enhance measures implemented by Singapore Government, whilst the operation in Malaysia, it has been severely affected due to intermittent cinema closures and operating with reduced seating capacity as well as other social-distancing measures implemented by Malaysia government. Overall, the performance of Cinema segment is gradually recovering from 2H FY2021 as it posted revenue of $12.3 million as compared to $3.6 million in 1H FY2021.

FINANCIAL & OPERATIONS REVIEW

Concert and event ("Event")

Revenue from Concert and event ("Event") segment decreased by approximately $60.6 million or 97.9%, from $61.9 million in FY2020 to $1.3 million in FY2021. The significant decline was primarily due the deferment of most of the segment's projects i.e. concerts and large-scale events.

Other business segment

Other segment comprised of media advertising activities, news agency activities, development of software for interactive digital media, brand consulting services, streaming digital films and short video contents and café business. Revenue from this segment increased by $0.2 million or 5.6% y-o-y, from $3.6 million in FY2020 to $3.8 million in FY2021. The increase is mainly contributed by our news agency and media advertising activities.

Cost of sales

Cost of sales decreased by approximately $77.1 million or 52.7%, from $146.4 million in FY2020 to $69.3 million in FY2021. The decrease in cost of sales was in line with the decrease in revenue from respective business segments except for other direct fixed cost have been incurred consistently throughout the period such as depreciation, amortisation and direct staff costs.

Gross profit

Gross profit decreased by approximately $83.4 million or 93.3% y-o-y, from $89.4 million in FY2020 to $6.0 million in FY2021. Despite decrease in cost of sales, the overall gross profit margin decreased from 37.9% in FY2020 to 8.0% in FY2021. The gross profit in FY2021 was mainly contributed by the Core business and Cinema segment.

Other income

Other income increased by approximately $13.2 million, from $0.6 million in FY2020 to $13.8 million in FY2021, was mainly due to:

(i) wage subsidies schemes from various governments of approximately $6.5 million, including Jobs Support Scheme ("JSS") of $5.5 million; and

(ii) rental concession income granted by landlords approximately $6.6 million during the FY2021, mainly contributed from Cinema segment.

Other (losses)/gains - net

Net other losses approximately of $13.8 million in FY2021 compared to net other gains of $7.1 million in FY2020. The net other losses in FY2021 was mainly contributed by:

(i) a gain of $2.3 million from remeasurement of the carrying amount of certain convertible securities upon the re-negotiation of terms of convertible securities (Refer to Note 29(a) to the financial statements for details);

(ii) fair value loss on derivatives financial instrument amounting to approximately $5.9 million, as a result of the issuance of new convertible securities and extension of maturity date of certain convertible securities by mmConnect Pte. Ltd., a wholly-owned subsidiary of the Company, in FY2021;

(iii) net fair value loss on financial assets through profit or loss, FVPL of approximately $1.5 million as compared to $0.06 million in FY2020;

(iv) allowance for expected credit loss on financial assets (trade and other receivables) by approximately $5.1 million, was mainly contributed by Digital content production and Event segments amounting $1.3mil and $3.7 million respectively after taking into consideration of the impact from COVID-19 pandemic; and

(v) Write-off and disposal of property, plant and equipment amounting to $1.0 million and $0.6 million respectively, due to rationalising part of Cinema segment in Malaysia and café business due to the impact from COVID-19 pandemic.

Administrative expenses

Administrative expenses increased by approximately $17.1 million or 25.2% from $67.9 million in FY2020 to $85.0 million in FY2021. The administrative expense is analysed as follows:

	FY2021	FY2020	Savings/ (increase)	
	$' million	$' million	$' million	%
Impairment losses	39.7	10.7	(29.0)	-272%
Depreciation of property, plant and equipment *	0.8	0.9	0.1	11%
Amortisation of intangible assets - others	1.1	0.9	(0.2)	-22%
Other expenses and depreciation of right-of-use	43.4	55.4	12.0	22%
	85.0	67.9	(17.1)	-25.2%

** excluding depreciation of right-of-use*

Impairment loss of $39.8 million, an increase of $29.1 million from $10.7 million in FY2020, which were primary due to the impact from COVID-19 pandemic. The impairment losses were contributed by:

(i) film rights of $6.2 million (FY2020: Nil) and film Intangibles and inventories of $2.8 million (FY2020: Nil) and films under productions of $1.7 million (FY2020: Nil); and

(ii) goodwill of Cinema segment of $29.0 million (FY2020: $10.7 million)

The other expenses decreased by $12.1 million or 21.8% y-o-y, from $55.4 million in FY2021 to $43.3 million in FY2020. The savings in other expenses were mainly due to the success of cost containment measures implemented by the Group, resulting in substantial savings in:

(i) staff costs of management and other non-direct staff reduced by approximately $3.9 million due to group-wide salary reductions; and

(ii) cinema operation building maintenance expenses reduced by approximately $5.3 million mainly comprising utilities, cleaning fee, repair and maintenance cost and other operations expenses mainly due to reduced activity levels in cinema operations as well as rationalisation of cinema sites in Malaysia as its number of sites reduced from 19 to12 in FY2021.

Finance expenses

Finance expenses decreased slightly by $0.4 million or 2.1%, from $19.4 million in FY2020 to $19.0 million in FY2021. In FY2021, the finance expenses comprised of:

(a) interest expenses on borrowings of $15.4 million (FY2020: $14.8 million), an increase of $0.6 million or 4.1%, mainly due to issuance new convertible securities and extension of maturity date of convertible securities by mmConnect Pte. Ltd.; and

(b) interest expenses on lease liabilities of $3.6 million (FY2020: $4.6 million), decreased by $1.0 million or 21.7%, mainly due to repayment and decrease in rental rates.

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

The Group recorded share of profits of associated companies and joint venture of $0.07 million, was mainly due to better financial performance in an associated company in FY2021 as compared losses in FY2020.

(Loss)/Profit before income tax

As result of the aforementioned, the Group reported a loss before income tax of approximately $98.1 million in FY2021, as compared to profit before tax of $9.6 million in FY2020. Net loss position in FY2021 is primarily due to the decline of all major business segments' operations and its revenue which were disrupted by COVID-19 pandemic and their performance was further affected by the following non-cash expenses:

(i) impairment loss on goodwill of $29.0 million from Cinema segment;
(ii) impairment loss on film library and other film intangibles of $10.7 million;
(iii) fair value loss in derivatives financial instrument of $5.9 million;
(iv) fair value loss in financial assets, FVPL of $1.5 million; and
(v) expected credit loss allowance on financial assets of $5.1 million.

EARNINGS/(LOSS) BEFORE, INTEREST, TAX, DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES AND SFRS(I) 16, *LEASES* AND OTHER MATERIAL NON-CASH ITEMS ("ADJUSTED EBITDA")

The analysis of Adjusted EBITDA for FY2021 is as follows:

Segmental	1H FY2021	2H FY2021	Total
	$' million	$' million	$' million
Core business	7.60	11.93	19.53
Content digital productions	(1.00)	(0.54)	(1.54)
Cinema operation	(10.00)	(9.19)	(19.19)
Events	(2.10)	(1.70)	(3.80)
Others	(0.50)	(0.20)	(0.70)
Total	(6.00)	0.30	(5.70)

The Adjusted EBITDA is excluded the following:

(i) the effect of SFRS(I) 16 *Leases,*
(ii) non-cash expenses of fair value loss in derivative financial instrument of $5.9m (FY2020: Gain of $5.8 million),
(iii) non-cash expenses of fair value loss in financial assets, FVPL of $1.5million (FY2020: $0.06 million)
(iv) expected credit loss on financial assets of $5.1 million (FY2020: $1.0m)
(v) a gain of $2.3 million (FY2020: Nil) arising from re-measurement of the certain convertible securities;

FINANCIAL & OPERATIONS REVIEW

REVIEW OF FINANCIAL POSITION

Current assets

Current assets decreased by $51.9 million or 20.3%, from $255.8 million as at 31 March 2020 to $203.9 million as at 31 March 2021, was attributable from:

(i) a net reduction of trade and other receivables by approximately $25.8 million or 18.6% from $138.4 million as at 31 March 2020 to $112.6 million as at 31 March 2021. The net movement comprising the following:

- net reduction in trade receivables and unbilled receivables by approximately $10.8 million, including additional allowance for expected credit losses on trade receivables of $3.1 million from Post-productions and Event segments; and
- net decrease in other receivables and deposits for approximately $15.0 million was mainly due to reduction in project deposits paid for approximately $4.0 million in Core and Post-production segment and capitalisation of deposit paid in property, plant and equipment amounting to $6.1 million.

(ii) a decrease in cash and cash equivalents by approximately $17.3 million or 58.8%, from $29.4 million as at 31 March 2020 to $12.1 million as at 31 March 2021, was mainly due to cash inflows generated from operation of $2.2 million offsets with cash utilisation in investing and financing activities of $9.1 million and $10.2 million respectively;

(iii) a decrease in other current assets (i.e., costs incurred by the Group in fulfilling a contract with its customers (third party commissioned projects) by approximately $7.0 million or 8.4%, from $82.9 million as at 31 March 2020 to $75.9 million as at 31 March 2021, was mainly due to reclassification of certain projects to film under productions (and subsequently recognised as film rights) and production cost incurred charge to profit or loss for completed projects in FY2021.

(iv) a decrease in film products and films under productions by $1.7 million or 60.7%, from $2.8 million as at 31 March 2020 to $1.1 million as at 31 March 2021, was mainly due to recognition of impairment losses of $1.7 million.

Non-current assets

Non-current assets decreased by $61.6 million or 12.8%, from $481.5 million as at 31 March 2020 to $419.9 million as at 31 March 2021, was mainly due to:

(i) a decrease in long term non-trade receivables was mainly due to allowance for expected credit loss amounting to $1.9 million.

(ii) a decrease in property, plant and equipment, presented with rights-of-use, ("PPE") by approximately $24.9 million or 22.1% was contributed from depreciation expenses of approximately $30.5 million, partly offsets with additions in PPE of approximately $9.2 million;

(iii) a decrease in film rights by $8.2 million or 19.7% was mainly due to amortisation of film rights amounted $10.2 million and recognition of impairment losses of $6.2 million due to impact from COVID-19. These were partly offset with total additions in film rights amounted to $8.2 million;

(iv) an increase in film intangibles and film inventories by $3.1 million or 18.9% was mainly attributable to additions in film inventories in Core business and Post-production segment for $9.2 million and $2.2 million respectively, partly offset by amortisation of film intangibles and film inventories of approximately $5.2 million as well as recognition of impairment losses of $2.8 million.

(v) a decrease in intangible assets and goodwill by $26.8 million or 9.6% was mainly due to the Group recorded impairment losses on goodwill on Cinema operations of its respective cash-generating units. The COVID-19 pandemic created substantial adverse impact globally, including Malaysia and Singapore cinema business, where their operations have been disrupted severely since January 2020. During the FY2021, the operation in Malaysia was disrupted by intermittent cinema closures and operating with reduced seating capacity whilst operation in Singapore also has been affected by adherence of strict safe distancing measures implemented by government. Consequently, management had reassessed the future cash flows of the Cinema operations and is of the view that impairment of goodwill on Cinema operations was necessary as at 31 March 2021. Accordingly, the Group recognised $29.0 million impairment loss during the FY2021.

Current liabilities

Current liabilities increased by $59.1 million or 22.4%, from $264.3 million as at 31 March 2020 to $323.4 million as at 31 March 2021, was mainly due to:

(i) an increase in short-term borrowings by approximately $61.0 million or 46.3%, from $131.7 million as at 31 March 2020 to $192.7 million as at 31 March 2021, was mainly due to (a) reclassification of Medium Term Note Programme ("MTN") and convertible securities amounting to $50.0 million and $5.0 million respectively from non-current to current liabilities in accordance with its terms and conditions; (b) new issuance of convertible securities for $1.99 million and (c) gain of $2.3 million arising from re-measurement of certain convertible securities in FY2021.

Subsequent to the reporting period, on 27 April 2021, the Group fully redeemed the MTN together with its interests accrued following the success in raising fund from the issuance of right issues for a total gross proceeds of $54.65 million on 14 April 2021.

(ii) an increase in derivatives financial instruments by approximately $5.9 million mainly due to recognition of fair value loss on derivatives financial instruments as a result of the issuance of new convertible securities and extension of maturity date for convertible securities by mm Connect Pte. Ltd.,

(iii) a net decrease in trade and other payable by $12.5 million or 13.6% was mainly due to repayment of creditors during the period under review;

(iv) a net increase in lease liabilities by $10.1 million or 43.7% was mainly lesser repayment of leases in cinema operations offers with rental concession received from landlords for approximately $6.6 million during the year under review; and

(v) a net decrease in contract liabilities (advance billing but services yet to be delivered) by $2.6 million or 22.2% was mainly attributable to Core segments amounted $2.7 million due to recognition of progress billings to profit or loss as revenue for completed projects in FY2021.

Non-current liabilities

Non-current liabilities decreased by approximately $73.2 million or 36.7%, from $199.4 million as at 31 March 2020 to $126.2 million as at 31 March 2021. The decrease was mainly due to the reclassification of MTN and convertible securities from non-current to current liabilities as described in "Current Liabilities" above.

REVIEW OF CASH POSITION

As at 31 March 2021, our cash and cash equivalents amounted to approximately $10.8 million, including bank overdraft of $1.3 million, as compared to $28.1 million, including bank overdraft of $1.3 million, as at 31 March 2020. The decrease in cash and cash equivalents is mainly arising from:

(a) Net cash used in operating activities

In FY2021, the other non-cash adjustments to operating activities, other than interest, tax, depreciation and amortisation, mainly contributed by:

(i) allowance for expected credit loss ($5.1 million),
(ii) fair value loss on derivatives instruments ($5.9 million)
(iii) fair value loss on financial assets FVPL ($1.5 million),
(iv) rental concessions income from landlords ($6.6 million),
(v) impairment losses ($39.8 million); and
(vi) gain on re-measurement of convertible securities ($2.3 million).

Accordingly, the Group generated approximately $14.7 million (FY2020: $95.4 million) net cash from operating activities before net working capital changes. After applying net working capital changes, it generated net cash inflows of approximately $2.2 million (FY2020: net cash inflows $32.6 million). The net working capital changes are derived from:

(i) a net decrease in trade and other receivables of $13.1 million;
(ii) a net decrease in contract liabilities of $2.5 million due to progress billings completed projects recognised to profit or loss;
(iii) a net decrease in other current assets of $2.7 million due to production costs for completed projects recognised to profit or loss;
(iv) an increase in film intangibles and film inventories of $10.2 million mainly contributed by Core and Post-production segment.
(v) a net decrease in trade and other payables of $12.9 million; and
(vi) a corporate tax payment of $2.8 million (net of refund) during the year.

(b) Net cash used in investing activities

In FY2021, net cash used in investing activities amounted to approximately $9.1 million as compared to FY2020 of 26.9 million, was mainly contributed by:

(i) an acquisition of film rights for approximately $4.1 million (net of government grants) from Core business;
(ii) an increase in intangible assets mainly by Post-production segment for $4.1 million which arising from project investments and provide opportunities for future projects; and
(iii) additions to property, plant and equipment for $0.9 million which mainly contributed by Events and Cinema segment.

(c) Net cash generated from financing activities

In FY2021, net cash outflows from financing activities amounted to approximately $10.2 million (FY2020: net cash inflows $3.8 million), mainly contributed by:

(i) proceeds from bank borrowings approximately $25.1 million.
(ii) proceeds from issuance of convertible debt securities for approximately $1.99 million
(iii) repayment of borrowings for $17.9 million, mainly derived from Core and Event segments;
(iv) repayment of lease liabilities of $3.5 million; and
(v) interest payment of $15.9 million (comprising interest on bank borrowing of $12.3 million and interest on lease liabilities of $3.6 million).

As aforesaid mentioned, the Group recorded a net cash decrease of approximately $17.1 million in FY2021, as compared to a net cash increase of approximately $9.5 million in FY2020.

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. (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))
    - 100% Isotope Production Pte. Ltd.[(1)] (Singapore)[(4)]
      - 50% White Mount International Pte. Ltd.[(1)] (Singapore)[(3)]
- 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 (Singapore)
- 15% RINGS.TV Pte. Ltd.[(1)] (Singapore)

[#] Listed on Catalist Board
[(1)] Associated company
[(2)] Joint venture company
[(3)] Incorporated in 20 October 2020
[(4)] Incorporated in 27 October 2020

CHAIRMAN'S STATEMENT

Melvin Ang
Founder & Executive Chairman

Dear Shareholders,

FY2021 was a challenging year for mm2 Asia and the entertainment industry. COVID-19 has sparked massive disruptions in several of our operational segments. Nevertheless, the underlying fundamentals of our business remain resilient, as we continue to work towards cementing our position as a leading media and content company.

Our Core Content Creation business continues to gain traction with our strong presence in all the Chinese-speaking markets. We believe that once the pandemic improves, our existing competencies and regional network put us in a favourable position for a quick recovery. In addition, our Group's other key businesses, including Cinema, Concert and Event, and Digital Content Creation, are all ready to propel once the market begins to open up.

Moving forward, while we have primarily focused on movie content in the past, we will also play an active role exploring collaboration opportunities with growing international streaming platforms in the coming years. The Group's creative team will also focus on the growing demand of short-form commercial media content.

Geographically, besides the Chinese-speaking markets, the Group will continue its efforts to further expand into the non-Chinese content space in Thailand, South Korea and the USA. We are also proud to share that in FY2021, we have bagged many international film awards and these have helped to enhance the Group's position in the region, attracting more creative and concept partnerships from across Asia.

We have come a long way since we started mm2 Asia in 2008, transforming from a local production house into an entertainment company with diversified businesses across different geographical markets. We are confident that with tenacity, focus, prudence and discipline, we will overcome the current headwinds to our operations. Remaining steadfast in our goal to become a dominant media and entertainment company in Asia, the Group will identify strong talent and intellectual property rights to create and distribute high-quality content, tapping with boldness, into our network that spans the region.

On behalf of the Group, I would like to thank all of our shareholders, business partners, fellow Board members and management for their continued support.

CEO'S STATEMENT

Chang Long Jong
Group CEO

Dear Shareholders,

FY2021 was unprecedentedly challenging as we felt the full impact of Covid-19. In particular, our cinema and live events segments endured massive disruptions as a result of prolonged stringent measures to curb the pandemic. Encouragingly, signs of recovery began to appear in the second half of the year, which saw the Group's revenue improved significantly.

Despite the enormously ravaging effects of the pandemic, the Group managed to close the year with a positive operating cash flow of $2.2 million and a modest negative Adjusted EBITDA[1] of $5.7 million. This was achieved through swift implementation of prudent cost management measures, tapping of available government support schemes, and a relentless drive towards revenue maximisation from permitted business activities.

The Group's core content production business was the least impacted segment. Its regional presence in markets less affected by the pandemic and the rising demands of OTT content helped strengthen the resilience of this segment. Year-on-year, revenue of the segment declined by close to 30%, caused mainly by the deferment of movie releases, and delay in the completion of productions. 12 production projects were completed in the year, compared to 18 completed projects the year before.

The cinema business was hit much more adversely. Revenue fell almost 82% following periods of closure and enforced capacity reductions, further aggravated by the postponements of major movie releases. A very promising development for this segment was its significantly stronger performance in the latter half of the year, with revenue more than tripling from $3.6 million in the first half to $12.3 million in the second half. This rebound trajectory is expected to continue as curbing measures ease and Hollywood studios catch up on their movie release schedules.

The pandemic outbreak had precipitated an exponential growth in digital content consumption. AsiaOne was a direct beneficiary of this phenomenon and had continued to grow its audience and revenue in the year. The Group stepped up the strategic development of digital assets and capabilities with high growth potential, including its streaming platforms, digital media agency services, as well as a wide array of digital content.

Moving forward, FY2022 will remain challenging but we believe the worst is behind us as economies reopen and market conditions continue to improve. The Group will continue to exercise utmost prudence in cost management even as we gear up to ride the waves of recovery. It will be uneven across our business segments, mirroring the larger recovery pattern across industries. Unpredictability and volatility will likely mark the theme of the recovery narrative but we are confident it will be a better year ahead.

We would like to express our heart-felt gratitude to our shareholders for showing their unwavering support in these trying times. This support enabled us to successfully complete a corporate exercise to strengthen our balance sheet with a rights issue that was 113% oversubscribed. We are also grateful to our customers and business partners for their trust and belief in us.

I would also like to thank our Board of Directors for their invaluable guidance, support and encouragement to Management throughout this difficult year. Finally, to all our unstoppable employees who soldiered on with solidarity, here is a big 'Thank You' for your perseverance, dedication and contribution. We will emerge from this stronger and better.

BOARD OF DIRECTORS

MELVIN ANG
Founder & Executive Chairman

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

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

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

TAN LIANG PHENG
Lead Independent Director

Tan Liang Pheng is the Group's Lead Independent Director and Chairman of the Remuneration Committee. He worked for 35 years in two multinational corporations, responsible for their accounting, treasury and financial functions. He later sat on the Board of Directors of Tetra Pak Group of Companies in Singapore. In 2009, Mr Tan was appointed as General Manager of Iviria Pte. Ltd. and was subsequently promoted to Executive Director in 2010. Mr Tan served as Executive Director of 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 China Shenshan Orchard Holdings Limited, Ying Li International Real Estate Limited and CDW Holding Limited.

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 advisingon commercial law and litigation matters. Mr Lei was a director of, and is currently, a consultant with Lawrence Chua Practice LLC, a law firm based in Singapore. Mr Lei started his career at Chor Pee & Co (later Chor Pee and Partners) and subsequently joined the firm of Engelin Teh & Partners in April 2000. Mr Lei read law at the National University of Singapore where he obtained a LL.B. and is a member of the Law Society of Singapore.

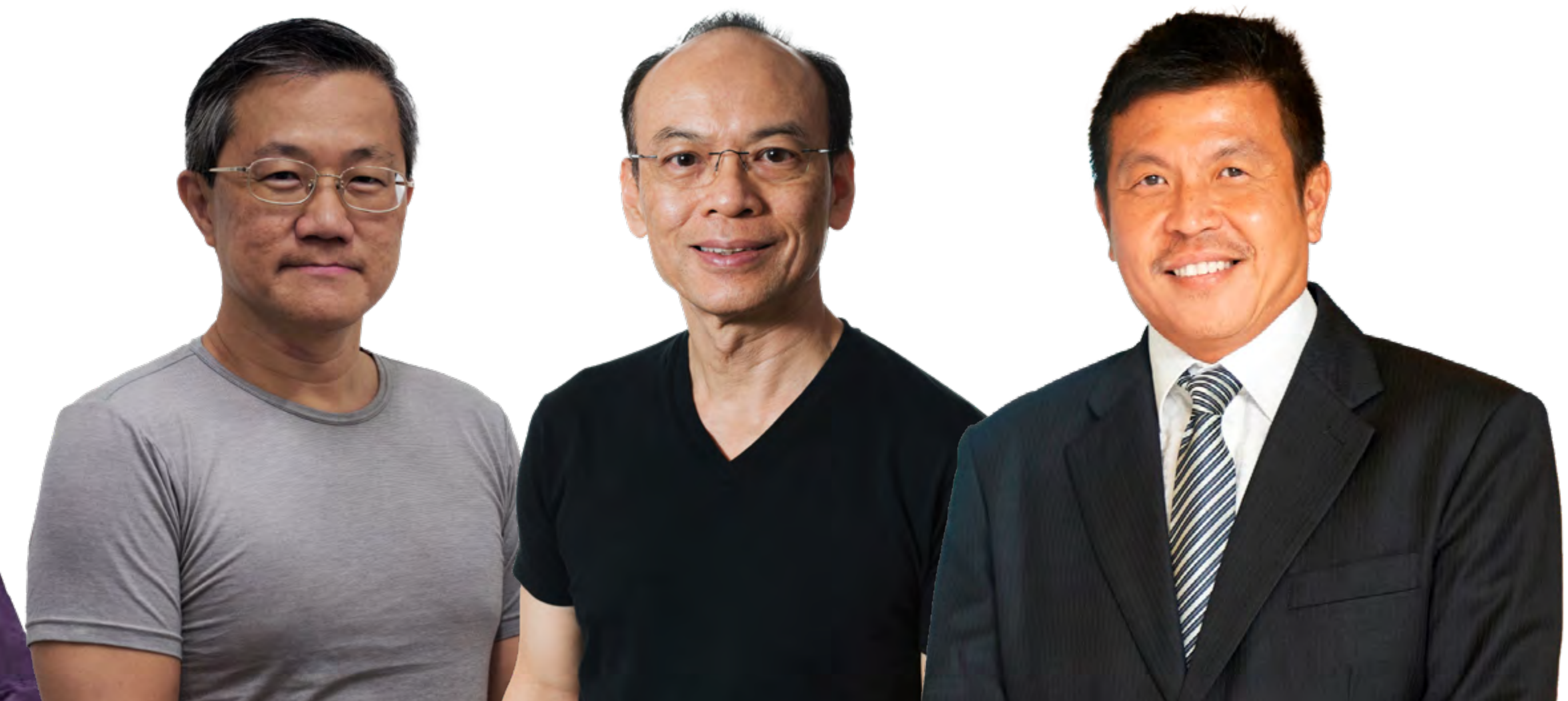
TERRY MAK
Non-Executive Director

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

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

DENNIS CHIA
Non-Executive Director

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



OUR TEAM

CHANG LONG JONG
Group CEO

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

CHONG HOW KIAT
Chief Financial Officer

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

HOCK ONG
Chief Corporate Development Officer
CEO, Cinema Business

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

NG SAY YONG
Chief Content Officer
Managing Director, mm2 Singapore

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

LESLIE ONG
CEO & Executive Director, UnUsUaL

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 over 14 years of experience in the production and post-production industry, with a special focus on digital immersive content for location-based entertainment and visual effects, since 2003 when he first ventured into the industry with Vividthree.

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.

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

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

HA YU
Chief Creative Advisor, mm2 Hong Kong

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

SEAN LER
Head, Group Digital Strategy
Chief Executive Officer, AsiaOne

Newly appointed in June 2021, Sean Ler oversees AsiaOne's strategy to grow audiences both locally and regionally. He has more than 18 years of experience in business operations and strategy. Sean Ler is responsible for managing AsiaOne's business operations, as well as driving growth and strategic renewal by championing digitalisation opportunities for the group. Prior to his joining mm2, he served as the Head of Programmes and Partnerships at Temasek Foundation.

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

Principal Place of Business in China

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

Share Registrar

B.A.C.S. Private Limited
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: Chin Chee Choon
(Appointment with effect from financial year ended 31 March 2021)

Principal Bankers

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Hongkong and Shanghai Banking Corporation
10 Marina 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

CONTENT

CORPORATE GOVERNANCE REPORT

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

This Report describes the Group's corporate governance structures and practices adopted by the Group for financial year ended 31 March 2021 ("**FY2021**"), 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 involving the issue of conflict and related matters.

CORPORATE GOVERNANCE REPORT

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 Auditors 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 FY2021, 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 33 to 35 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 FY2021, 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 FY2021 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 FY2021 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	5	5
Jack Chia	1	1	4	4	NA	NA	NA	NA	5	5
Thomas Lei	1	1	4	4	1	1	1	1	5	5
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.

CORPORATE GOVERNANCE REPORT

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

Board Composition and Guidance

Provision 2.1 – Board Independence
Provisions 2.2 and 2.3 – Proportion of Non-Executive and Independent Directors
Provision 2.4 – Board Composition & Diversity
Provision 2.5 – Meetings of Non-Executive Directors and Independent Directors

The Board comprises six (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 as recommended by Provision 2.2 of the Code, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affair as matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively. 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 Principle 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.

CORPORATE GOVERNANCE REPORT

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	17 September 2020
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	17 September 2020

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 collectively of the view that it should not be considered as a main requirement of selection of potential candidate. The Board recognises the importance and value of gender and age diversity and is committed to attracting experienced individuals to serve as directors, regardless of their gender, race, ethnicity, religion, age or other aspect of diversity. The Company endeavours to ensure that the Board comprise individuals with diverse experience and expertise who, as a group will provide an appropriate balance and the right blend of skills, industry knowledge, relevant experiences, suitability and knowledge for effective stewardship of the Group's business.

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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

Provision 3.3 – Lead Independent Director

As the Executive Chairman is not independent, to be in compliance with provision 3.3 of the Code, the Board has appointed 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 and 4.2 – Nominating Committee Composition and Role

Nominating Committee

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 Terry Mak and Mr Thomas Lei 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 51 to 53 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 FY2021, 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.

CORPORATE GOVERNANCE REPORT

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	• mm2 Entertainment Pte. Ltd. • mm2 Entertainment Sdn. Bhd. • UnUsUaL Management Pte. Ltd. • Cathay Cineplexes Pte. Ltd. • Asiaone Online Pte. Ltd. • mm2 Entertainment Hong Kong Limited • MA Holdings Management Company Limited • MMSync Pte. Ltd. • 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	Kimeda Pte. Ltd.

CORPORATE GOVERNANCE REPORT

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
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 • "General Manager Program" at Harvard Business School.	Independent Director, Chairman of AC	• AGV Group Ltd • Shanghai Turbo Enterprises Limited • Lifebrandz Limited • Combine Will International Holdings Limited • Debao Property Development Limited	• China Shenshan Orchard Holdings • Ying Li International Real Estate Limited • CDW Holding Limited
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
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	• Land Plus Ltd • FM Telemedia Ltd	Media Station Ltd

CORPORATE GOVERNANCE REPORT

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
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.

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.*

Provisions 6.1 and 6.2 – Remuneration Committee Composition and Role
Provision 6.3 – Reviewing of Remuneration Terms
Provision 6.4 – Remuneration Consultants

Remuneration Committee

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.

CORPORATE GOVERNANCE REPORT

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 FY2021.

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 directors do 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, fixed-1 month bonus and other allowances. The variable component comprises a performance-based bonus which forms a significant proportion of the total remuneration package of Executive Director and KMP and is payable on the achievement of individual and corporate performance targets. The Executive Director's performance bonus would be calculated based on a percentage of the Group's audited consolidated profit before tax attributable to non-controlling interests 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 contract 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 Group's Executive Chairman and Executive Director and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the mm2 PSP in accordance with the Rules of the mm2 PSP. The mm2 PSP are administered by the RC which consists of Mr Tan Liang Pheng, Mr Thomas Lei and Mr Terry Mak. There have been no options granted under the mm2 PSP in FY2021.

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.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

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

Provision 8.1 – Remuneration of Directors and Top 5 KMP

Directors

A breakdown of compensation table of Directors' remuneration from the Company for the FY2021 is set out below:

Name of director	Salary	Bonus/ Profit sharing	Other benefits (1)	Fees	Total
	%	%	%	%	$'000
Melvin Ang	83	9	8	–	228
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 FY2021 appended below:

Remuneration Band & Name of Key Management Personnel	Salary	Bonus	Other benefits (1)	Total
	%	%	%	%
Between $250,001 and $500,000				
Chang Long Jong (CEO)	73	24	3	100
Below $250,000				
Ong Hock Seng	91	–	9	100
Chong How Kiat	100	–	–	100
Angelin Ong	90	–	10	100
Ng Say Yong	92	–	8	100

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

CORPORATE GOVERNANCE REPORT

The disclosure of the KMP's remuneration in bands of $250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is as set out in the above table. Due to 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 FY2021 amounted to $487,921.

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 FY2021, 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 FY2021.

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

The Company has adopted the mm2 PSP. The Group's Executive Chairman and 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 FY2021.

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.

CORPORATE GOVERNANCE REPORT

C. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1 – Nature and Extent of Significant Risks

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

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 auditors and independent auditor 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, 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 auditors and independent auditor arising from their work performed. Based on the reports submitted by the internal and independent auditor 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 reviews the adequacy and effectiveness of the risk management and internal controls system.

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

For the financial year under review:

(a) Written assurance was received from the CEO and CFO that the 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, CFO and other KMP that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations.

Based on the Group's framework of management controls in place, the internal policies and procedures established and maintained by the Group, as well as the review performed by the 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 2021 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.

CORPORATE GOVERNANCE REPORT

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 which discharges its duties objectively***

Provisions 10.1 and 10.2 – Audit Committee Composition and Role
Provision 10.4 – Internal Audit Function

The Board established the AC in 2014 which comprises three (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 five times in FY2021 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 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 auditor to the Group to ensure that the nature and extent of such services would not affect the independence of the independent auditor;

(e) review the adequacy and effectiveness of the Company's internal controls and risk management systems;

(f) review the assurance from the CEO and CFO on the financial records and financial statements;

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

(h) 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.

CORPORATE GOVERNANCE REPORT

External Audit

The AC reviews the scope and results of the audit carried out by the independent auditor, the cost effectiveness of the audit and the independence and objectivity of the independent auditor. It always seeks to balance the maintenance of objectivity of the independent auditor and their ability to provide professional advices and solutions. The AC undertook the review of the independence and objectivity of the independent auditor, 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 auditors is set out below:

	$'000	%
Audit fees	358	87%
Non-audit fees	52	13%
Total	410	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 2022, 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 partner and key team members in handling the audit. The AC also considered the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by 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 FY2021, 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 auditors, other than those of the Company.

For FY2021, the AC agreed with the independent auditor that revenue recognition, carrying amount of goodwill, expected credit loss on trade and other receivables and valuation of film rights, film intangibles and film inventories were the key audit matters and is pleased to report that the AC is satisfied with the audit process undertaken by the independent auditors 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 auditors 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 FY2021.

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

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

Provision 10.5 – Meeting Auditors without the Management

The AC meets with the independent auditor and the internal 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.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provision 11.1 – Participating and Voting at General Meetings
Provision 11.2 – Tabling of Resolutions

Conduct of General Meetings

In view of the current COVID-19 situation and the related safe distancing 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 are encouraged to attend the AGM via live webcast. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM of the Company ("**eAGM Proceedings**") which will be released 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 FY2021 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 Chairpersons of AC, NC and RC were present at the last AGM. All directors will endeavour to be present at the Company's annual general meetings to address shareholders' questions relating to the work of these Committees.

The Company's independent auditor, Nexia TS, are also present at the annual general meetings and are available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

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.

In the usual circumstances, 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. In accordance with the requirements under the COVID-19 (Temporary measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the minutes for the upcoming AGM to be convened on 30 July 2021 will be published on SGXNet within one month after the general meeting.

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 FY2021 as the Group recorded a loss for the financial year.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

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

Provision 12.1 – Communication between the Board and Shareholders
Provisions 12.2 and 12.3 – Investor Relations Policy

Disclosure of information on timely basis

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

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

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

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

CORPORATE GOVERNANCE REPORT

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 2020. There was no such contract subsisted at the end of the financial year under review.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

- Rule 907 of the Listing Manual

To ensure compliance with Chapter 9 of the Listing Manual, in FY2021, 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 for FY2021 to be disclosed in accordance with Rule 907 of the Listing Manual.

USE OF PROCEEDS OF RIGHTS ISSUE

Pursuant to the issuance and listing of new 1,162,804,610 ordinary shares under rights issue on 14 April 2021, the Company received gross proceeds of $54.65 million. As at the date of this Annual Report, the status of the use of Rights Issue proceeds is as follows:

Use of Right Issue Proceeds	Amount allocated $'000	Amount Utilised $'000	Balance $'000
Repayment of the $50 million 7% fixed rate notes and the accrued interest pursuant to Guaranteed Multicurrency Medium Term Note ("**MTN**")	51,750	51,750	–
Expenses incurred in relation to Rights Issue	2,500	2,370	130
General working capital	400	230	170
Total	54,650	54,350	300

Set out below is a summary of uses of Proceeds since the receipt of the Proceeds:

The Company wishes to inform that $54.35 million out of the gross proceeds of $54.65 million raised from the Rights Issue has been utilised as follows:

(a) approximately $51.75 million has been applied towards the repayment of the $50 million 7% fixed rate notes issued by the Company and the accrued interest thereon pursuant to the US$300 million Guaranteed Multicurrency Medium Term Note Programme of the Company, the maturity date of which is 27 April 2021.

(b) approximately $2.37 million has been applied towards costs and expenses incurred in connection with the Rights Issue; and

(c) approximately $0.23 million has been applied towards the general working capital.

CORPORATE GOVERNANCE REPORT

APPENDIX - INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Table A		
Name of Director	**Terry Mak**	**Thomas Lei**
Date of first appointment	4 November 2014	4 November 2014
Date of last election	31 July 2018	31 July 2018
Age	64	58
Country of Principal residence	Hong Kong	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 Terry Mak's performance as Non-Executive Director	The Board has accepted the NC's recommendation, which has reviewed and considered Mr Thomas Lei's performance as Independent Director
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director and member of RC	Independent Director, Chairman of NC and Member of AC and RC
Professional Qualification	Master of Business Administration from University of Connecticut; and Bachelor of Science in Chemistry from Hong Kong Baptist University	Bachelor of Laws from National University of Singapore; and Member of the Law Society of Singapore
Working experience and occupation(s) during the past 10 years	Mr Terry Mak is the founder of Media Station Ltd which has been providing consultancy services to clients in Information, Media and Technology sectors since 2010	Mr Thomas Lei 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 Thomas Lei was a director of, and is currently, a consultant with Lawrence Chua Practice LLC, a law firm based in Singapore
Shareholding interest in the listed issuer and its subsidiaries	85,700 ordinary shares in the Company	971,400 ordinary shares in the Company
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	Nil	Nil
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

CORPORATE GOVERNANCE REPORT

Table A		
Name of Director	**Terry Mak**	**Thomas Lei**
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)	Land Plus Ltd FM Telemedia Ltd	Nil
Present	Media Station Ltd	Consultant in Lawrence Chua Practice LLC

The general statutory disclosures of the Retiring Directors are as follows:			
Question		**Terry Mak**	**Thomas Lei**
(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
(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

The general statutory disclosures of the Retiring Directors are as follows:			
Question		**Terry Mak**	**Thomas Lei**
(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?	N/A	N/A
	If yes, please provide details of prior experience.	N/A	N/A
	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.	N/A	N/A

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2021 and the statement of financial position of the Company as at 31 March 2021.

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 page 66 to 160 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 2021, 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, with the basis of preparation stated at Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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 21.04.2021**	**At 31.03.2021**	**At 31.03.2020**
Ang Wee Chye	335,400	335,400	34,335,400
Lei Chee Kong, Thomas	971,400	485,700	485,700
Mak Chi Hoo	85,700	85,700	85,700
Tan Liang Pheng	171,400	85,700	85,700
Chia Seng Hee, Jack	171,400	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** **21.04.2021**	**At** **31.03.2021**	**At** **31.03.2020**
Ang Wee Chye	759,324,000	442,800,000	408,800,000

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.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2021

PERFORMANCE SHARE PLAN (CONTINUED)

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

(a) foster an ownership culture with the Group which aligns the interests of Group Executives with the interests of shareholders;

(b) motivate participants to achieve key financial and operational goals of the Group and/or their respective business units and encourage greater dedication and loyalty to the Group; and

(c) make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group.

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

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 2021.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2021

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;

(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 if there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(j) make recommendation to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the independent auditor, and approve the remuneration and terms of engagement of the independent auditor;

(k) review interested person transactions in accordance with the requirements of the Listing Manual;

(l) review potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;

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

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2021

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)

(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

12 July 2021

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 2021, 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.

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 2021 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 of the financial statements, which indicates that the Group incurred a net loss of $99,512,000 (2020: net profit of $6,289,000) for the financial year ended 31 March 2021, and as of that date, the Group's current liabilities exceeded its current assets by $119,498,000 (2020: $8,431,000). As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current 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 5 to the financial statements)

Area of focus

For the financial year ended 31 March 2021, total revenue of the Group amounts to $75,230,000. The Group principally derives its revenue from 4 segments, namely, core business, post-production and digital content production, cinema operations and concert and event.

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 recognised in the correct financial year; and

- Assessed the adequacy of revenue related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Carrying value of goodwill

(Refer to Note 2.8(a), 2.13(a), 3(c) and 24(a) to the financial statements)

Area of focus

As at 31 March 2021, the Group has recognised goodwill amounting to $219,389,000 arising from various business combinations and allocated the goodwill to respective cash-generating units ("CGUs"). The goodwill is assessed for impairment annually or 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 cash-generating unit of concert and event and post 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.

Considered the continuously evolving situation due to the Coronavirus Disease 2019 ("COVID-19") pandemic during the financial year which created inherent uncertainty in the impairment assessment, the management has adopted the expected cash flow approach (i.e. probability-weighted average cash flows projections) to determine the value-in-use for the CGUs of the cinema operations, which takes into consideration several factors including, but are not limited to, the extent of social distancing measures, occupancy rate and the market recovery rate.

Accordingly, an impairment to goodwill amounting to $29,042,000 has been provided as at 31 March 2021.

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.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Expected credit loss on trade and other receivables
(Refer to Note 2.14, 3(b), 14 and 40(b) to the financial statements)

Area of focus

The trade and other receivables due from local and overseas customers have contributed 55% 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, 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.

We focused on this area as the impairment assessment on 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.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

Key Audit Matters (continued)

Valuation of film rights, film intangibles and film inventories
(Refer to Note 2.9, 2.10, 3(a), 25 and 26 to the financial statements)

Area of focus

Film rights, film intangibles and film inventories are an integral part of the Group's businesses and have contributed about 8% to the Group's total assets. These films are identifiable non-monetary assets without any physical substance.

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

The costs of the film rights, less estimated residual value and accumulated impairment, will be amortised in proportion to the estimated projected revenue over their economical beneficial period, whereas for film intangibles and film inventories, it will be amortised over the economic beneficial period subject to the maximum of the license period when the film is released. In the current financial year, the Group had recognised amortisation expense relating to film rights, film intangible and film inventories totaling to $15,347,000.

The amortisation period and method for these films will be reviewed annually and it will be subject to impairment assessment whenever there is an indication that it may be impaired.

Due to the inherent uncertainty arising from the continuously evolving situation caused by COVID-19, management had considered various external and internal factor and is of the view that there is an indication of impairment in these films. With reference to SFRS(I) 1-36 *Impairment of Assets*, management had performed an impairment assessment of these films using its forecasted revenue to determine the recoverable amount of the respective films. As a result of the impairment assessment, the Group had recognised impairment loss relating to film rights, film intangibles and film inventories totaling to $9,022,000 in the current financial year.

We focused on this area as there are significant level of judgement and estimation involved in the valuation of the film rights, film intangibles and film inventories and had identified this 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:

- Reviewed and evaluated the Group's accounting policies for the films is in accordance with SFRS(I) 1-38 *Intangible Assets*;
- Assessed the reasonableness of the amortisation expense based on the Group's accounting policies;
- Analysed the future projected revenues on a sampling basis used in the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash-generating unit (including the potential impact from COVID-19);
- Challenged the appropriateness of the assumptions used by the management for the respective films on a sampling basis, by comparing them against historical forecasts and performance, as well as other supportable documentation; and
- Reviewed management's disclosures in the consolidated financial statements.

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.

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.

INDEPENDENT AUDITOR'S REPORT

to the Members of mm2 Asia Ltd.

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

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

- 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.

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. Chin Chee Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
12 July 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2021

Group	Note	2021 $'000	2020 $'000
Revenue	5	75,230	235,774
Cost of sales		(69,271)	(146,387)
Gross profit		5,959	89,387
Other income			
- Interest income	8	43	104
- Others	8	13,721	471
Other (losses)/gains - net			
- Expected credit loss on financial assets, net	9	(5,063)	(1,035)
- Others	9	(8,778)	8,184
Expenses			
- Administrative expenses		(84,962)	(67,902)
- Finance expenses	10	(19,047)	(19,436)
Share of profits/(losses) of associated companies and joint venture		74	(147)
(Loss)/Profit before income tax		(98,053)	9,626
Income tax expense	11	(1,459)	(3,337)
Net (loss)/profit for the financial year		(99,512)	6,289
Other comprehensive gain/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- gains/(losses)	35(b)	115	(47)
Total comprehensive (loss)/income for the financial year		(99,397)	6,242
Net (loss)/profit attributable to:			
Equity holders of the Company		(90,777)	3,334
Non-controlling interests		(8,735)	2,955
		(99,512)	6,289
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(90,642)	3,274
Non-controlling interests		(8,755)	2,968
		(99,397)	6,242
(Loss)/Earnings per share for net (loss)/profit attributable to equity holders of the Company			
Basic and diluted (cents)	12	(3.90)	0.14

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

		Group		Company	
		2021	2020	2021	2020
	Note	$'000	$'000	$'000	$'000
			Restated		
ASSETS					
Current assets					
Cash and cash equivalents	13	12,117	29,383	96	308
Trade and other receivables	14	112,587	138,434	268,877	281,976
Inventories	15	1,830	2,012	–	–
Other current assets	16	75,914	82,898	–	–
Film products and films under production	17	1,079	2,825	–	–
Income tax recoverable		342	277	–	–
		203,869	255,829	268,973	282,284
Non-current assets					
Trade and other receivables	14	20,168	21,603	–	–
Financial assets, at fair value through profit or loss ("FVPL")	18	3,223	4,765	–	–
Investments in subsidiaries	19	–	–	70,226	70,225
Investments in associated companies	20	2,641	2,522	2,457	2,425
Investment in a joint venture	21	37	87	–	–
Property, plant and equipment	22	87,989	112,894	22	89
Intangible assets and goodwill	24	253,038	279,812	–	–
Film rights	25	33,364	41,635	–	–
Film intangibles and film inventories	26	19,484	16,442	–	–
Deferred income tax assets	33	–	1,721	–	–
		419,944	481,481	72,705	72,739
TOTAL ASSETS		623,813	737,310	341,678	355,023
LIABILITIES					
Current liabilities					
Trade and other payables	27	79,171	91,720	67,075	70,671
Contract liabilities	28	9,143	11,662	–	–
Borrowings	29	192,669	131,693	94,932	43,713
Lease liabilities	30	33,157	23,093	23	67
Derivative financial instruments	31	6,154	163	–	–
Current income tax liabilities		3,073	5,929	–	–
		323,367	264,260	162,030	114,451
Non-current liabilities					
Borrowings	29	72,963	126,144	51,714	103,631
Lease liabilities	30	42,393	61,743	–	23
Derivative financial instruments	31	–	113	–	–
Provisions	32	4,553	5,009	–	–
Deferred income tax liabilities	33	6,328	6,435	–	–
		126,237	199,444	51,714	103,654
TOTAL LIABILITIES		449,604	463,704	213,744	218,105
NET ASSETS		174,209	273,606	127,934	136,918
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	34	152,870	152,870	152,870	152,870
Reserves	35	(14,300)	(14,435)	–	–
(Accumulated losses)/Retained profits	36	(11,695)	79,082	(24,936)	(15,952)
		126,875	217,517	127,934	136,918
Non-controlling interests		47,334	56,089	–	–
TOTAL EQUITY		174,209	273,606	127,934	136,918

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2021

Group	Attributable to equity holders of the Company					
	Share capital $'000	Reserves $'000	(Accumulated losses)/ Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2021						
Beginning of financial year	152,870	(14,435)	79,082	217,517	56,089	273,606
Loss for the financial year	–	–	(90,777)	(90,777)	(8,735)	(99,512)
Other comprehensive income/ (loss) for the financial year	–	135	–	135	(20)	115
Total comprehensive income/ (loss) for the financial year	–	135	(90,777)	(90,642)	(8,755)	(99,397)
End of financial year	152,870	(14,300)	(11,695)	126,875	47,334	174,209
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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2021

		Group	
		2021	2020
	Note	$'000	$'000
Group			***Restated***
Cash flows from operating activities			
Net (loss)/profit for the financial year		(99,512)	6,289
Adjustments for:			
- Income tax expense	11	1,459	3,337
- Interest income	8	(43)	(104)
- Finance expenses	10	19,047	19,436
- Depreciation of property, plant and equipment	6	30,526	31,142
- Amortisation of intangible assets	6	2,060	1,300
- Amortisation of film rights	6	10,195	22,158
- Amortisation of film intangibles and film inventories	6	5,152	3,584
- Bad debts written off		–	49
- Impairment loss on:			
- goodwill	6	29,042	10,698
- film rights	6	6,225	–
- film intangibles and inventories	6	2,797	–
- films under production	6	1,746	–
- Inventories written off	9	106	6
- Share of (profits)/losses of associated companies and joint venture		(74)	147
- Rental concession income	8	(6,557)	–
- Property, plant and equipment written off	9	590	–
- Expected credit loss on financial assets, net	9	5,063	1,035
- Gain on disposal of an associated company	9	(100)	–
- Gain arising from derecognition of leases	9	(47)	–
- Gain arising from re-measurement of convertible securities	9	(2,308)	–
- Loss/(Gain) on disposal of property, plant and equipment	9	1,038	(19)
- Loss/(Gain) on fair value changes in derivative financial instruments, net	9	5,868	(5,805)
- Loss on fair value changes in financial assets, FVPL, net	9	1,493	62
- Loss on unrealised foreign exchange		954	983
- Loss on disposal of an intangible asset	6	–	1,095
		14,720	95,393
Change in working capital:			
- Trade and other receivables		13,133	20,783
- Inventories		76	(1,656)
- Other current assets		2,658	(16,557)
- Film products and films under production		–	221
- Film intangibles and film inventories		(10,229)	(5,606)
- Trade and other payables		(12,850)	(46,059)
- Contract liabilities		(2,519)	(5,391)
Cash generated from operations		4,989	41,128
Income tax refund		88	–
Income tax paid		(2,922)	(8,542)
Net cash generated from operating activities		2,155	32,586

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2021

Group	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Additions to investment in financial assets, FVPL		–	(2,232)
Incorporation of associated companies	20	(50)	–
Additions to intangible assets		(4,369)	(3,030)
Additions to film rights		(5,356)	(15,862)
Government grants received for development of film rights	25	1,267	–
Additions to property, plant and equipment		(860)	(6,091)
Interest received		17	71
Proceeds from disposal of intangible assets		–	100
Proceeds from disposal of property, plant and equipment		293	120
Net cash used in investing activities		(9,058)	(26,924)
Cash flows from financing activities			
Interest paid		(15,868)	(15,930)
Proceeds from issuance of shares of subsidiary to non-controlling interests		–	660
Proceeds from issuance of convertible bonds and notes		1,990	5,000
Proceeds from bank loans		25,125	56,113
Repayment of borrowings		(17,936)	(25,018)
Repayment of lease liabilities		(3,517)	(16,982)
Net cash (used in)/generated from financing activities		(10,206)	3,843
Net changes in cash and cash equivalents		(17,109)	9,505
Cash and cash equivalents			
Beginning of financial year		28,088	18,566
Effects of currency translation on cash and cash equivalents		(155)	17
End of the financial year	13	10,824	28,088

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2021

Reconciliation of liabilities arising from financing activities

		Cash flows	Non-cash movement										
	Beginning of financial year	Net of proceeds from/ (repayment of) principal and interest	Interest expense	Adoption of SFRS(I) 16	Additional during the year	Embedded derivative at date of issuance	Gain arising from re-measurement of convertible securities	Offset with collateral deposit (Note 29(c))	Derecog-nition of leases	Accrued interest	Rental concession income	Currency translation differences	End of financial year
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021													
Borrowings													
Bank loans	148,912	1,832	6,188	–	–	–	–	–	–	(636)	–	508	156,804
Bank overdraft	1,295	(92)	90	–	–	–	–	–	–	–	–	–	1,293
Convertible bonds and notes	52,630	(892)	4,615	–	–	(10)	(2,308)	–	–	–	–	–	54,035
Medium term note programme	50,000	(3,510)	4,160	–	–	–	–	–	–	(650)	–	–	50,000
Loan notes	5,000	(421)	313	–	–	–	–	(1,392)	–	–	–	–	3,500
	257,837	(3,083)	15,366	–	–	(10)	(2,308)	(1,392)	–	(1,286)	–	508	265,632
Lease liabilities	84,836	(7,123)	3,606	–	2,230	–	–	–	(813)	–	(6,557)	(629)	75,550
	342,673	(10,206)	18,972	–	2,230	(10)	(2,308)	(1,392)	(813)	(1,286)	(6,557)	(121)	341,182
2020													
Borrowings													
Bank loans	121,892	22,758	7,887	–	–	–	–	–		(3,096)	–	(529)	148,912
Bank overdraft	406	822	67	–	–	–	–	–		–	–	–	1,295
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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

1 GENERAL INFORMATION

The Company

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

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

Coronavirus Disease (COVID-19) Impact

The COVID-19 outbreak has developed rapidly in 2020 and 2021. The resulting impact of the virus on the operations and measures such as movement control and safe-distancing measures taken by various governments to contain the virus have negatively affected the Group's results for the reporting period.

The Group has a net loss of $99,512,000 for the financial year ended 31 March 2021 arising from:

- A decline of revenues in the current financial year as compared to the preceding financial year by $160,544,000. This is attributable to the postponement of film productions' handover date, intermittent cinemas closures which had affected film distribution and exhibition income, and restrictions on large scale live entertainment events during the current financial year;
- recognition of expected credit losses allowances on trade and other receivables of $5,063,000;
- loss on fair value changes in FVPL, net of $1,493,000;
- loss on fair value changes in derivative financial instruments, net of $5,868,000; and
- recognition of impairment losses aggregating $39,810,000 on goodwill, film intangible and inventories, film rights and films under productions.

As a result of these matters, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may not realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements. In response to these matters, the Group has taken certain measures as disclosed in Note 4 to the financial statements and management has determined that these actions are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations

On 1 April 2020, 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 following:

Early adoption of amendment to SFRS(I) 16 Leases

When the Group is the lessee

The Company has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply the practical expedient to all leases. As a result of applying this practical expedient, the following rent concessions was recognised as negative variable lease payments (i.e. reduction in the rental expenses) in the profit or loss during the financial year.

Group	$’000
COVID-19 related rent concession income	6,557

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(a) Core business

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

Producer fee income from production of movies, entertainment events and television programmes and consultancy income is recognised 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 simultaneously received and consumed. The amount remitted to the Group are net of taxes, other charges and deductions by movie distributors and/or theatres and circuits of their respective share of the box office sales.

Revenue from licensing is recognised 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")

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.

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

(c) Cinema operations

Income from box office takings is recognised at point in time as at when the related movie is screened.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (continued)

(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, brand consulting services, streaming digital films and short-form content

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

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint venture

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

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

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

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 (losses)/gains - net".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases

When the Group is the lessee:

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases (continued)

When the Group is the lessee (continued):

(ii) Lease liabilities (continued)

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.

(iii) Short term and low value leases

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

(iv) Variable lease payments

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

2.8 Intangible assets and goodwill

(a) Goodwill

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets and goodwill (continued)

(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.

(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 comprises of 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 and will be transferred to software when it is developed and available for intended use.

(f) Software

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

(g) Other intangible assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Film rights

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

(a) Film and drama rights

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

(b) Other film rights

(i) Intellectual property rights (“IP”)

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

(ii) Adaptation rights

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

(iii) Short-form video contents

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

2.10 Film intangibles and film inventories

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

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

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

2.11 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other (losses)/gains - 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 40(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

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

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

(c) Recognition and derecognition

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

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

On disposal of an equity investment, the difference in the carrying amount and sales proceed is 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.

2.15 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings

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

Modification of contractual cash flows

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

(a) Borrowings

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

(b) Convertible 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. 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.

2.17 Derivative financial instruments

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

Derivative liability arising from convertible bonds and notes

When the conversion option of the convertible bonds and notes 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 (losses)/gains - 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 derivative financial instrument will be recognised initially at fair value on the date the contract is entered into and is subsequently carried at its fair value. The fair value changes on the interest rate swaps are recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

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

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.19 Trade and other payables

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

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

2.20 Film products and films under production

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

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

2.21 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Other current assets

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

(a) these costs relate directly to a contract or to an anticipated contract which the Group can specifically identify;

(b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and

(c) the costs are expected to be recovered.

Otherwise, such costs are recognised as an expense immediately.

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

2.23 Income taxes

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

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Provisions

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

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

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

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

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

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

2.25 Employees' compensation

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

(a) Defined contribution plans

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

(b) Profit sharing and bonus plans

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employees' compensation (continued)

(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.

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 (losses)/gains - 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Currency translation (continued)

(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 valuation of film rights, film intangibles and film inventories, impairment of trade and other receivables and impairment 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) Valuation of film rights, film intangibles and film inventories

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

Due to the wide-ranging impact of COVID-19 to the media and entertainment industry as a whole, management had considered various external and internal factors and is of the view that there is an indication of impairment in these films. Management bases its estimates of total projected revenues of each film on the historical performance of similar films, incorporating factors such as the past box office record of the leading actors and actresses, the genre of the film, anticipated performance in the home entertainment, television and other ancillary markets, and agreements for future sales and exploitations, 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. The carrying amounts of film rights, film intangibles and film inventories as at 31 March 2021 and 2020 are disclosed in Notes 25 and 26 to the financial statements, respectively.

If the estimated projected revenue differs by 10% reduction from management's estimates, the carrying amount of the film rights, film intangibles and film inventories would have been lower by $5,077,000 (2020: $4,618,000) as at 31 March 2021.

(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 and details of ECL allowance are disclosed in Notes 14 and 40(b) to the financial statements respectively.

(c) Impairment of goodwill

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

4 GOING CONCERN

The financial statements of the Group and the Company have been prepared on a going concern basis as the Group and the Company will be able to meet its liabilities as when they fall due. The Group incurred a net loss of $99,512,000 (2020: net profit of $6,289,000) for the year ended 31 March 2021. As of that date, the Group's current liabilities exceeded its current assets by $119,498,000 (2020: $8,431,000). As disclosed in Note 1 to the financial statements, the spread of the COVID-19 pandemic in the preceding and current financial years have significantly affected the Group's operations. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

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

(a) Recovery from COVID-19

The Group is on the road of recovery from COVID-19 as the Group's segmental businesses, namely Core business, Cinema operation, Post-production and other segments generated 73% of their total revenue in the second half of current financial year (i.e. 1 October 2020 to 31 March 2021) as compared to 27% in the first half of current financial year (i.e. 1 April 2020 to September 2020).

(b) The Group has completed the following during the current and subsequent to the financial year:

(i) The Group implemented cost containment measures since the beginning of the current financial year following the adverse impact of COVID-19 on the Group's businesses such as temporary group-wide salary reductions, obtained reductions and waiver of rental payments from lessors and reduced spending for discretionary activities. In addition, the Group also obtained assistance through government grants from various countries where the Group operates such as wage subsidies scheme and secured government-guaranteed bridging loans under enterprise financing scheme in Singapore. Wage subsidies scheme, such as the Jobs Support Scheme ("JSS") in Singapore, is expected to continuously assist the Group and bolster its working capital for the next financial year.

(ii) The Group generated a net cash inflow amounting to $2,155,000 from operating activities for the financial year ended 31 March 2021.

(iii) On 11 June 2020 and 10 February 2021, the Company has obtained deferment of loan repayment from its principal banker through loan repayment moratorium and revision of certain terms in the facility agreement to allow the Group to preserve working capital during the COVID-19 pandemic. As a result, principal repayment of $19,000,000 due in current financial year have been deferred to the financial year ending 31 March 2022.

(iv) The Group has unutilised banking facilities of approximately $4,801,000 as of 31 March 2021 that is available for use in the next financial years.

(v) On 21 January 2021, mm Connect Pte. Ltd., a wholly-owned subsidiary of the Company, has successfully extended the maturity date of the convertible securities amounting to $47,850,000 from 7 February 2021 to the earlier of the date on which the Initial Public Offering ("IPO") of mm Connect Pte. Ltd. is first open for acceptance or 31 December 2021 as disclosed in Note 29(a) to the financial statements.

(vi) On 3 February 2021, the Company announced to undertake a renounceable underwritten rights issues up to 1,162,804,610 new ordinary shares ("Rights Issues") for the purpose of redemption of Medium-Term Note Programme ("MTN") and for general working capital and operations of the Group. The gross proceeds to be raised by the Company from the Rights Issue is approximately $54,650,000.

On 27 April 2021, the Group fully redeemed the MTN, together with its accrued interests, amounting to $51,750,000 following the success in raising fund from the issuance of Right Issues as disclosed in Note 44(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4 GOING CONCERN (CONTINUED)

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

(i) Following the extension of convertible securities as disclosed in Note 4(b)(v), mm Connect Pte. Ltd. intends to seek IPO in the financial year ending 31 March 2022 and the IPO process is currently in progress as of the date of this financial statements. As at 31 March 2021, the principal amount of all existing convertible securities is $53,387,000. Upon the success of the IPO, the principal amounts of all existing convertible securities will be $54,840,000 and is expected to be converted and capitalised as mm Connect Pte. Ltd.'s share capital under agreed terms.

(ii) The Group has been engaging continually with various lenders during and after the financial year for refinancing of its existing loans and to seek new credit facilities to secure its financial sustainability. The Group is currently negotiating with a financial institution who has offered the Group with an indicative proposal to refinance up to $123,000,000 of its existing borrowings and a new credit facility amounting to $25,000,000 for working capital purpose. Under the proposed terms and conditions of the indicative proposal, the first principal repayment will only be required in 18 months later from the first draw down date (i.e. fourth quarter of financial year ending 31 March 2023). Accordingly, the refinance exercise would allow the Group to preserve sufficient working capital for its recovery of COVID-19. The negotiation are still in progress as of date of this financial statements.

(iii) Management will continue to implement comprehensive cost-containment measures, including but not limited to re-negotiation of the lease terms with lessors. The Group do not expect to have any significant commitments that will require significant cash outflow in the next 12 months.

(d) Upon completion of Note 4(b)(vi), Note 4(c)(i) and Note 4(c)(ii) above, the pro forma financial position of the Group as at 31 March 2021 would be as follow:

		$'000
Reported net current liabilities as at 31 March 2021		(119,498)
Pro forma effects		
Note 4(b)(vi)	Full redemption of MTN and its accrued interests via issuance of Right Issue	51,750
Note 4(c)(i)	Conversion of convertible securities to mm Connect Pte. Ltd.'s share capital	53,387
Note 4(c)(ii)	Refinancing of certain existing borrowings resulting in reclassification of the principal repayments from current to non-current liabilities	57,790
Note 4(c)(ii)	New credit facility for working capital	25,000
Pro forma net current assets as at 31 March 2021		68,429

Accordingly, the directors of the Company are of the opinion that the use of the going concern assumption in the preparation of the consolidated financial statements for the financial year ended 31 March 2021 is appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

5 REVENUE

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

Group	2021 $'000	2020 $'000
At point in time	66,084	223,084
At over time	9,146	12,690
	75,230	235,774
Disaggregation of revenue		
Core business	52,481	76,930
Post production and digital content production	1,996	5,776
Cinema operations	15,688	87,853
Concert and event	1,343	61,758
Others	3,722	3,457
	75,230	235,774
Geographical regions based on location of customers		
Singapore	31,179	129,671
Malaysia	7,209	38,880
People's Republic of China	9,825	19,827
Taiwan	22,197	27,496
Hong Kong	3,474	5,936
Others	1,346	13,964
	75,230	235,774

6 EXPENSES BY NATURE

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

Group	Note	2021 $'000	2020 $'000
Amortisation of intangible assets	24	2,060	1,300
Amortisation of film rights	25	10,195	22,158
Amortisation of film intangibles and film inventories	26	5,152	3,584
Artistes fees for concert and event		988	22,374
Concerts and events hosting		1,083	17,284
Cost of inventories sold		545	4,502
Depreciation of property, plant and equipment	22	30,526	31,142
Directors' fees			
- directors of the Company		275	275
- directors of the subsidiaries		194	199
Employees' compensation	7	18,495	25,210
Equipment rental		11	280
Film rental expenses		4,905	26,765
Production and distribution of film costs		29,081	23,871
Impairment loss on:			
- goodwill	24	29,042	10,698
- film rights	25	6,225	–
- film intangibles and inventories	26	2,797	–
- films under production	17	1,746	–
Loss on disposal of intangible assets		–	1,095
Professional fees		1,801	1,890
Rental expense on low value assets and variable lease payments		1,167	1,559
Travelling and transportation		169	2,622
Upkeep of property, plant and equipment		4,454	5,567
Utilities		1,962	4,403

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

7 EMPLOYEES' COMPENSATION

Group	2021 $'000	2020 $'000
Wages and salaries	15,384	20,850
Employer's contribution to defined contribution plans	1,861	2,414
Other short-term benefits	1,250	1,946
	18,495	25,210

8 OTHER INCOME

Group	2021 $'000	2020 $'000
Government grants		
- Wage subsidies schemes	5,599	–
- Others	946	153
Rental concession income	6,557	–
Miscellaneous income	619	318
	13,721	471
Interest income	43	104
	13,764	575

Wages subsidies scheme is a temporary scheme introduced in response to COVID-19 impact to the countries's business. Included the wage subsidies scheme is Jobs Support Scheme ("JSS") amounting to $5,453,000. JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

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

Rental concession income of $6,557,000 which the Group applied the practical expedient as disclosed in the Note 2.2 to the financial statements comprised of the following:

- COVID-19 related rent concessions received from lessors amounting to $5,390,000 (2020: Nil); and
- property tax rebates of $1,167,000 (2020: Nil) received by the Group from government, through its landlords. In the COVID-19 (Temporary Measures) Act 2020, owner of qualifying non-residential properties ("qualifying properties") are granted a property tax rebate of up to 100% on their property tax payable from 1 January 2020 to 31 December 2020. Owners of qualifying properties are required to unconditionally and fully pass on their tenants on property tax rebate that is attributable to the rented property based on the period it was rented out.

9 OTHER (LOSSES)/GAINS - NET

Group	2021 $'000	2020 $'000
Gain arising from re-measurement of convertible securities	2,308	–
Gain arising from derecognition of leases	47	–
Gain on disposal of an associated company	100	–
(Loss)/gain on disposal of property, plant and equipment	(1,038)	19
Inventories written off	(106)	(6)
Property, plant and equipment written off	(590)	–
(Loss)/Gains on fair value changes in derivative financial instruments, net	(5,868)	5,805
Loss on fair value changes in FVPL, net (Note 18)	(1,493)	(62)
Currency exchange (losses)/gains, net	(2,138)	2,428
	(8,778)	8,184
Expected credit loss on financial assets, net	(5,063)	(1,035)
	(13,841)	7,149

10 FINANCE EXPENSES

Group	2021 $'000	2020 $'000
Interest expense on:		
- Bank loans	6,188	7,887
- Bank overdraft	90	67
- Lease liabilities (Note 23(c))	3,606	4,577
- Convertible bonds and notes	4,615	2,373
- Medium term note programme	4,160	4,118
- Loan notes	313	338
	18,972	19,360
Unwinding of discount on:		
- Provision for restoration costs (Note 32)	75	76
	19,047	19,436

11 INCOME TAX EXPENSES

Tax expense attributable to (loss)/profit is made up of:

Group	2021 $'000	2020 $'000
(Loss)/Profit for the financial year:		
Current income tax		
- Singapore	23	5,789
- Foreign	1	5
	24	5,794
Deferred income tax	(700)	(293)
	(676)	5,501
(Over)/Under provision in prior financial years:		
Current income tax		
- Singapore	4	(2,006)
- Foreign	(1)	(104)
	3	(2,110)
Deferred income tax	2,132	(54)
	2,135	(2,164)
	1,459	3,337

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:

Group	2021 $'000	2020 $'000
(Loss)/Profit before income tax	(98,053)	9,626
Tax calculated at tax rate of 17% (2020: 17%)	(16,669)	1,636
Effects of:		
- Differential of tax rates in foreign countries	(1,080)	(589)
- Expenses not deductible for tax purposes	12,484	6,492
- Income not subject to tax	(1,368)	(1,670)
- Tax incentives and rebates	(31)	(585)
- Deferred tax assets not recognised during the year	6,444	340
- Under/(Over) provision of income tax in prior financial years	3	(2,110)
- Under/(Over) provision of deferred income tax in prior financial years	2,132	(54)
- Others	(456)	(123)
Tax charge	1,459	3,337

12 (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the net (loss)/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 2021 and 31 March 2020 as there were no dilutive potential ordinary shares outstanding.

Subsequent to the current financial year, the Company has allotted and issued 1,162,804,610 Right Shares on 12 April 2021 as disclosed in Note 44(a). The weighted average number of ordinary shares outstanding for the financial years ended 31 March 2021 and 31 March 2020 have been retrospectively adjusted to reflect the effects of the issuance of Right Shares completed on 12 April 2021. The basic and diluted (loss)/earnings per share have been adjusted accordingly.

Group	2021 $'000	2020 $'000
Net (loss)/profit attributable to equity holders of the Company ($'000)	(90,777)	3,334
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,162,804	1,162,804
Adjustment for Right Shares ('000)	1,162,804	1,162,804
	2,325,608	2,325,608
Basic and diluted (cents)	(3.90)	0.14

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Cash at banks and on hand	11,886	24,515	96	308
Short-term bank deposits	231	4,868	–	–
	12,117	29,383	96	308

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

Group	2021 $'000	2020 $'000
Cash and bank balances	12,117	29,383
Less: Bank overdraft (Note 29)	(1,293)	(1,295)
	10,824	28,088

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14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current				
Trade receivables				
- Non-related parties	81,091	89,696	–	–
- Related parties	353	311	–	–
- Associated companies	1,070	1,076	–	–
	82,514	91,083	–	–
Less: Expected credit loss allowance				
- Non-related parties (Note 40(b)(ii))	(6,215)	(3,073)	–	–
Trade receivables - net	76,299	88,010	–	–
Other receivables				
- Non-related parties	5,978	8,625	165	–
- Associated companies	495	396	–	–
- Joint venture	282	285	–	–
- Subsidiaries	–	–	268,504	281,710
	6,755	9,306	268,669	281,710
Less: Expected credit loss allowance				
- Non-related parties	(68)	(50)	–	–
	6,687	9,256	268,669	281,710
Deposits	24,700	31,474	21	236
Less: Expected credit loss allowance				
- Non-related parties	(157)	(157)	–	–
	24,543	31,317	21	236
Prepayments	1,956	7,606	187	30
Accrued income	3,102	2,245	–	–
	112,587	138,434	268,877	281,976
Non-current				
Other receivables - Non-related parties	18,583	18,103	–	–
Less: Expected credit loss allowance				
- Non-related parties	(1,915)	–	–	–
	16,668	18,103	–	–
Deposits	3,500	3,500	–	–
	20,168	21,603	–	–

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

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

Included in the previous financial year:

(i) deposits of the Group (current) was a collateral amounted to $1,402,000 for Loan Notes as disclosed in Note 29(c) to the financial statements. The withdrawal of the collateral was subject to terms and conditions to the Loan Notes.

(ii) prepayment of the Group was deposit paid for capital expenditure amounted to $6,062,100.

The non-current other receivables 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 other receivables and deposits of the Group amounted to approximately $18,473,000 (2020: $19,194,000) and is determined from the discounted market borrowing rates of 5.25% (2020: 5.25%) as at 31 March 2021. The fair value are classified in level 3 of the fair value hierarchy.

15 INVENTORIES

Group	2021 $'000	2020 $'000 *Restated*
Finished goods		
- Trading goods	230	406
- Consumable goods	–	6
- Developed digital immersive content	1,600	1,600
	1,830	2,012

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

The developed digital immersive content includes in-game structure, script and creative concept for location-based entertainment.

The cost of inventories recognised as an expense and included in cost of sales amounted to $545,000 (2020: $4,502,000).

16 OTHER CURRENT ASSETS

Group	2021 $'000	2020 $'000 *Restated*
Other current assets		
Assets recognised from costs incurred to fulfil revenue contracts	75,914	82,898

Costs incurred to fulfil revenue contracts relate to direct costs incurred for revenue contracts in progress as at 31 March 2021 and 31 March 2020. The Group expects the capitalised costs to be completely recovered, hence no impairment loss has been recognised.

17 FILM PRODUCTS AND FILMS UNDER PRODUCTION

Group	2021 $'000	2020 $'000
Film products (Note 17(a))	–	–
Films under production (Note 17(b))	1,079	2,825
	1,079	2,825

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

		2021 $'000	2020 $'000
(a)	Film products		
	Beginning of financial year	–	2,355
	Films under production (Note 17(b))	4,081	16,325
	Transfer to film rights (Note 25(b))	(4,081)	(18,680)
	End of financial year	–	–
(b)	Films under production		
	Cost		
	Beginning of financial year	2,825	19,527
	Additions	–	524
	Transfer to film products (Note 17(a))	(4,081)	(16,325)
	Transfer from/(to) other current assets	4,081	(155)
	Disposal	–	(746)
	End of financial year	2,825	2,825
	Accumulated impairment		
	Beginning of financial year	–	–
	Impairment during the year (Note 6)	1,746	–
	End of financial year	1,746	–
	Net carrying amount	1,079	2,825

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

Group	2021 $'000	2020 $'000
Financial assets designated at FVPL:		
- Unquoted securities		
- Hong Kong	360	710
- Singapore	2,085	1,700
- Malaysia	–	1,072
- United States	10	–
	2,455	3,482
- Unquoted convertible loans		
- Singapore	–	501
- Malaysia	768	782
	768	1,283
	3,223	4,765
The movement of the financial assets, FVPL is as follows:		
Beginning of financial year	4,765	710
Additions	50	4,117
Changes arising from variation of terms	(75)	–
Loss on fair value changes - net (Note 9)	(1,493)	(62)
Currency translation differences	(24)	–
End of financial year	3,223	4,765

(a) Unquoted securities

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.

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

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

(b) Unquoted convertible loans

Unquoted convertible loans comprise of one (2020: two) debt instrument with interest rate of 3% (2020: 3% to 8%) per annum with maturity date of 3 years (2020: 2 to 4 years) from the contracted date, and an option to extend for additional 1 year (2020: 1 year) at interest rate of 4% (2020: 4% to 8%) per annum.

The fair value of unquoted convertible loans in both Singapore and Malaysia are determined based on discounted cash flow method with a discount rate of 5.25% (2020: 5.25%).

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

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19 INVESTMENTS IN SUBSIDIARIES

Company	2021 $'000	2020 $'000
Equity investments at cost		
Beginning of financial year	70,225	69,459
Additions	1	766
End of financial year	70,226	70,225

On 18 June 2020, the Company incorporated a new wholly-owned subsidiary, mmCinehome Pte. Ltd. with an initial issued and paid up share capital of $1,000.

In the previous 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.

19 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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
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	100	100	100	–	–
UnUsUaL Management Pte. Ltd.[a]	Investment holding	Singapore	51	51	51	51	49	49
Dick Lee Asia Pte. Ltd.[a]	Dramatic arts, music and other arts production-related activities	Singapore	51	51	51	51	49	49
mm Connect Pte. Ltd.[a]	Investment holding	Singapore	100	100	100	100	–	–
Vividthree Holdings Ltd.[a][i]	Investment holding	Singapore	41.53	41.53	41.53	41.53	58.47	58.47
AsiaOne Online Pte. Ltd.[a]	News agency activities and development of software for interactive digital media	Singapore	51	51	51	51	49	49

19 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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
Subsidiaries of the Company (continued)								
DD2 Media Pte. Ltd.[(a)(g)]	Digital advertising and brand consultancy services	Singapore	100	100	100	100	–	–
mmCinehome Pte. Ltd.[(a)(k)]	Distribute and stream digital film content	Singapore	100	–	100	–	–	–
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)(h)]	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)(h)]	Motion picture, video and television programme and production activities	People's Republic of China	100	100	100	100	–	–

19 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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
Subsidiaries of Vividthree Holdings Ltd.								
Vividthree Productions Pte. Ltd. [a][i]	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][h][i]	Motion picture, video and television programme post-production and digital content production activities	People's Republic of China	100	100	41.53	41.53	58.47	58.47
V&N Entertainment Pte. Ltd. [a][l]	Providing event management services	Singapore	55	–	22.84	–	77.16	–
Subsidiary of Vividthree Productions Pte. Ltd.								
Vividthree Productions Sdn. Bhd. [b][d][f][i]	Motion picture, video and television programme post-production and digital content activities	Malaysia	100	100	41.53	41.53	58.47	58.47
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	Malaysia	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	–	–

19 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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
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)(j)]	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)(j)]	Rental of stage lighting, sound systems, audio equipment and light system installation and its related services	Singapore	100	100	39.21	39.21	60.79	60.79
UnUsUaL Entertainment Pte. Ltd. [(a)(j)]	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)(j)]	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)(j)]	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)(h)(j)]	Organising and management of events	People's Republic of China	100	100	39.21	39.21	60.79	60.79

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19 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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
Subsidiary of UnUsUaL Management Pte. Ltd. (continued)								
Subsidiaries of UnUsUaL Limited (continued)								
Subsidiary of UnUsUaL Entertainment Pte. Ltd.								
Mercury Rights Pte. Ltd.[(a)(j)]	Organising and promoting all kinds of shows, entertainment acts and other related services	Singapore	60	60	23.53	23.53	76.47	76.47

(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, DD2 Media Pte. Ltd. was incorporated on 3 September 2019.

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

(i) 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.

(j) 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.

(k) The subsidiary, mmCinehome Pte. Ltd. was incorporated on 18 June 2020.

(l) The subsidiary of Vividthree Holdings Ltd., V&N Entertainment Pte. Ltd. was incorporated on 8 July 2020.

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Group	2021 $'000	2020 $'000
UnUsUaL Limited and its subsidiaries ("UnUsUaL Group")	33,212	39,189
Vividthree Holdings Ltd. and its subsidiaries ("Vividthree Group")	10,480	13,106
Other subsidiaries with immaterial NCI	3,642	3,794
	47,334	56,089

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 2021 and 31 March 2020.

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

	UnUsUaL Group		Vividthree Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current				
Assets	42,585	64,055	11,546	15,658
Liabilities	(18,893)	(24,161)	(4,860)	(3,857)
	23,692	39,894	6,686	11,801
Non-current				
Assets	33,135	29,998	18,366	13,385
Liabilities	(7,191)	(10,890)	(4,893)	(535)
	25,944	19,108	13,473	12,850
Net assets	49,636	59,002	20,159	24,651

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

	UnUsUaL Group		Vividthree Group	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Revenue	1,346	61,942	2,027	6,136
(Loss)/Profit before income tax	(9,986)	7,292	(4,551)	(828)
Income tax credit/(expenses)	666	(1,227)	45	67
Net (loss)/profit	(9,320)	6,065	(4,506)	(761)
Other comprehensive (loss)/income, net of tax	(46)	21	14	(1)
Total comprehensive (loss)/income	(9,366)	6,086	(4,492)	(762)
Total comprehensive (loss)/ income allocated to NCI	(5,694)	3,700	(2,626)	(446)
Net cash (used in)/generated from operating activities	(6,488)	(5,425)	726	1,464
Net cash used in investing activities	(376)	(1,289)	(6,310)	(5,238)
Net cash (used in)/generated from financing activities	(2,381)	15,540	4,843	1,487
Net changes in cash and cash equivalents	(9,245)	8,826	(741)	(2,287)
Translation differences	(4)	(1)	(15)	28
Cash and cash equivalents at beginning of the year	12,574	3,749	2,123	4,382
Cash and cash equivalents at end of year	3,325	12,574	1,367	2,123

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20 INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Beginning of financial year	2,522	2,658	2,425	2,525
Currency translation differences	(40)	–	–	–
Additions	50	–	–	–
Disposal	(14)	–	(14)	–
Share of profits/(losses) during the financial year	123	(136)	46	(100)
End of financial year	2,641	2,522	2,457	2,425

On 22 November 2020, the Group and the Company entered into a share sales agreement to dispose of the entire equity interest in Academie of Stars Pte. Ltd. for a consideration of $114,000.

The Group has the following associated companies:

Name of associates	Principal activities	Country of incorporation	Percentage of ownership interest 2021 %	2020 %
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][e]	Performing arts school for children	Singapore	–	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
Held by UnUsUaL Limited				
White Mount International Pte. Ltd. [f][h]	Production of live theatrical presentations	Singapore	50	–
Held by White Mount International Pte. Ltd.				
Isotope Productions Pte Ltd [g][h]	Motion picture, video, television and other programme production activities	Singapore	100	–

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For the financial year ended 31 March 2021

20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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

(b) *Audited by Wong, Lee & Associates LLP, Public Accountants and Chartered Accountants (Singapore) for local statutory purposes.*

(c) *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.*

(e) *The associates, Académie of Stars Pte. Ltd. was disposed on 22 November 2020.*

(f) *The associates, White Mount International Pte. Ltd. was incorporated on 20 October 2020.*

(g) *The associates, Isotope Productions Pte. Ltd. was incorporated on 27 October 2020.*

(h) *Not required to be audited for the current financial year as the associated companies are newly incorporated.*

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

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
RINGS.TV Pte. Ltd.	2,457	2,391	2,457	2,391
Other immaterial associated companies	184	131	–	34
	2,641	2,522	2,457	2,425

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

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.	
	2021 $'000	2020 $'000
Revenue	10,731	8,998
Expenses include:		
- Depreciation	(54)	(94)
- Amortisation	(1,696)	(1,808)
Total comprehensive profit/(loss), representing net profit/(loss)	443	(328)

20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised statement of financial position as at:

	RINGS.TV Pte. Ltd.	
	2021 $'000	2020 $'000
Current assets	2,481	2,264
Non-current assets	2,872	3,064
Current liabilities	(746)	(1,164)
Net assets	4,607	4,164
Includes in current assets:		
- Cash and cash equivalents	137	45
Includes in current liabilities:		
- Financial liabilities (excluding trade payables)	(732)	(1,048)

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.	
	2021 $'000	2020 $'000
Reconciliation to carrying amounts:		
Net assets at beginning of financial year	4,164	4,492
Profit/(Loss) for the financial year	443	(328)
Net assets at end of financial year	4,607	4,164
Shareholding in percentage:	15%	15%
Group's share	691	625
Goodwill	1,766	1,766
Carrying amount	2,457	2,391

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20 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Profit/(Loss) before tax for the financial year	49	(366)	(105)	(270)
Net profit/(loss) representing total comprehensive loss for the financial year	65	(366)	(105)	(270)

21 INVESTMENT IN A JOINT VENTURE

Group	2021 $'000	2020 $'000
Beginning of financial year	87	99
Currency translation differences	(1)	(1)
Share of loss during the financial year	(49)	(11)
End of financial year	37	87

The Group has the following joint venture company:

Name of joint venture	Principal activities	Country of incorporation	Percentage of ownership interest	
			2021 %	2020 %
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.

22 PROPERTY, PLANT AND EQUIPMENT

Group	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
2021									
Cost									
Beginning of financial year	1,295	6,945	23,941	6,904	19,295	1,563	22	101,424	161,389
Currency translation differences	(6)	(122)	(161)	(9)	(153)	(11)	(2)	(445)	(909)
Additions	30	334	41	23	27	–	6,467	2,230	9,152
Disposals	(21)	(350)	(907)	–	(1,499)	–	–	(653)	(3,430)
Write-off	–	(37)	(295)	–	(708)	–	–	(6,013)	(7,053)
Derecognition of leases	–	–	–	–	–	–	–	(2,605)	(2,605)
End of financial year	1,298	6,770	22,619	6,918	16,962	1,552	6,487	93,938	156,544
Accumulated depreciation									
Beginning of financial year	623	4,931	10,360	1,759	8,326	78	–	22,418	48,495
Currency translation differences	(2)	(43)	(64)	(5)	(48)	(1)	–	(165)	(328)
Depreciation charge for the year (Note 6)	260	1,466	3,309	716	2,359	25	–	22,391	30,526
Disposals	(21)	(163)	(397)	–	(806)	–	–	(449)	(1,836)
Write-off	–	(27)	(100)	–	(323)	–	–	(6,013)	(6,463)
Derecognition of leases	–	–	–	–	–	–	–	(1,839)	(1,839)
End of financial year	860	6,164	13,108	2,470	9,508	102	–	36,343	68,555
Carrying amount									
End of financial year	438	606	9,511	4,448	7,454	1,450	6,487	57,595	87,989

22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	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
2020									
Cost									
Beginning of financial year	1,109	14,247	21,589	6,267	10,074	646	–	–	53,932
Adoption of SFRS(I) 16	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 6)	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

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22 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	2021 $'000	2020 $'000
Motor vehicle		
Cost		
Beginning of financial year	150	–
Adoption of SFRS(I) 16	–	150
End of financial year	150	150
Accumulated depreciation		
Beginning of financial year	61	–
Depreciation charge for the year	67	61
End of financial year	128	61
Carrying amount		
End of financial year	22	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 23 to the financial statements.

Included in the additions of the Group amounting to $6,062,100 (2020: Nil) was deposit paid in advance in the previous financial year.

The depreciation charge for the year is included in cost of sales and administrative expenses amounting to $7,269,000 (2020: $7,831,000) and $23,257,000 (2020: $23,311,000) respectively.

Certain bank borrowings are secured on leasehold properties of the Group with carrying amount of $1,450,000 (2020: $1,485,000).

23 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.

23 RIGHT-OF-USE ASSETS (CONTINUED)

Leases - Group as lessee (continued)

(a) Carrying amounts

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

Group	2021 $'000	2020 $'000
Motor vehicles	393	554
Computers, office equipment and furniture and fittings	414	242
Tools and equipment	594	878
Renovation	1,826	2,987
Offices and retail spaces	57,595	79,006
	60,822	83,667

(b) Depreciation charge during the year

Group	2021 $'000	2020 $'000
Motor vehicles	160	83
Computers, office equipment and furniture and fittings	84	30
Tools and equipment	279	290
Renovation	883	925
Offices and retail spaces	22,391	22,407
	23,797	23,735

(c) Interest expenses

Group	2021 $'000	2020 $'000
Interest expense on lease liabilities (Note 10)	3,606	4,577

(d) Cash outflow

Group	2021 $'000	2020 $'000
Total cash outflow for all the leases recognised in consolidated statement of cash flows	8,290	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 2021 and 31 March 2020.

24 INTANGIBLE ASSETS AND GOODWILL

Group	Goodwill $'000 (Note 24(a))	Brand with finite useful lives $'000 (Note 24(b))	Brand with indefinite useful lives $'000 (Note 24(c))	Content development cost $'000	Acquired rights $'000	Software under development $'000	Software $'000	Other intangible assets $'000	Total $'000
2021									
Cost									
Beginning of financial year	259,680	8,423	17,969	566	1,983	201	–	5,088	293,910
Currency translation differences	(681)	–	–	–	26	(5)	–	(19)	(679)
Additions	–	–	–	94	4,387	266	–	124	4,871
Reclassification	–	–	–	–	–	(462)	766	(304)	–
Written off	–	–	–	–	–	–	–	(288)	(288)
End of financial year	258,999	8,423	17,969	660	6,396	–	766	4,601	297,814
Accumulated amortisation									
Beginning of financial year	–	2,059	–	141	81	–	–	1,111	3,392
Currency translation differences	–	–	–	–	2	–	–	–	2
Amortisation charge for the year (Note 6)	–	562	–	132	932	–	79	355	2,060
Written off	–	–	–	–	–	–	–	(288)	(288)
End of financial year	–	2,621	–	273	1,015	–	79	1,178	5,166
Accumulated impairment									
Beginning of financial year	10,706	–	–	–	–	–	–	–	10,706
Currency translation differences	(138)	–	–	–	–	–	–	–	(138)
Impairment during the year (Note 6)	29,042	–	–	–	–	–	–	–	29,042
End of financial year	39,610	–	–	–	–	–	–	–	39,610
Carrying amount									
End of financial year	219,389	5,802	17,969	387	5,381	–	687	3,423	253,038

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Group	Goodwill $'000 (Note 24(a))	Brand with finite useful lives $'000 (Note 24(b))	Brand with indefinite useful lives $'000 (Note 24(c))	Content development cost $'000	Acquired rights $'000	Software under development $'000	Software $'000	Other intangible assets $'000	Total $'000
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 6)	–	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 6)	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

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The impairment loss is included in administrative expenses.

The amortisation charge for the year is included in cost of sales and administrative expenses amounting to $990,000 (2020: $354,000) and $1,070,000 (2020: $946,000) respectively.

(a) Goodwill arising from consolidation

Allocation of goodwill

The aggregate carrying amount of goodwill allocated to each segment are as follows:

Group	2021 $'000	2020 $'000
Concert and event, Singapore (Note 24(a)(i))	19,314	19,314
Post and digital content production, Singapore (Note 24(a)(ii))	2,852	2,852
Cinema operations (Note 24(a)(iii))	197,223	226,808
	219,389	248,974

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 method.

Fair value less cost to disposal ("FVLCD")

(i) Goodwill attributable from concert and event:

The CGU identified for the goodwill allocated to the concert and event segment is for UnUsUaL Limited and its subsidiaries as a whole.

The recoverable amount is determined based on FVLCD calculation. The fair value less cost to disposal is measured based on UnUsUaL Limited's listed share price in SGX catalist board at $0.1850 (2020: $0.1369) per share as at 31 March 2021 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 41% (2020: 11%), the recoverable amount of the CGU would equal to the carrying amount.

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Impairment test for goodwill (continued)

Fair value less cost to disposal (“FVLCD”) (continued)

(ii) Goodwill attributable from post and digital content production (“Post-production”)

The CGU identified for the goodwill allocated to the post and digital content production segment is for Vividthree Productions Pte. Ltd..

In assessing whether 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 costs to disposal (“FVLCD”) method via discounted cash flow approach (“DCF”). The key assumptions on which the Group has applied in the DCF in determining FVLCD were that projected future performance was based on past performance and expectations that are affected by future market and economic conditions, i.e. The impact caused by on-going and evolving of COVID-19 pandemic.

The FVLCD is determined based on financial budgets approved by management covering a period of 5 years using a weighted average growth rate used to project operating expenses and terminal growth rate of 5% (2020: 5%) and 2% (2020: Nil) respectively. These cash flows were discounted using a pre-tax discount rate of 11.6% (2020: 10%) 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

In the previous financial year ended 31 March 2020, the CGUs of the goodwill attributed from cinema operations were as follows:

2020	$’000
Cinema operations	
- Cathay acquisition, Malaysia	7,006
- Mega acquisition, Malaysia	6,140
- Lotus acquisition, Malaysia	22,008
- Cathay acquisition, Singapore[1]	191,654
	226,808

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Impairment test for goodwill (continued)

Value-in-use (continued)

(iii) Goodwill attributable from cinema operations (continued)

In the current financial year, management had integrated the cinema operations of Cathay acquisition, Malaysia, Mega acquisition, Malaysia and Lotus acquisition, Malaysia and determined that they are of a single and integrated CGU, namely "Malaysia cinema operations", as a result of rationalising the operating and reporting processes in Malaysia. Accordingly, CGU impairment tests are computed against the cash flows of the integrated CGUs in Malaysia cinema business for possible impairment. The CGUs of the goodwill attributed from cinema operations as at 31 March 2021 are identified as follows:

2021	$'000
Cinema operations	
- Malaysia cinema operations	25,569
- Singapore cinema operations [1]	171,654
	197,223

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

(1) CGU of *Cathay acquisition, Singapore* has been renamed as *Singapore cinema operations*.

The management has adopted expected cash flow approach (probability-weighted average cash flows projections) to determine the value-in-use due to the significantly higher degree of estimation uncertainty and wider range of possible cash flow projections arising from the impact of COVID-19. Management believes that the probability-weighted scenarios present a reasonable assessment of the future outcomes, taking into account for a more comprehensive outlook for the recovery of the cinema operations in both Singapore and Malaysia.

In determining the cash flow projection, the 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 extent of social distancing measures, occupancy rate and the 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 2.40% and 1.85% (2020: 2.8% and 1.9%) 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.

24 INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill arising from consolidation (continued)

Impairment test for goodwill (continued)

Value-in-use (continued)

(iii) Goodwill attributable from cinema operations (continued)

Key assumptions used for value-in-use calculations:

- Growth rate
  Cinema operations in both Singapore and Malaysia were severely affected by the measures to curb the spread of COVID-19. These measures include the intermittent closures of cinema branches for certain period during the financial year and having restriction on the seating capacity for each theatre hall.

  As a result, revenues from the cinema operations in both Singapore and Malaysia has expectedly dropped to a record low in the current financial year. Looking forward to the cinema industry outlook, management is optimistic about the prospects of the cinema business, given that both Singapore and Malaysia are in the process of vaccinating their population and the pent-up demands from consumers for the cinematic experience.

  Therefore, the average revenue growth rate used for extrapolation of future revenue for the five-year period allocated to cinema operations in Singapore and Malaysia ranges from 4% to more than 100% (2020: -67% to more than 100%) and 8% to more than 100% (2020: -242% to 90%) respectively.

- Pre-tax discount rate
  The pre-tax discount rate for Singapore and Malaysia's cinema operations are 8.3% and 12.9% (2020: 8.2% and 9.64%-10.07%) respectively. In determining appropriate discount rate, consideration has been given to the applicable weighted average cost of capital for the cinema industry in and around the Asia-Pacific region.

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

Impairment loss

(a) During the current financial year, the Group recognised impairment loss on goodwill of cinema operations totaling to $29,042,000 and it was allocated to the cinema operations in Malaysia and Singapore amounting to $9,042,000 and $20,000,000 respectively. As the CGUs have been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment losses.

(b) In the previous financial year, the Group had recognised impairment loss on goodwill of cinema operations totaling 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. As the CGUs had 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.

As for Mega acquisition, Malaysia and Lotus acquisition, Malaysia, the recoverable amount exceeded its carrying amount. 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.

24 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 Singapore cinema operations. Based on the assessment, the recoverable amounts of brand exceeded the carrying amounts and therefore no impairment was recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25 FILM RIGHTS

Group	Completed film rights $'000	Other film rights $'000	Total $'000
2021			
Cost			
Beginning of financial year	78,281	32,838	111,119
Currency translation differences	(260)	–	(260)
Additions	52	5,304	5,356
Government grants received for development of content	–	(1,267)	(1,267)
Transfer from film products (Note 17(a))	4,081	–	4,081
End of financial year	82,154	36,875	119,029
Accumulated amortisation			
Beginning of financial year	61,605	7,879	69,484
Currency translation differences	(239)	–	(239)
Amortisation charge for the year (Note 6)	9,086	1,109	10,195
End of financial year	70,452	8,988	79,440
Accumulated impairment			
Beginning of financial year	–	–	–
Impairment during the year (Note 6)	–	6,225	6,225
End of financial year	–	6,225	6,225
Carrying amount			
End of financial year	11,702	21,662	33,364
2020			
Cost			
Beginning of financial year	58,617	17,832	76,449
Currency translation differences	127	–	127
Additions	356	15,607	15,963
Written off	(57)	–	(57)
Transfer to other current assets	(43)	–	(43)
Transfer from film products (Note 17(a))	18,680	–	18,680
End of financial year	77,680	33,439	111,119
Accumulated amortisation			
Beginning of financial year	46,727	488	47,215
Currency translation differences	111	–	111
Amortisation charge for the year (Note 6)	14,166	7,992	22,158
End of financial year	61,004	8,480	69,484
Carrying amount			
End of financial year	16,676	24,959	41,635

The amortisation charges and impairment loss are included in cost of sales and administrative expenses in profit or loss respectively.

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For the financial year ended 31 March 2021

26 FILM INTANGIBLES AND FILM INVENTORIES

Group	2021 $'000	2020 $'000
Cost		
Beginning of financial year	25,029	20,515
Currency translation differences	(110)	(18)
Additions	11,393	5,680
Expiry	(40)	(1,074)
Write-off	(363)	(74)
End of financial year	35,909	25,029
Accumulated amortisation		
Beginning of financial year	8,587	6,081
Currency translation differences	(56)	(4)
Amortisation charge for the year (Note 6)	5,152	3,584
Expiry	(40)	(1,074)
End of financial year	13,643	8,587
Accumulated impairment		
Beginning of financial year	–	–
Currency translation differences	(15)	–
Impairment during the year (Note 6)	2,797	–
End of financial year	2,782	–
Carrying amount		
End of financial year	19,484	16,442

The amortisation charges and impairment loss are included in cost of sales and administrative expenses in profit or loss respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade payables				
- Non-related parties	35,272	44,477	–	–
- Associated company	777	495	–	–
- Joint venture	5	–	–	–
	36,054	44,972	–	–
Other payables				
- Non-related parties	8,582	11,191	407	229
- Related parties	423	231	–	–
- Associated companies	50	–	–	–
- Subsidiaries	–	–	53,517	55,985
- Director	52	41	–	–
	9,107	11,463	53,924	56,214
Accruals	12,806	19,599	2,151	3,457
Deposits received	18,404	12,884	11,000	11,000
Withholding tax	2,800	2,802	–	–
	79,171	91,720	67,075	70,671

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

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

28 CONTRACT LIABILITIES

Group	2021 $'000	2020 $'000
Contract liabilities	9,143	11,662

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 2021 amounted to $4,150,000 (2020: $12,872,000) were included in contract liabilities at beginning of the financial year.

29 BORROWINGS

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current				
Bank loans	83,841	78,097	44,932	43,713
Bank overdraft	1,293	1,295	–	–
Convertible bonds and notes (Note 29(a))	54,035	47,301	–	–
Medium term note programme (Note 29(b))	50,000	–	50,000	–
Loan notes (Note 29(c))	3,500	5,000	–	–
	192,669	131,693	94,932	43,713
Non-current				
Bank loans	72,963	70,815	51,714	53,631
Convertible bonds and notes (Note 29(a))	–	5,329	–	–
Medium term note programme (Note 29(b))	–	50,000	–	50,000
	72,963	126,144	51,714	103,631
Total borrowings				
Bank loans	156,804	148,912	96,646	97,344
Bank overdraft	1,293	1,295	–	–
Convertible bonds and notes	54,035	52,630	–	–
Medium term note programme	50,000	50,000	50,000	50,000
Loan notes	3,500	5,000	–	–
	265,632	257,837	146,646	147,344

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
12 months or less	82,420	84,392	44,932	43,713
1 - 5 years	57,819	69,400	51,714	53,631
Over 5 years	310	1,415	–	–
	140,549	155,207	96,646	97,344

29 BORROWINGS (CONTINUED)

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 22)
- total corporate guarantees of $33,059,000 (2020: $28,480,000) from the Company for subsidiaries' banking facilities;
- corporate guarantee of $96,647,000 (2020: $97,344,000) from subsidiaries for the Company's banking facilities;
- equity interests of certain subsidiaries;
- assignment of a subsidiary's entire rights, title, benefits and interest in connection with the agreement executed relating to a project; and

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 $7,775,000 (2020: $77,569,000) 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	
	2021 %	2020 %	2021 %	2020 %
Bank loans	5.25	–	–	–
Convertible bonds and notes	–	11.24	–	–
Medium term note programme	–	8.44	–	8.44

(a) Convertible bonds and notes

As at 31 March 2021, the Company's wholly-owned subsidiary, mm Connect Pte. Ltd., has entered into subscription agreements with certain subscribers for the issuance of convertible securities totaling $54,840,000 as follows:

(i) Issuance of Convertible Notes ("CN-1") and Convertible Bonds ("CB-1") on 7 February 2018 amounting to $47,850,000;

(ii) Issuance of Convertible Note ("CN-2") on 4 June 2019 amounting to $5,000,000;

(iii) Issuance of Convertible Notes ("CN-3") and Convertible Bonds ("CB-3") on 1 October 2020 amounting to $990,000; and

(iv) Issuance of Convertible Notes ("CN-4") on 18 March 2021 amounting to $1,000,000.

During the current financial year, mm Connect Pte. Ltd. successfully extended the maturity date of CN-1 and CB-1 and re-negotiated the conversion terms of CB-1 ("re-negotiated terms"). This has led to a re-assessment of the present value of the contractual cash flows of CB-1/CN-1 under re-negotiated terms. The re-assessment did not constitute to a substantial modification and therefore, derecognition of these financial instrument is not required. Accordingly, the difference between the present value of contractual cash flows between re-negotiated terms and initial terms, amounting to $2,308,000 is recognised in profit or loss as disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29 BORROWINGS (CONTINUED)

(a) Convertible bonds and notes

The revised terms and conditions of CN-1 and CN-2, along with the terms and conditions for the remaining of the Convertible Securities disclosed are as follows:

Issue date	7 February 2018 **("CN-1/CB-1")**	4 June 2019 **("CN-2")**	1 October 2020 **("CN-3/CB-3")**	18 March 2021 **("CN-4")**
Principal amount	$47,850,000	$5,000,000	$990,000	$1,000,000
Interest	2.0% p.a., payable in cash on the maturity date	3.5% p.a., payable in cash on a semi-annual basis	2.0% p.a., payable in cash on maturity date	3.5% p.a., payable in cash on a semi-annual basis
Redemption price	100% of the issue price, together with all accrued interest, at the maturity date	120% of the issue price, together with all accrued interest, at the maturity date	100% of the issue price, together with all accrued interest, at the maturity date	100% of the issue price, together with all accrued interest, at the maturity date
Maturity date	The earlier of:- (a) The date on which an initial public offering ("**IPO**") of mmConnect is first open for acceptance; or (b) 31 December 2021[1] **("CN-1/CB-1 Maturity Date")**	The earlier of:- (a) The date on which the IPO of mmConnect is first open for acceptance; or (b) 9 June 2022 **("CN-2 Maturity Date").**	The earlier of:- (a) The date on which the IPO of mmConnect is first open for acceptance; or (b) 1 October 2021 **("CN-3/CB-3 Maturity Date").**	The earlier of:- (a) The date on which the IPO of mmConnect is first open for acceptance; or (b) 18 March 2022 **("CN-4 Maturity Date").**

NOTES TO THE FINANCIAL STATEMENTS

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29 BORROWINGS (CONTINUED)

(a) Convertible bonds and notes (continued)

The revised terms and conditions of CN-1 and CN-2, along with the terms and conditions for the remaining of the Convertible Securities disclosed are as follows: (continued)

Issue date	7 February 2018 **("CN-1/CB-1")**	4 June 2019 **("CN-2")**	1 October 2020 **("CN-3/CB-3")**	18 March 2021 **("CN-4")**
Conversion	Into fully paid up mmConnect Shares in the event mmConnect seeks an IPO prior to the CN-1/CB-1 Maturity Date, at the election of the subscribers prior to the launch of the IPO, at a conversion price of 15% discount to the IPO price[1] (1) These terms have been revised arising from the extension and re-negotiated terms with CN-1 and CB-1 holders.	Into fully paid up mmConnect Shares in the event mmConnect seeks an IPO prior to the CN-2 Maturity Date, at the election of the subscribers prior to the launch of the IPO, at a conversion price of 15% discount to the IPO price.	**CN-3:** Into fully paid up mmConnect Shares in the event mmConnect seeks an IPO prior to the ("CN-3/CB-3") Maturity Date, at the election of the subscribers prior to the launch of the IPO, at a conversion price of 15% discount to the IPO price. **CB-3:** (i) at the election of the subscribers in the event that mmConnect seeks an IPO prior to the CN-3/CB-3 Maturity Date, any time after the IPO up to and including the second anniversary of the IPO date, at a conversion price set at a 20% premium to the IPO price ("CB-3 Conversion Price"); or (ii) at the election of mmConnect, in the event that the closing price of the shares of mmConnect on the relevant stock exchange exceeds 150% of the CB-3 Conversion Price for 30 consecutive trading days, at the CB-3 Conversion Price.	Into fully paid up shares in mmConnect in the event that mmConnect seeks an IPO prior to the CN-4 Maturity Date, at a conversion price set at a 20% discount to the IPO price, at the election of the subscriber prior to or on the date of launch of the IPO.

29 BORROWINGS (CONTINUED)

(a) Convertible bonds and notes (continued)

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

Group	2021 $'000	2020 $'000
Face value of convertible bonds and notes at date of issuance:		
- CN-1/CB-1	47,850	47,850
- CN-2	5,000	5,000
- CN-3/CB-3	990	–
- CN-4	1,000	–
	54,840	52,850
Derivative financial instruments on initial recognition	(7,056)	(7,046)
Gain arising from modification of convertible bonds and notes (Note 9)	(2,308)	–
Liability component on initial recognition	45,476	45,804
Accumulated amortisation of interest expense	11,441	6,826
Less: Interest paid up to date	(2,882)	–
Liability component at end of financial year	54,035	52,630

As at 31 March 2021 and 31 March 2020, the Group does not have any outstanding convertible bonds/notes except as disclosed. The Company does not have any outstanding convertible bonds/notes.

(b) 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 27 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 from certain subsidiaries.

The MTN was fully redeemed subsequent to the financial year as disclosed in Note 44(c) to the financial statements.

(c) Loan notes

On 30 January 2019, the Group's subsidiary, UnUsUaL Management Pte. Ltd. ("UnUsUaL Management") had issued loan notes amounting to $5,000,000 and was due on 29 January 2021. During the financial year, UnUsUaL Management entered into a supplemental agreement with the loan notes holder for extension of the maturity date to 30 January 2022.

In the previous year, the loan notes was secured by equity interest of a subsidiary and collateral deposits amounted to $1,402,000 (Note 14). During the financial year, the collateral deposits was utilised as partial redemption of the Loan Note.

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30 LEASE LIABILITIES

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Undiscounted lease payments due:				
- 12 months or less	35,685	26,175	24	70
- 1 - 5 years	43,510	57,312	–	23
- Over 5 years	4,425	13,498	–	–
	83,620	96,985	24	93
Less: Future interest costs	(8,070)	(12,149)	(1)	(3)
Lease liabilities	75,550	84,836	23	90
Represented by:				
- Current	33,157	23,093	23	67
- Non-current	42,393	61,743	–	23
	75,550	84,836	23	90

31 DERIVATIVE FINANCIAL INSTRUMENTS

Group	2021 $'000	2020 $'000
Derivatives financial instruments arising from:		
Current		
Convertible bonds and notes (Note 31(a))	6,002	–
Interest rate swap (Note 31(b))	152	163
	6,154	163
Non-current		
Interest rate swap (Note 31(b))	–	113
	–	113
Total derivative financial instruments		
Convertible bonds and notes	6,002	–
Interest rate swap	152	276
	6,154	276

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Movement of derivatives financial instruments are as follows:

	2021 $'000	2020 $'000
Beginning of financial year	276	5,905
Issuance of new convertible securities	10	176
Loss/(Gain) on fair value changes (Note 9)	5,868	(5,805)
End of financial year	6,154	276

(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 29(a) to the financial statements. The fair value of derivative financial instruments are within Level 3 of the fair value hierarchy.

	2021 $'000	2020 $'000
Beginning of financial year	–	5,905
At date of issuance of CN-2	–	176
At date of issuance of CN-3/CB-3 and CN-4	10	–
Loss/(Gain) on fair value changes	5,992	(6,081)
End of financial year	6,002	–

As at 31 March 2021 and 31 March 2020, the fair value of embedded derivative are by an independent valuer and internally 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) In the previous financial year, 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		Fair value	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Derivatives not held for hedging:				
Interest rate swap	8,746	12,116	152	276
Represented by:				
- Current			152	163
- Non-current			–	113
			152	276

NOTES TO THE FINANCIAL STATEMENTS

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32 PROVISIONS

Group	2021 $'000	2020 $'000
Non-current		
Provision for restoration costs	4,553	5,009

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:

Group	2021 $'000	2020 $'000
Beginning of financial year	5,009	4,841
Currency translation differences	(23)	(8)
Provision made	–	100
Unwinding of discount (Note 10)	75	76
Utilised	(200)	–
Write-off	(308)	–
End of financial year	4,553	5,009

33 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

Group	2021 $'000	2020 $'000
Deferred income tax assets	–	1,721
Deferred income tax liabilities	6,328	6,435

Movement in deferred income tax is as follows:

Group	2021 $'000	2020 $'000
Beginning of financial year	4,899	5,242
Currency translation differences	(3)	4
Charge/(credit) to profit or loss	1,432	(347)
End of financial year	6,328	4,899

33 DEFERRED INCOME TAX (CONTINUED)

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

Deferred income tax liabilities

Group	Accelerated tax depreciation/ amortisation $'000	Other $'000	Total $'000
2021		–	
Beginning of financial year	6,481	–	6,481
Currency translation differences	(3)	–	(3)
Charged/(credited) to profit or loss	261	(411)	(150)
End of financial year	6,739	(411)	6,328
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

Deferred income tax assets

Group	Accelerated tax depreciation/ amortisation $'000	Tax losses $'000	Total $'000
2021			
Beginning of financial year	(1,009)	(573)	(1,582)
Charged to profit or loss	1,009	573	1,582
End of financial year	-	-	-
2020			
Beginning of financial year	(1,091)	(451)	(1,542)
Currency translation differences	2	–	2
Charged/(credit) to profit or loss	80	(122)	(42)
End of financial year	(1,009)	(573)	(1,582)

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 $30,251,000 (2020: $1,955,000) and $6,481,000 (2020: $87,000) respectively that can be carried forward against future taxable income without expiries.

34 SHARE CAPITAL

Group and Company	No. of ordinary shares 2021 ’000	No. of ordinary shares 2020 ’000	Amount 2021 $’000	Amount 2020 $’000
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.

35 RESERVES

Group	2021 $’000	2020 $’000
Composition:		
Merger reserve (Note 35(a))	(37,338)	(37,338)
Currency translation reserve (Note 35(b))	(813)	(948)
Other reserves (Note 35(c))	23,851	23,851
	(14,300)	(14,435)

Reserves are non-distributable.

The movement of reserves are as follows:

(a) Merger reserve

	2021 $’000	2020 $’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.

35 RESERVES (CONTINUED)

The movement of reserves are as follows: (continued)

(b) Currency translation reserve

	2021 $'000	2020 $'000
Beginning of financial year	(948)	(888)
Net currency translation differences of financial statements of foreign subsidiaries, associated company and joint venture	115	(47)
Less: Non-controlling interests' portion	20	(13)
	135	(60)
End of financial year	(813)	(948)

(c) Other reserves

	2021 $'000	2020 $'000
Beginning of financial year	23,851	23,771
Acquisition of non-controlling interest	–	80
End of financial year	23,851	23,851

36 RETAINED PROFITS/(ACCUMULATED LOSSES)

(a) Retained profits of the Group are distributable.

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

	Company	
	2021 $'000	2020 $'000
Beginning of financial year	(15,952)	(5,405)
Net loss during the year	(8,984)	(10,547)
End of financial year	(24,936)	(15,952)

37 PERFORMANCE SHARE PLAN

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

Full-time Group Executives who have attained the age of 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.

37 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 2021.

38 COMMITMENTS

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:

Group	2021 $'000	2020 $'000
Property, plant and equipment	–	580

39 CONTINGENT LIABILITIES

(a) Performance guarantee

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

Group	2021 $'000	2020 $'000
Performance guarantees	5,159	5,300

39 CONTINGENT LIABILITIES (CONTINUED)

(b) Corporate guarantees

During the financial year, the Company has issued corporate guarantees amounting up to $45,774,000 (2020: $32,867,000) to banks for borrowings of its subsidiaries. These bank borrowings of the subsidiaries amounted to $33,059,000 (2020: $28,480,000) 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 $85,280,000 (2020: $13,932,000) as at reporting date to operate as going concern and able to meet its liabilities as and when they fall due. Management is of the view that the probability of settlement in respect of these financial supports are not forthcoming as these subsidiaries are in operational and able to meet its liabilities as of date of these financial statements.

40 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").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40 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, which is denominated in currencies other than the functional currencies of the Group and its subsidiaries are as follows:

Group	SGD $'000	RM $'000	USD $'000	HKD $'000	RMB $'000	TWD $'000	Others $'000	Total $'000
2021								
Financial assets								
Cash and bank balances	14	–	586	2	362	3	141	1,108
Financial assets, FVPL	–	–	–	360	–	–	–	360
Trade and other receivables	7,257	48	24,006	236	1,791	29	3	33,370
Receivables from subsidiaries	1,262	5,440	1,760	1,082	14	8	–	9,566
	8,533	5,488	26,352	1,680	2,167	40	144	44,404
Financial liabilities								
Trade and other payables	(21)	(806)	(7,681)	(64)	(1,092)	(2,030)	(215)	(11,909)
Borrowings	–	–	(8,746)	–	–	(2,508)	–	(11,254)
Derivative financial instruments	–	–	(152)	–	–	–	–	(152)
Payables to subsidiaries	(1,262)	(5,440)	(1,760)	(1,082)	(14)	(8)	–	(9,566)
	(1,283)	(6,246)	(18,339)	(1,146)	(1,106)	(4,546)	(215)	(32,881)
Currency exposure on net financial assets/(liabilities)	7,250	(758)	8,013	534	1,061	(4,506)	(71)	(11,523)

40 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, which is denominated in currencies other than the functional currencies of the Group and its subsidiaries are as follows: (continued)

Group	SGD $'000	RM $'000	USD $'000	HKD $'000	RMB $'000	TWD $'000	Others $'000	Total $'000
2020								
Financial assets								
Cash and bank balances	49	780	1,931	27	5,387	193	138	8,505
Financial assets, FVPL	–	–	–	710	–	–	–	710
Trade and other receivables	7,020	361	29,008	5,701	2,394	3,025	641	48,150
Receivables from subsidiaries	5,127	5,371	2,428	3,441	–	13	–	16,380
	12,196	6,512	33,367	9,879	7,781	3,231	779	73,745
Financial liabilitie								
Trade and other payables	(25)	(755)	(8,650)	(820)	(3,735)	(1,885)	(227)	(16,097)
Borrowings	–	–	(12,116)	–	–	(2,701)	–	(14,817)
Derivative financial instruments	–	–	(275)	–	–	–	–	(275)
Payables to subsidiaries	(5,127)	(5,371)	(2,428)	(3,441)	–	(13)	–	(16,380)
	(5,152)	(6,126)	(23,469)	(4,261)	(3,735)	(4,599)	(227)	(47,569)
Currency exposure on net financial assets/ (liabilities)	7,044	386	9,898	5,618	4,046	(1,368)	552	26,176

The Company is not exposed to significant currency risk as most of its financial assets and liabilities as at 31 March 2021 and 31 March 2020 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 years ended 31 March 2021 and 31 March 2020.

40 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").

Group	2021 %	2020 %
Malaysian Ringgit ("RM")	2.0	1.0
United States Dollar ("USD")	6.0	5.0
Hong Kong Dollar ("HKD")	6.0	6.0
Chinese Renminbi ("RMB")	2.0	5.0
New Taiwan Dollar ("TWD")	N.M.	7.0

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 loss	
Group	2021 $'000	2020 $'000
RM against SGD		
- Strengthened	13	(3)
- Weakened	(13)	3
USD against SGD		
- Strengthened	(399)	(411)
- Weakened	399	411
HKD against SGD		
- Strengthened	(27)	(280)
- Weakened	27	280
RMB against SGD		
- Strengthened	(18)	(168)
- Weakened	18	168
TWD against SGD		
- Strengthened	*	79
- Weakened	*	(79)

* *amounts less than $1,000*

N.M.: Not meaningful

40 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 18 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% (2020: 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.

40 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 (2020: 5 debtors), which represented 33% (2020: 23%) 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:

Group	2021 $'000	2020 $'000
By geographical areas		
Singapore	26,373	24,094
Malaysia	11,941	10,993
China	25,554	30,323
Taiwan	5,085	9,461
Hong Kong	11,677	12,804
Others	4,986	5,653
	85,616	93,328
By types of customers		
Associated company	1,070	1,102
Related parties - corporations	353	441
Non-related parties		
- Individual	99	118
- Corporations	84,094	91,667
	85,616	93,328

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.

40 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Trade receivables and accrued income

The Group has recognised a loss allowance of $6,215,000 (2020: $3,073,000) against trade receivables and accrued income over 90 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.

Group	2021 $'000	2020 $'000
At beginning of financial year	3,073	2,261
Currency translation differences	12	(1)
Written off	–	(15)
Loss allowance recognised in profit or loss	3,130	828
At end of financial year	6,215	3,073

(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 $268,504,000 (2020: $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:

Group	2021 $'000	2020 $'000
At beginning of financial year	207	–
Loss allowance recognised in profit or loss	1,933	207
At end of financial year	2,140	207

40 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 13 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility) and cash and bank balances of the Group and the Company on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

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					
2021					
Trade and other payables	79,171	–	–	–	79,171
Borrowings	192,669	38,779	37,773	416	269,637
Lease liabilities	33,157	19,380	24,130	4,425	81,092
Interest rate swap	152	–	–	–	152
	305,149	58,159	61,903	4,841	430,052
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
Company					
2021					
Trade and other payables	67,075	–	–	–	67,075
Borrowings	94,932	27,644	26,752	–	149,328
Lease liabilities	23	–	–	–	23
Financial guarantee contracts	23,063	3,509	7,544	–	34,116
	185,093	31,153	34,296	–	250,542
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

40 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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Borrowings (Note 29)	265,632	257,837	146,646	147,344
Less: cash and cash equivalents (Note 13)	(12,117)	(29,383)	(96)	(308)
Net debt	253,515	228,454	146,550	147,036
Total equity	174,209	273,606	127,934	136,918
Total capital	427,724	502,060	274,484	283,954
Gearing ratio (times)	0.59	0.46	0.53	0.52

(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 and receivables, financial asset, at fair value through profit or loss and derivative financial instruments. The fair value measurement disclosure, can be found respectively, at Notes 14, 18 and 31 to the financial statements, respectively.

40 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the consolidated statement of financial position, except for the following:

	Group		Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Financial assets, at amortised cost	142,916	181,814	268,786	282,254
Financial assets, at FVPL	3,223	4,765	–	–
Financial liabilities, at amortised cost	420,353	434,393	213,744	218,015
Derivatives financial instruments	6,154	276	–	–

(g) Offsetting financial assets and financial liabilities

Group	Gross amounts of recognised financial assets/ (liabilities) $'000	Gross amounts of recognised financial liabilities set off in the statement of financial position $'000	Net amounts of financial assets presented in the statement of financial position $'000
2021			
Trade receivables	46,105	(16,682)	29,423
Trade payables	(23,230)	16,682	(7,548)
2020			
Trade receivables	27,079	(13,681)	13,398
Trade payables	(13,681)	13,681	–

The Company does not have any financial instruments subject to enforceable master netting arrangements or similar agreement as at 31 March 2021 and 31 March 2020.

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.

41 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

Group	2021 $'000	2020 $'000
Sales of goods and/or services to		
Associated company	237	1,168
Other related parties	1,912	42
Purchase of services from		
Associated company	42	556
Other related parties	965	256
Rental expense paid/payable to director and key management personnel	27	28

Outstanding balances as at 31 March 2021 and 31 March 2020, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 14 and 27 to the financial statements.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

Group	2021 $'000	2020 $'000
Directors		
Wages and salaries	189	240
Bonus	20	450
Directors' fees	275	275
Employer's contribution to defined contribution plans	19	13
	503	978
Key management personnel		
Wages and salaries	694	1,004
Bonus	80	390
Employer's contribution to defined contribution plans	42	52
	816	1,446
Total key management personnel compensation	1,319	2,424

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42 SEGMENTAL INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Executive Chairman, Chief Executive Officer, the Chief Financial Officer, and the heads of each business within the operating segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

The Group has 4 reportable segments, as described below, which are Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CODM reviews the internal management report on periodic basis.

Other segments includes café operations, social media advertising activities and development of software for interactive digital media, brand consulting services, streaming digital films and short-form content. These are not included within the reportable operating segment. The results of these operations are included in the "other segments" column.

The following describes the operations in each of the Group's reportable segments:

(a) Core business

Core business segment refers to the Group's production and distribution of motion picture, video and television programme and sponsorship.

(b) Post production and digital content production ("Post-productions")

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 location-based entertainment with 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.

42 SEGMENTAL INFORMATION (CONTINUED)

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

	Core business $'000	Post-productions $'000	Cinema operations $'000	Concert and event $'000	Others $'000	Segments elimination $'000	Total $'000
2021							
Total segment sales	55,193	2,004	15,923	1,346	3,798	(3,034)	75,230
Inter-segment sales	(2,712)	(8)	(235)	(3)	(76)	3,034	-
Sales to external parties	52,481	1,996	15,688	1,343	3,722	-	75,230
Other material non-cash items							
- Fair value gain/(loss) in:							
- derivative financial instruments	–	–	(5,992)	124	–	–	(5,868)
- Financial assets, FVPL	(350)	(81)	(1,062)	–	–	–	(1,493)
- Gain arising from re-measurement of convertible securities	–	–	2,308	–	–	–	2,308
- Expected credit losses in trade and other receivables	–	(1,305)	15	(3,769)	(4)	–	(5,063)
Adjusted (loss)/earnings before interest, tax, depreciation amortisation and impairment losses ("EBITDA"/("LBITDA"))	20,541	(2,688)	(663)	(7,507)	(714)	(232)	8,737
Impairment losses	(9,132)	–	(30,678)	–	–	–	(39,810)
Depreciation	(829)	(640)	(27,245)	(1,615)	(197)	–	(30,526)
Amortisation	(14,985)	(1,116)	(7)	(832)	(467)	–	(17,407)
Finance expenses	(8,905)	(186)	(8,877)	(1,078)	(7)	6	(19,047)
Loss before income tax	(13,310)	(4,630)	(67,470)	(11,032)	(1,385)	(226)	(98,053)
Income tax expenses	(2,534)	45	263	761	6	–	(1,459)
Net loss	(15,844)	(4,585)	(67,207)	(10,271)	(1,379)	(226)	(99,512)

42 SEGMENTAL INFORMATION (CONTINUED)

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

	Core business $'000	Post-productions $'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
Other material non-cash items							
- Fair value gain/(loss) in:							
- derivative financial instrument	–	–	6,080	(275)	–	–	5,805
- Financial assets, FVPL	–	(62)	–	–	–	–	(62)
- Expected credit losses in trade and other receivables	(956)	(95)	(78)	94	–	–	(1,035)
Adjusted (loss)/earnings before interest, tax, depreciation amortisation and impairment losses ("EBITDA"/("LBITDA"))	49,175	55	39,257	9,937	(480)	–	97,944
Impairment losses	–	–	(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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42 SEGMENTAL INFORMATION (CONTINUED)

Geographical information

Segmental revenue by geographical location of projects is disclosed in Note 5 to the financial statements.

Information of major customers

Revenue of approximately $13,593,000 (2020: $42,794,000) is derived from one (2020: two) external customers for the financial year ended 31 March 2021. This revenue is attributable from core business (2020: core business and concert and event segments) in Singapore.

43 COMPARATIVE FIGURES

Certain comparative figures have been reclassified for the financial year ended 31 March 2020 to conform to current year's presentation. These are presented as below:

Group	As previously reported $'000	Prior year reclassifications $'000	As restated $'000
31 March 2020			
Consolidated Statement of Financial Position			
Current assets			
Inventories	412	1,600	2,012
Other current assets	84,498	(1,600)	82,898
Consolidated Statement of Cash Flows			
Cash flows from operating activities			
Changes in working capital:			
- Other current assets	(18,157)	1,600	(16,557)
- Inventories	(56)	(1,600)	(1,656)

44 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(a) On 14 April 2021, the Company successfully allotted 1,162,804,610 Right Shares to subscribers at an issue price of $0.047 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary shares in the capital of the Company. The gross proceeds raised by the Company from the Rights issue is approximately $54,650,000. Following the allotment and issuance of the 1,162,804,610 Right Shares, the total number of issued Shares has increased from 1,162,804,610 shares to 2,325,609,220 shares.

(b) A subsidiary of the Group, Vividthree Holdings Ltd., entered the following agreements to dispose two (2) investments in financial assets, at FVPL.

(i) On 30 April 2021, the subsidiary entered into a Share Sale and Purchase Agreement to sell an unquoted security investment for a cash consideration of $678,283 pursuant to a non-binding term sheet entered on 19 March 2021. The subsidiary completed the transaction on 1 June 2021. As the Group has recognised the fair value changes in the current financial year, there is no financial impact to profit of loss for financial year ending 31March 2022.

(ii) On 23 February 2021, the subsidiary entered a Security Purchase Agreement to sell an unquoted security investment for a cash consideration of $1,899,700. The transaction is in progress as at the date of this financial statements. As the Group has recognised the fair value changes in the current financial year, there is no financial impact to profit of loss for financial year ending 31 March 2022.

(c) On 27 April 2021, the Company utilised $51.75 million, from the issuance of Rights Issue on 14 April 2021, for the repayment of the S$50 million 7% fixed rate notes issued by the Company and the accrued interest thereon pursuant to the US$300 million Guaranteed Multicurrency Medium Term Note Programme of the Company.

(d) On 26 April 2021, mm Connect Pte. Ltd, a wholly-owned subsidiary of the Company, issued a convertible notes ("CN-5") for an amount $1,000,000 with interest of 3.5% per annum. The maturity of the CN-5 is earlier of (i) the date on which the initial public offering of mm Connect is first open for acceptance or the second anniversary of the issue date.

45 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 2021 and which the Group has not early adopted:

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 April 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

45 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

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 2021 and which the Group has not early adopted: (continued)

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use* (effective for annual periods beginning on or after 1 April 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Amendments to SFRS(I) 37 *Provisions, Contingent Liabilities and Contingent Asset* (effective for annual periods beginning on or after 1 April 2022)

The amendments provide new guidance on the assessment of an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 April 2021. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

46 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of mm2 Asia Ltd. on 12 July 2021.

STATISTICS OF SHAREHOLDINGS

As at 30 June 2021

Class of Shares	:	Ordinary shares
Number of shares (excluding treasury shares)	:	2,325,609,220
Voting Rights	:	One vote per share
No. of treasury shares and percentage	:	Nil
No. of subsidiary holdings held and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	7	0.23	257	0.00
100 - 1,000	223	7.19	172,800	0.01
1,001 - 10,000	751	24.23	4,660,800	0.20
10,001 - 1,000,000	2,027	65.41	234,733,392	10.09
1,000,001 and above	91	2.94	2,086,041,971	89.70
Total	**3,099**	**100.00**	**2,325,609,220**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	UOB Kay Hian Pte Ltd	449,140,600	19.31
2	CGS-CIMB Securities (Singapore) Pte Ltd	288,473,300	12.40
3	DBS Nominees Pte Ltd	197,989,705	8.51
4	StarHub Ltd	114,315,790	4.92
5	Choo Meileen	113,345,600	4.87
6	Raffles Nominees (Pte) Limited	106,249,934	4.57
7	Phillip Securities Pte Ltd	104,726,300	4.50
8	Maybank Kim Eng Securities Pte. Ltd	103,659,200	4.46
9	Citibank Nominees Singapore Pte Ltd	100,340,568	4.32
10	Lim & Tan Securities Pte Ltd	86,318,800	3.71
11	KGI Securities (Singapore) Pte. Ltd	73,131,100	3.15
12	Yeo Khee Seng Benny	28,584,554	1.23
13	HSBC (Singapore) Nominees Pte Ltd	27,521,100	1.18
14	BNP Paribas Nominees Singapore Pte Ltd	25,316,400	1.09
15	DB Nominees (Singapore) Pte Ltd	22,887,653	0.98
16	Tjandra Tjakrawinata @ Chow Charles	16,913,900	0.73
17	IFast Financial Pte Ltd	12,406,700	0.53
18	OCBC Securities Private Ltd	12,272,400	0.53
19	Cheng Yong Kwang	10,000,000	0.43
20	Henry Tay Yun Chwan	10,000,000	0.43
	Total	**1,903,593,604**	**81.85**

STATISTICS OF SHAREHOLDINGS

As at 30 June 2021

SUBSTANTIAL SHAREHOLDERS

as recorded in the Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Melvin Ang Wee Chye[(1)]	335,400	0.014%	614,324,000	26.42%
Ron Sim Chye Hock[(2)]	130,631,700	5.617%	32,455,400	1.40%

Note:

(1) Mr. Melvin Ang Wee Chye ("**Mr. Melvin Ang**") is deemed to be interested in the 614,324,000 ordinary shares, which are maintained under the following nominee accounts set out below respectively:-

(a) 73,000,000 ordinary shares under KGI Securities (Singapore) Pte. Ltd.;
(b) 199,800,000 ordinary shares under CGS-CIMB Securities (Singapore) Pte. Ltd;
(c) 25,000,000 ordinary shares under Lim & Tan Securities Pte Ltd; and
(d) 316,524,000 ordinary shares under UOB Kay Hian Pte. Ltd., under which, 201,064,000 ordinary shares are held through Lionsgate Alpha Ltd., a company wholly owned by Mr. Melvin Ang.

(collectively, the "**MA Nominee Accounts**")

Pursuant to Section 7 of the Act, Mr. Melvin Ang is deemed to be interested in the shares held by the MA Nominee Accounts.

(2) Mr. Ron Sim Chye Hock ("**Mr. Ron Sim**") is deemed to be interested in the 32,455,400 ordinary shares held under Future Store Pte Ltd. Mr. Ron Sim owns 100% of V3 Group Ltd, which owns 82.6% of V3 Brands Ltd, which owns 100% of V3 Brands Pte Ltd, which in turn owns 76.7% of Future Store Pte Ltd.

PERCENTAGE OF SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 30 June 2021, 62.78% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of MM2 Asia Ltd. ("**Company**") will be held by way of electronic means on **Friday, 30 July 2021** at **1.00 p.m.** (Singapore Time) for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2021 together with the Independent Auditor's Report thereon.

   Resolution 1

2. To approve the payment of Directors' fees of $247,500 for the financial year ending 31 March 2022, 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 Mak Chi Hoo, Terry **Resolution 3**

   Mr Lei Chee Kong, Thomas **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 Buyback 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 Buyback Mandate**");

b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

   (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 Buyback Mandate are carried out to the full extent mandated;

   (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by shareholders of the Company in a general meeting;

   whichever is the earliest;

NOTICE OF ANNUAL GENERAL MEETING

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:

in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

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 Buyback 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 Kuei Lian
Company Secretary
Singapore, 15 July 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Mak Chi Hoo, Terry will, upon re-election as a Director of the Company, remain as the Non-Executive Director and member of Remuneration Committee.

Mr Lei Chee Kong, Thomas, will, upon re-election as a Director of the Company, remain as Chairman of Nominating Committee and Member of Audit Committee and Remuneration Committee respectively and will be considered Independent.

Please refer to Table A of the Corporate Governance Report on page 51 to page 53 of the Annual Report for the detailed information of the above-mentioned retiring Directors, required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) The ordinary **Resolution 6** in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The ordinary **Resolution 7** in item 7 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the vesting of share awards under the mm2 PSP provided that the aggregate additional shares to be allotted and issued pursuant to the mm2 PSP do not exceeding in total (for the entire duration of the mm2 PSP) 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 Buy Back Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 March 2021 are set out in greater detail in the Appendix.

Notes:

General

1. In view of the current COVID-19 situation and the related safe distancing 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 are encouraged to attend the AGM via live webcast.

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 1.00 p.m. on 27 July 2021 ("**Registration Deadline**"), at the URL: http://conveneagm.com/sg/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 1.00 p.m. on 28 July 2021 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.

NOTICE OF ANNUAL GENERAL MEETING

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 **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 **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 **1.00 p.m. on 27 July 2021**, 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 wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, 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.

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 15 July 2021, 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 Investor") (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 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 Friday, 30 July 2021 at 1.00 p.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.	Resolutions relating to:	No. of Votes For	No. of Votes Against	No. of Votes Abstain
	Ordinary Business			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2021 together with the Independent Auditor's Report thereon.			
2.	Approval of Directors' fees amounting to $247,500 for the financial year ending 31 March 2022, to be paid quarterly in arrears			
3.	Re-election of Mr Mak Chi Hoo, Terry as a Director			
4.	Re-election of Mr Lei Chee Kong, Thomas 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 Buyback Mandate			

Dated this ________day of___________ 2021

Total Number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of member(s)
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 current COVID-19 situation and the related safe distancing 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 are encouraged to attend the AGM via live webcast.

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://conveneagm.com/sg/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 **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 1.00 p.m. on 27 July 2021, 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 wishes to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, 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 for securities 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 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 15 July 2021.

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.

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mm2 Asia Ltd.
Annual Report FY2021

CONTENT
& MEDIA
FOR ASIA

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(Incorporated in Singapore on 20 August 2014)
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