

**vividthree**

**Sustainability Report  
Financial Year 2019**

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# Board Statement

Dear valued stakeholders,

On behalf of the Board of Directors (“Board”), we are pleased to present the first Sustainability Report of Vividthree Holdings Ltd (the “Company”, and together with its subsidiaries, the “Group” or “Vividthree”) which outlines how sustainability is embedded in our business practices and value chain. We believe that as the regional forerunner of content creation, we see opportunities in creating an extraordinary experience to our community and stakeholders.

At Vividthree, we strive to look beyond the ordinary and create the next generation of entertainment. In creating this vision, we incorporate sustainability goals surrounding environment, social and governance (“ESG”) as part of our strategic direction.

To achieve our vision and sustainability goals, we have embarked on a series of collaborations and initiatives such as gaining access to the exclusive intellectual properties (“IP”) right to develop and produce a virtual reality (“VR”) tour show for a highly popular Korean movie, which was launched in Beijing, China in December 2018, and this will continue to expand to Xiamen and other parts of the world. Going forward, the Group will continue to explore for more IP and projects, with a focus on widening our geographical footprints.

In our quest to deliver an adventure of multitudinous experiences in virtual reality and computer imagery, we value the interests and expectation of our stakeholders through continuous engagement and collaborations to create an immersive experience to our community.

We look forward to sharing our achievements with you as we progress in our sustainability journey.

Board of Directors  
Vividthree Holdings Ltd.

# About This Report

## Reporting Standards and Scope

Our sustainability report has been prepared in accordance with Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (the “Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Global Reporting Initiative (“GRI”) Standard 2016 (Core option). GRI standards is our sustainability reporting framework of choice as it is internationally recognised and widely adopted, enabling us to provide a broad and comparable disclosure of the ESG performance.

This report summarises the sustainability practices and performance focusing on ESG activities of Vividthree from 1 April 2018 to 31 March 2019, which is the same with our financial year ended 31 March 2019 (“FY2019”). Unless otherwise stated, this report covers Vividthree Holdings Ltd and its subsidiary companies.

The data and information provided within this report has not been verified by an independent third party and we have relied on internal verification for accuracy.

## Key Reporting Principles

We have incorporated the following principles to develop a comprehensive report:

<b>Materiality</b>	<ul style="list-style-type: none"><li>•Aspects of Vividthree's operations with (i) significant economic, environmental, social or governance impacts or (ii) significant influence on the assessment and decisions of Vividthree's stakeholders</li></ul>
<b>Stakeholder Inclusiveness</b>	<ul style="list-style-type: none"><li>•Identification of Vividthree's key stakeholders and respond to their expectations and interests</li></ul>
<b>Sustainability Context</b>	<ul style="list-style-type: none"><li>•Presenting Vividthree's performance from sustainability viewpoint</li></ul>
<b>Completeness</b>	<ul style="list-style-type: none"><li>•Reflecting Vividthree's material aspects to enable the stakeholders to assess Vividthree's performance in FY2019</li></ul>

## Feedback

In line with Vividthree’s efforts towards greater environmental conservation, we opt not to print copies of this sustainability report. Electronic version of this report is made available on our corporate website, [www.vividthreeholdings.com](http://www.vividthreeholdings.com).

We seek to continuously enhance the accuracy, completeness and coverage of our reporting and sustainability practices. We welcome your views, comments or feedback, which may be sent to [contact@vividthree.com](mailto:contact@vividthree.com).

## About Vividthree Holdings Ltd.



Established in 2006 and listed on the SGX-ST Catalist board (SGX stock code: OMK) on 25 September 2018, Vividthree is Singapore's first-listed Immersive Digital Content Production Powerhouse specialising in virtual reality, visual effects and computer-generated imagery with strong network presence in Singapore, Malaysia and China.

Vividthree's transformation from a private to public company has led the Group from a company with six employees to more than forty employees by end of financial year 2019, to facilitate our strategy to deepen our expertise in VR and explore opportunities to market our VR capabilities. We will keep our continued momentum in actively seeking more evergreen intellectual property product and constantly aim to maximise shareholders' interests in the longer terms.

For more details, do visit us at <http://www.vividthreeholdings.com>.

## **Vividthree Values and Principles**

Our mission is to look beyond the ordinary and the obvious to create the next generation of entertainment. We and our business partners are in the business of creating and providing interactive entertainment to both consumers and enterprises. We apply our mission in every aspect of our business operations to solve customers' problems by applying technologies in the areas of virtual reality, visual effects and computer-generated imagery.

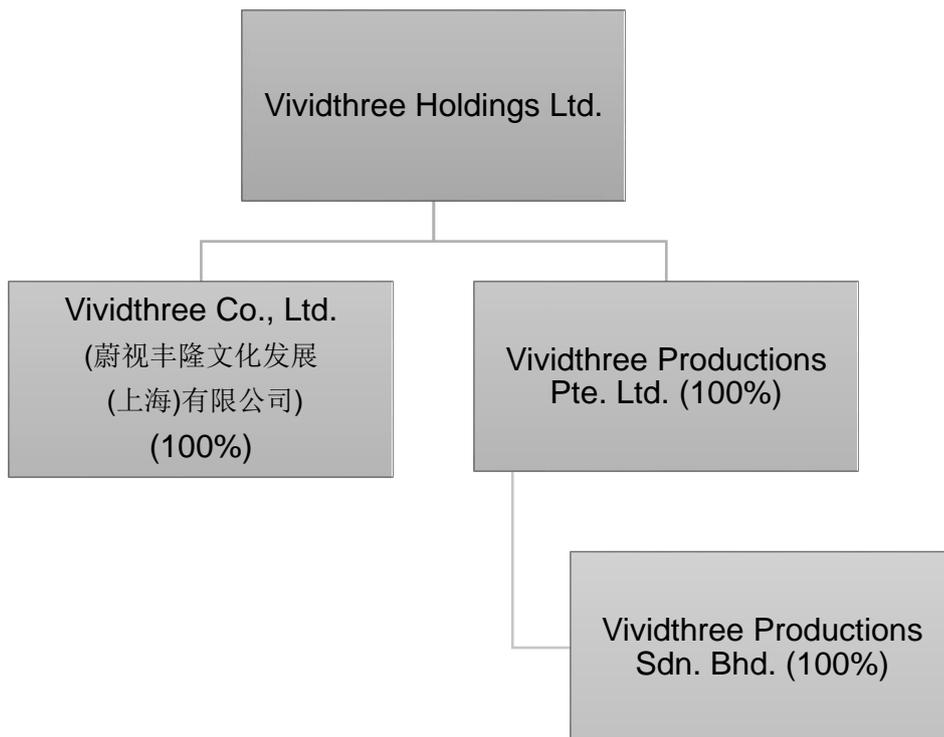
Our vision is to become Asia's best immersive digital content producer, creating immersive and interactive experiences for consumers. To accomplish our vision, we rely on our committed and experienced management team with extensive relevant expertise and competent employees. Our job is to continue to develop our workforce, to ensure the services rendered by us are of high and consistent standard, and to grow Vividthree and protect the interests of our stakeholders.

Vividthree strives to extend its undertaking to sustainable business practices through continuing effort in adapting the high popular Korean movie, Train to Busan ("TTB"), Intellectual Property rights for different show concepts/ immersive attractions based on the requirements of various venue operators. In addition, we communicate regularly with all of our business partners to ensure they adhere to our requirements regarding our projects and business conduct standards.

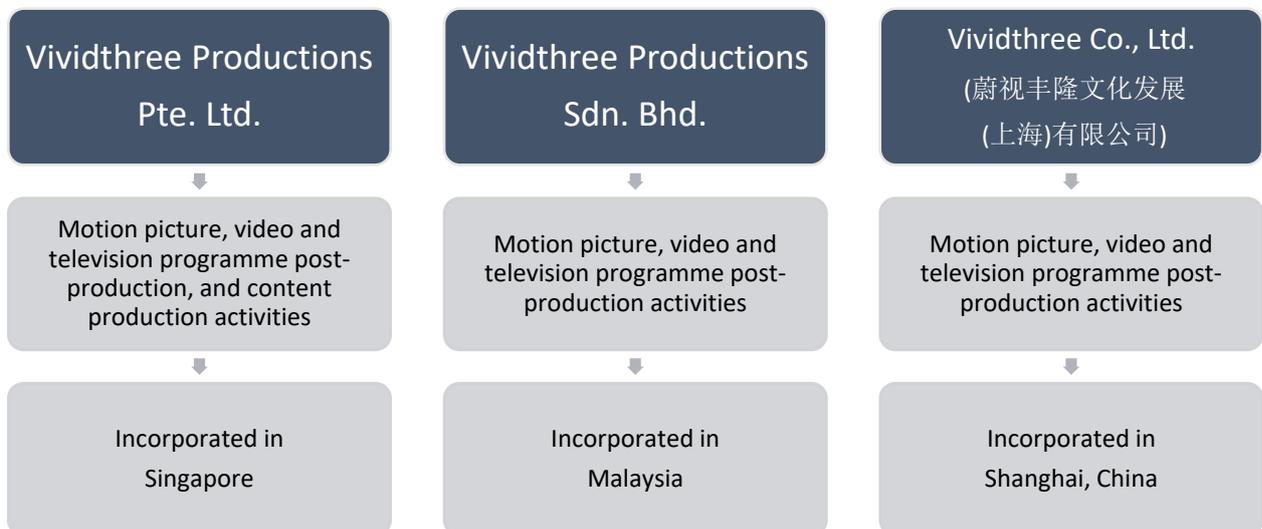
## **Connecting with Local Talents**

Our management believes in supporting and developing our local talents, to create the next generation of talents in media and content production. We always explore opportunities to organise industrial sharing sessions to furnish students with knowledge and experience beyond the textbooks as well as to develop new talents.

## Group Structure



## Information of Subsidiary Companies

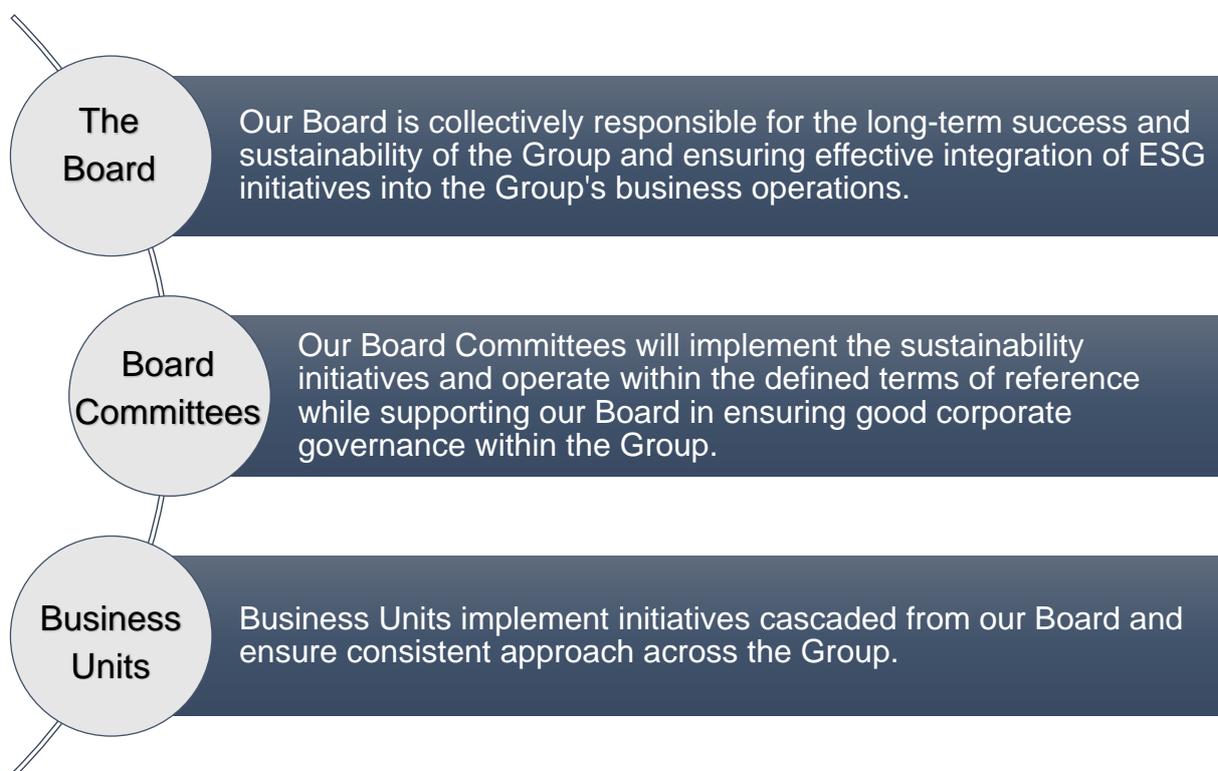


# Governance and Sustainability Approach

## Sustainability Governance Structure

Vividthree has put in place sustainability governance structure to identifying, driving and executing the sustainability initiatives across the Group, especially relating to the sustainability principles of ESG. Our Board maintains an overview on all sustainability initiatives of the Group and is responsible for achieving underlying initiatives and the overall corporate governance of the Group while business units are accountable for the execution of initiatives and updating the Board regularly.

Board committees consisting of Audit Committee, Nominating Committee, and Remuneration Committee were formed to support our Board in executing its responsibilities and ensuring good corporate governance.



## Stakeholder Engagement

Building strong and lasting relationship with stakeholders is critical to the long-term sustainability of the Group. It is vital that the stakeholders' concerns on ESG aspects are communicated on an on-going basis and considered in our strategic planning and decision-making process.

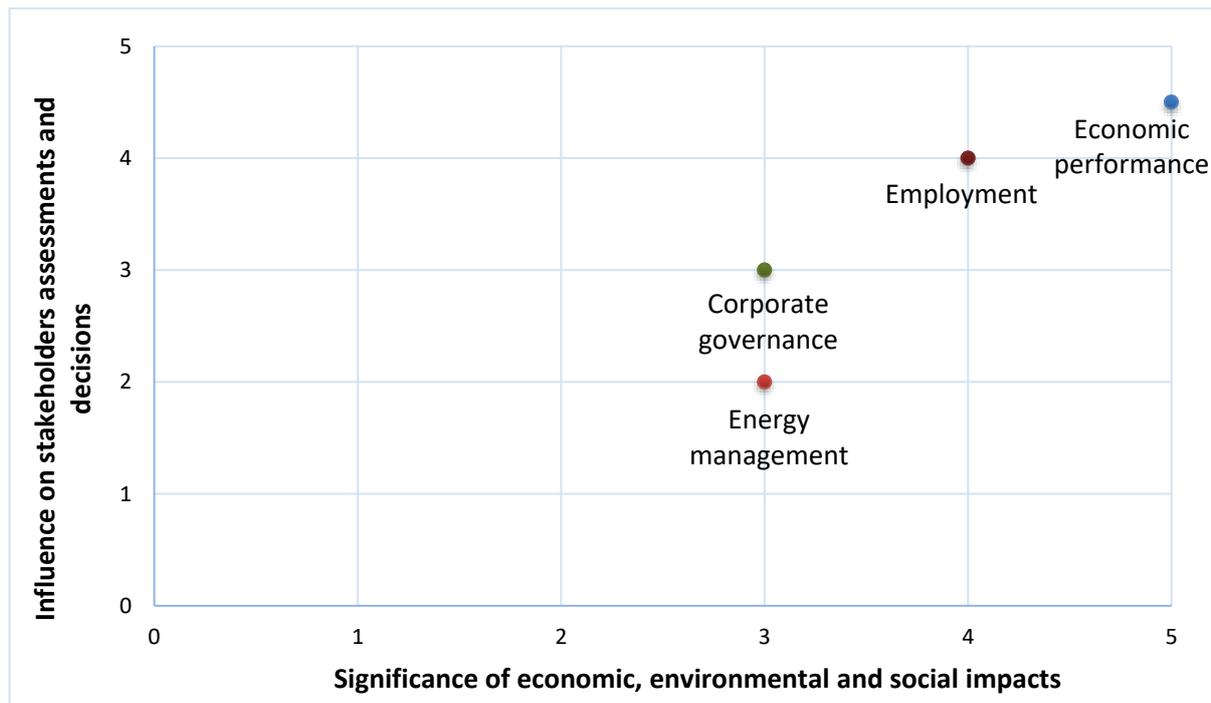
Vividthree has identified our key stakeholders by assessing the level of impact of each stakeholder on the Group's value chain. The assessment was conducted through consultations between the management team and employees.

The table below outlines our approach on stakeholders' engagement.

Stakeholder Group	Mode of Engagement	Stakeholders' Expectations	Frequency
Investors	Annual meetings, periodic media release and circulars to shareholders, periodic SGX announcements	To ensure profitability, transparency, timely reporting and fair purchasing practices	Annual meeting, on regular basis as required
Customers	Online platform, enquiry and feedback channel, customer service hotlines, periodic business networking	To provide excellent promised products or services relating to visual and content production to the consumers	On-going, on regular basis as required
Employees	Orientation programme, performance and career development reviews	To provide staff welfare, competitive remuneration package, efficient software program and platform	Annual review and gathering
Business Partners	Face-to-face meetings, calls and email correspondences	To continuously seek collaborations and acquire IP right for expansion of VR tour show	As and when
Government and Regulators	Discussions with government agencies and regulators	To ensure compliance with regulations, timely reporting and resolution of issues	On-going, on regular basis as required
Local Community	Feedback channels and community development initiatives	To address community's needs by creating more virtual immersive experience	Once a year, as required

## Materiality Assessment

In accordance with the SGX-ST guidelines on sustainability reporting, Vividthree has gathered insightful feedbacks from our stakeholders to identify various sustainability topics as the key focus of this sustainability report. This exercise has resulted in four material topics being identified which reflect key areas of stakeholders' expectation and the significance to the Group's business.

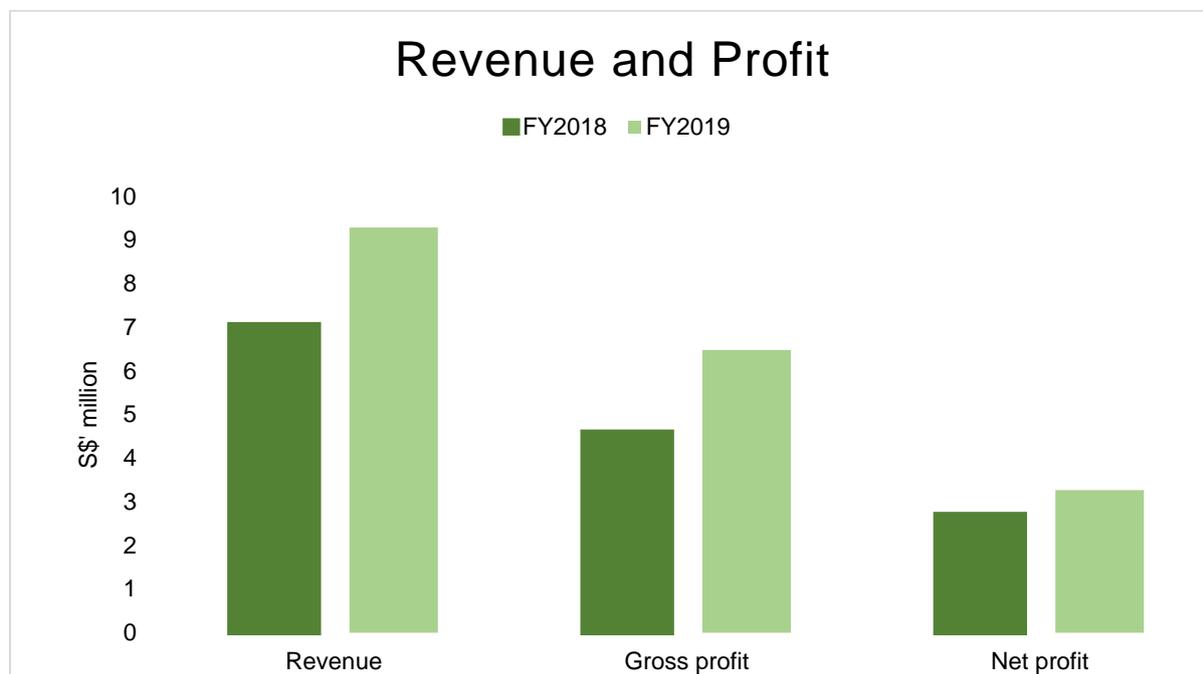


Key topics will be reviewed annually after taking into consideration business goals and feedback gathered from our stakeholders. The material topics selected are as follows:

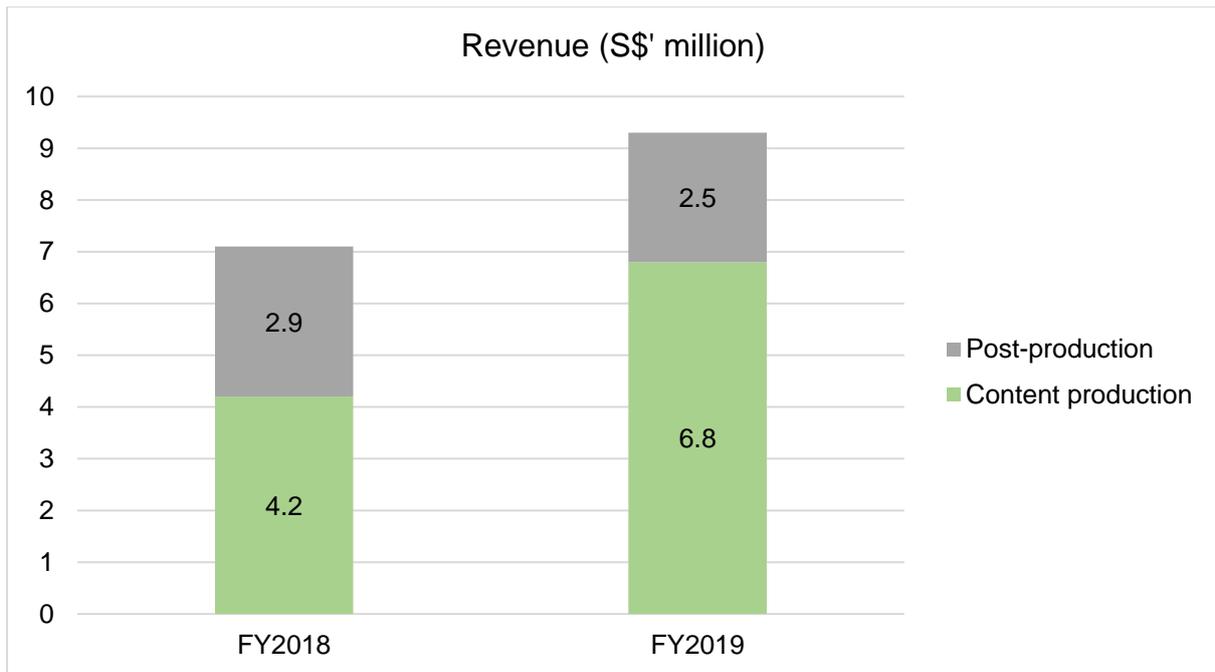
1. Economic Performance - Our economic performance and value generated during the financial year.
2. Energy Management - Environmental management which is related to efficient energy consumption as an initiative to protect environment.
3. Employment - Fair employment practices to attract, retain and develop suitable candidates for all our business segments.
4. Corporate Governance - Applies to all business segments in Singapore and overseas as policies and practice in place to uphold good corporate governance, including conflict of interest and whistle-blowing policies.

# Material Topics

## Economic Performance



We are committed to deliver long-term sustainable growth and value for our stakeholders. In FY2019, Vividthree recorded revenue of S\$9.28 million and a net profit of S\$3.27 million, which contributed to an estimated of 35.24% net profit margin. The Group also reported an increase of approximately S\$0.56 million or 20.66% from S\$2.71 million net profit in the financial year ended 31 March 2018. Our economic performance is managed as part of our business strategy and reported in detail within our financial highlights in the Annual Report 2019.



The higher proportion of the revenue recorded in FY2019 was mainly attributable to the increase in sales from the Content Production segment which is the TTB VR tour show in Beijing. Whereas, the lower proportion of the revenue was from the Post-production segment.

The Group has subsequently engaged a promoter in Xiamen and granting them a 1-year exclusive territorial right to host the TTB VR tour in the province. As the sequel of TTB will be released in year 2020, we have received warm responses from several promoters and are negotiating to take the TTB VR tour show to other parts of the world.

Vividthree will continue to strengthen its twin pillar of Content Production segment and Post-production segment for future development and expansion. Going forward, we will continue to advance our economic performance by seeking new business opportunities and gaining stronger footprint in the industry.

### Goals

Going forward, we will explore opportunities to maintain sustainable economic growth or sustainable business model and improve shareholders' return through good corporate governance and practices. We will continue to look for merger and acquisition opportunities as well as new IP products to expand our Post-production and Content Production businesses.

## Environmental Protection

Vividthree strives to be an environment-friendly corporate citizen committed to protect the planet, to mitigate climate change, to prevent pollution and to use our scarce resources responsibly.



## Energy Management



We consume energy as we carry out our daily operations, from post-production, graphic design and to the development and production of VR products. To minimise our carbon footprint, we have in place energy saving initiatives in our corporate head office.

	FY2018	FY2019
Electricity consumption (kWh)	116,946	165,079

In FY2019, the total electricity consumption increased 41% from the previous year due to the expansion of development and production of VR technology. Nevertheless, we continue to work on our energy saving initiatives to minimise consumption.

### *Switching to LED lighting*

One of such initiatives is the introduction of energy efficient LED lights to replace conventional lighting.

### *Maintaining air-conditioning temperature*

Employees are encouraged to fix the air-conditioning temperature at 25-27°C to reduce the electricity consumption.

### *Goals*

Moving forward, we will continue to monitor our electricity consumption for effective energy management. However, we expect there will be an increase in consumption in the next financial year as a result of our foray into more opportunities for use of VR technology to improve game and movie experiences.

## Employment

Our performance is a collaborative effort and every individual in Vividthree is key to us in achieving sustainable growth. We are committed to develop and enhance the well-being of our employees to retain employees with the right experiences and expertise.

We recognise the need for talent attraction and retention within our industry which requires dynamic and innovative individuals who will propel us to excellence.

### *Talent Recruitment and retention*

The success of our Group is highly dependent on the expertise and management of our employees as well as the creative skillsets requisite to content production and virtual reality technology.

We consistently engage our employees in training programs to be kept abreast with technology advancements.

We have in place good workplace practices which include fair employment practices, open communication and encourage feedback to improve working experience amongst our employees.

### *Equal opportunity*

Vividthree encourages fair employment practices and principles to support diversity, equality and non-discrimination in our workforce. Talents are recruited regardless of gender, race, marital status or age as we believe all of our employees should be treated fairly and be respected.

Additionally, we also ensure compliance with employment laws and regulations relating to non-discrimination for dismissals.

In line with above-mentioned sustainability principle, we strive to employ gender diversity in the workplace. The tables below show the statistics of the employees in the Group.

### Employees distribution by gender

	Number of Employees	
	FY2018	FY2019
Male	25	28
Female	14	27

### Employees by function

	FY2018	FY2019
Management	3	4
Production Staff	34	34
Operation Staff	2	9

Employees by age group

	<b>FY2018</b>	<b>FY2019</b>
<b>Below 30 years old</b>	23	23
<b>31 to 40 years old</b>	14	14
<b>41 to 55 years old</b>	2	8

*Work-life balance*

We are a strong advocate of work-life balance mix, as such we have been organising regular employee gatherings during festive seasons and leisure activities such as kayaking and paintball which helps promote team cohesiveness as well.

## Corporate Governance

The combination of an effective Board and a good corporate governance framework will form a firm foundation for setting up financial integrity, organisational credibility and investor confidence. We are committed to maintain good corporate governance and ensure best corporate practices to protect both our stakeholders' and shareholders' interest as well as maximising long-term growth and success of our Group.

It is important for our employees to maintain high standards of integrity in all business dealings. We have formalised corporate policies to ensure we maintain the highest standards of integrity, accountability and governance in our daily operations.

### *Conflict of Interest Policy*

The Group has put in place a conflict of interest policy which should be adhered by all employees. The Audit Committee is responsible for reviewing conflict of interests and to resolve or mitigate any potential conflicts of interest. Moving forward, we will continue to ensure that annual declaration of conflict of interest is to be performed by every employee and ensure that potential conflict of interest is monitored and resolved.

### *Whistleblowing Policy*

The Group has zero tolerance towards dishonesty and corrupt practices and thus has formalised and implemented a whistle-blowing policy. A whistle-blowing channel has been set up for employees to report in confidence for incidents such as non-compliance, misconduct, corruption, fraud, abuse of power, undisclosed conflict of interest etc.

In FY2019, there were no reported cases of whistleblowing and fraud reported against our management or employees. Going forward, we will continue to monitor the compliance on law and regulations and ensure zero incidents.

# GRI Content Index

GRI Standard	Disclosure Title	Page Reference & Remarks
102-1	Name of the organisation	Pg. 1
102-2	Activities, brands, products, and services	Pg. 1, 3 & 4
102-3	Location of headquarters	Pg. 5
102-4	Location of operations	Pg. 3
102-5	Ownership and legal form	Annual Report 2019 - Statistic of Shareholdings
102-6	Markets served	Pg. 3
102-7	Scale of the organisation	Pg. 9, 10 & 13
102-8	Information on employees and other workers	Pg. 13 & 14
102-9	Supply chain	Pg. 3
102-10	Significant changes to the organization and its supply chain	No changes
102-11	Precautionary Principle or approach	Precautionary approach
102-12	External initiatives	Singapore Code of Corporate Governance and Singapore Financial Reporting Standards (International)
102-13	Membership of associations	Not applicable
102-14	Statement from senior decision-maker	Pg. 1
102-16	Values, principles, standards, and norms of behaviour	Pg. 4
102-18	Governance Structure	Pg. 6
102-40	List of stakeholder groups	Pg. 7
<b>102-41</b>	Collective bargaining agreements	Not applicable
<b>102-42</b>	Identifying and selecting stakeholders	Pg. 7
<b>102-43</b>	Approach to stakeholder engagement	Pg. 7
<b>102-44</b>	Key topics and concerns raised	Pg. 8
<b>102-45</b>	Entities included in the consolidated financial statements	Annual Report 2019 – Investments in Subsidiaries
<b>102-46</b>	Defining report content and topic boundaries	Pg. 2
<b>102-47</b>	List of material topics	Pg. 8
<b>102-48</b>	Restatements of information	Not applicable
<b>102-49</b>	Changes in reporting	Not applicable
<b>102-50</b>	Reporting period	Pg. 2
<b>102-51</b>	Date of most recent report	Not applicable
<b>102-52</b>	Reporting cycle	Annually
<b>102-53</b>	Contact point for questions regarding the report	Pg. 2

<b>GRI Standard</b>	<b>Disclosure Title</b>	<b>Page Reference &amp; Remarks</b>
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	Pg. 2
102-55	GRI content index	Pg. 16
102-56	External assurance	Pg. 2
<b>103-1</b>	Explanation of the material topic and its Boundary	Pg. 9 to 15
103-2	The management approach and its components	Pg. 6 to 8
103-3	Evaluation of the management approach	Pg. 6 to 8
201-1	Direct economic value generated and distributed	Pg. 9
205-3	Confirmed incidents of corruption and actions taken	Pg. 15
302-1	Energy consumption within the organisation	Pg. 11
405-1	Diversity of governance bodies and employees	Pg. 14