



Vividthree Holdings Ltd.

(Incorporated in the Republic of Singapore)

(Company Registration No. 201811828R)

**FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period/year of the immediately preceding financial period.

	Group		
	For the financial year ended		
	31 Mar 2020 FY2020 (Unaudited) \$	31 Mar 2019 FY2019 (Audited) \$	Change %
Revenue	6,136,474	9,284,417	-33.9%
Cost of sales	(4,081,854)	(2,800,699)	45.7%
Gross profit	2,054,620	6,483,718	-68.3%
<i>Other income</i>			
- Interest income	46,521	25,906	79.6%
- Others	74,146	411,845	-82.0%
<i>Other (losses)/gains - net</i>			
- Expected credit loss on financial assets	(95,000)	-	NM
- Others	(28,727)	(14,943)	92.2%
Administrative expenses	(2,855,903)	(2,813,956)	1.5%
Finance expenses	(23,214)	(3,520)	559.5%
(Loss)/Profit before income tax	(827,557)	4,089,050	-120.2%
Income tax expense	(1,506)	(821,324)	-99.8%
Net (loss)/profit for the financial year	(829,063)	3,267,726	-125.4%
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - (loss)/gain	(2,154)	8,577	NM
Total comprehensive (loss)/income	(831,217)	3,276,303	-125.4%

NM - not meaningful

(a)(ii) Notes to Consolidated Statement of Comprehensive Income.

Profit before tax is arrived at after charging/(crediting):

	Group		
	For the financial year ended		
	31 Mar 2020 FY2020 (Unaudited) \$	31 Mar 2019 FY2019 (Audited) \$	Change %
Amortisation of intangible assets	196,380	70,831	177.3%
Depreciation of plant and equipment	454,685	292,087	55.7%
Depreciation of right-of-use assets	208,216	-	NM
Employees compensation	3,026,618	2,680,642	12.9%
IPO Listing expenses	-	167,993	-100.0%
Plant and equipment written off	-	327	-100.0%
Expected credit losses on financial assets	95,000	-	NM
Fair value losses on financial assets	62,350	-	NM
Finance expenses	23,214	3,520	559.5%
Waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary	-	(287,843)	-100.0%
Interest income	(46,521)	(25,906)	79.6%
Foreign exchange (gain)/loss, net	(32,823)	14,616	NM
Gain on disposal of plant and equipment	(800)	-	NM

NM - not meaningful

(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31 Mar 2020 (Unaudited) \$	As at 31 Mar 2019 (Audited) \$	As at 31 Mar 2020 (Unaudited) \$	As at 31 Mar 2019 (Audited) \$
ASSETS				
Current assets				
Cash and cash equivalents	2,122,618	4,380,750	279,392	3,046,029
Trade and other receivables	6,722,095	7,846,374	10,009,212	10,424,991
Deposits and prepayments	3,029,914	6,068,111	511,500	-
Other current assets	3,783,725	2,274,013	-	-
	<u>15,658,352</u>	<u>20,569,248</u>	<u>10,800,104</u>	<u>13,471,020</u>
Non-current assets				
Deposits	3,500,000	3,500,000	-	-
Plant and equipment	882,382	1,000,239	-	-
Right-of-use assets	630,563	-	-	-
Financial assets, at FVPL	2,982,572	-	2,201,146	-
Investment in subsidiaries	-	-	446,400	446,400
Goodwill arising from consolidation	2,851,917	2,851,917	-	-
Intangible assets	2,537,878	544,446	-	-
	<u>13,385,312</u>	<u>7,896,602</u>	<u>2,647,546</u>	<u>446,400</u>
Total assets	<u>29,043,664</u>	<u>28,465,850</u>	<u>13,447,650</u>	<u>13,917,420</u>
LIABILITIES				
Current liabilities				
Trade and other payables	1,473,826	689,912	653,004	644,729
Contract liabilities	308,679	1,493,248	-	-
Lease liabilities	205,436	-	-	-
Borrowings	1,700,000	-	-	-
Current income tax liabilities	278,439	818,000	-	-
	<u>3,966,380</u>	<u>3,001,160</u>	<u>653,004</u>	<u>644,729</u>
Non-current liabilities				
Lease liabilities	393,109	-	-	-
Provisions	50,702	-	-	-
Deferred income tax liabilities	51,626	51,626	-	-
	<u>495,437</u>	<u>51,626</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,461,817</u>	<u>3,052,786</u>	<u>653,004</u>	<u>644,729</u>
NET ASSETS	<u>24,581,847</u>	<u>25,413,064</u>	<u>12,794,646</u>	<u>13,272,691</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	13,772,231	13,772,231	13,772,231	13,772,231
Merger reserve	2,921,000	2,921,000	-	-
Translation reserve	5,976	8,130	-	-
Retained profits/(accumulated losses)	7,882,640	8,711,703	(977,585)	(499,540)
Total equity	<u>24,581,847</u>	<u>25,413,064</u>	<u>12,794,646</u>	<u>13,272,691</u>

1 (b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less or on demand

As at 31 Mar 2020		As at 31 Mar 2019	
(Unaudited)		(Audited)	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
1,700,000	-	-	-

Amount repayable after one year

As at 31 Mar 2020		As at 31 Mar 2019	
(Unaudited)		(Audited)	
Secured \$	Unsecured \$	Secured \$	Unsecured \$
-	-	-	-

Details of any collateral

The Group's bank borrowings are secured by way of corporate guarantee from the Company.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period/year of the immediately preceding financial period/year.

Consolidated Statement of Cash Flows

	Group	
	For the financial year ended	
	31 Mar 2020	31 Mar 2019
	FY2020	FY2019
	(Unaudited)	(Audited)
	\$	\$
Cash flows from operating activities		
Net (loss)/profit for the financial year	(829,063)	3,267,726
Adjustments for:		
- Income tax expense	1,506	821,324
- Depreciation of plant and equipment	454,685	292,087
- Depreciation of right-of-use assets	208,216	-
- Interest income	(46,521)	(25,906)
- Interest expenses	23,214	3,520
- Amortisation of intangible assets	196,380	70,831
- Expected credit losses on financial assets	95,000	-
- Fair value losses on financial assets	62,350	-
- Plant and equipment written off	-	327
- Gain on disposal of plant and equipment	(800)	-
- Unrealised currency translation gain	(69,544)	-
- Issuance of new ordinary shares to employees prior to listing of the Company	-	200,000
- IPO costs expensed off	-	167,993
Operating cash flows before working capital changes	95,423	4,797,902
Change in working capital:		
- Trade and other receivables	1,064,970	(4,040,888)
- Deposits and prepayments	3,538,141	(5,811,796)
- Other current assets	(1,511,640)	(1,712,443)
- Trade and other payables	804,558	(139,388)
- Contract liabilities	(1,186,497)	1,280,148
Cash provided by/(used in) operations	2,804,955	(5,626,465)
Income tax paid	(540,103)	(543,930)
Net cash generated from/(used in) operating activities	2,264,852	(6,170,395)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	800	-
Additions to plant and equipment	(336,862)	(1,008,632)
Additions to intangible assets	(2,691,416)	(553,627)
Acquisition of financial assets, at FVPL	(3,025,000)	-
Additions to deposits	-	(3,500,000)
Interest received	14,656	25,906
Net cash used in investing activities	(6,037,822)	(5,036,353)

- 1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period/year of the immediately preceding financial period/year.

Consolidated Statement of Cash Flows

	Group	
	For the financial year ended	
	31 Mar 2020	31 Mar 2019
	FY2020	FY2019
	(Unaudited)	(Audited)
	\$	\$
Cash flows from financing activities		
Interest paid	(20,739)	(3,520)
Proceeds from issuance of ordinary shares at date of incorporation of the Company	-	300
Proceeds from issuance of new ordinary shares pursuant to IPO	-	12,950,000
Total IPO costs pertaining to issuance of new ordinary shares	-	(1,596,062)
Proceeds from issuance of new ordinary shares pursuant to conversion of pre-IPO convertible loans	-	2,000,000
Proceeds from borrowings	1,700,000	-
Repayment of lease liabilities	(192,070)	-
Repayment of borrowings	-	(126,041)
Net cash generated from financing activities	1,487,191	13,224,677
Net changes in cash and cash equivalents	(2,285,779)	2,017,929
At beginning of financial year	4,380,750	2,353,739
Effects of currency translation on cash and cash equivalents	27,647	9,082
End of financial year	2,122,618	4,380,750

(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparatives statement for the corresponding period of the immediately preceding financial year ended.

Consolidated Statement of Changes in Equity - Group

	← Attributable to equity holders of the Company →				
	Share capital \$	Merger Reserve \$	Translation Reserve \$	Retained profits \$	Total \$
Group (Unaudited)					
Balance as at 1 April 2018	50,000	2,921,000	(447)	5,443,977	8,414,530
Net profit for the financial year	-	-	-	3,267,726	3,267,726
Other comprehensive income for the financial year	-	-	8,577	-	8,577
Total comprehensive income for the financial year	-	-	8,577	3,267,726	3,276,303
Issuance of new shares at date of incorporation of the Company	300	-	-	-	300
Issuance of new ordinary shares pursuant to Pre-IPO convertible loan	2,000,000	-	-	-	2,000,000
Issuance of new ordinary shares to employees	200,000	-	-	-	200,000
Issuance of new ordinary shares pursuant to the placement	12,950,000	-	-	-	12,950,000
Capitalisation of IPO costs	(1,428,069)	-	-	-	(1,428,069)
Balance as at 31 March 2019	13,772,231	2,921,000	8,130	8,711,703	25,413,064
Balance as at 1 April 2019	13,772,231	2,921,000	8,130	8,711,703	25,413,064
Net loss for the financial year	-	-	-	(829,063)	(829,063)
Other comprehensive loss for the financial year	-	-	(2,154)	-	(2,154)
Total comprehensive loss for the financial year	-	-	(2,154)	(829,063)	(831,217)
Balance as at 31 March 2020	13,772,231	2,921,000	5,976	7,882,640	24,581,847

- 1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year ended.

Consolidated Statement of Changes in Equity - Company

← Attributable to equity holders of the Company →

	Share capital \$	Retained profits \$	Total \$
<u>Company (Unaudited)</u>			
As at 7 April 2018 (Date of incorporation)	300	-	300
Total comprehensive loss for the financial year	-	(499,540)	(499,540)
Issuance of new ordinary shares pursuant to the restructuring exercise	50,000	-	50,000
Issuance of new ordinary shares pursuant to Pre-IPO convertible loan	2,000,000	-	2,000,000
Issuance of new ordinary shares to employees	200,000	-	200,000
Issuance of new ordinary shares pursuant to the placement	12,950,000	-	12,950,000
Capitalisation of IPO costs	(1,428,069)	-	(1,428,069)
As at 31 March 2019	13,772,231	(499,540)	13,272,691
Balance as at 1 April 2019	13,772,231	(499,540)	13,272,691
Total comprehensive loss for the financial year	-	(478,045)	(478,045)
Balance as at 31 March 2020	13,772,231	(977,585)	12,794,646

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period/year reported on. State also the number of shares that may be issue on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period/year reported on and as at the end of the corresponding period/year of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period/year reported on and as at the end of the corresponding period/year of the immediately preceding financial year.

Shares Capital - Ordinary Shares

	Number of shares	Issued and paid-up share capital (\$)
Ordinary shares of the Company		
As at 31 March 2020	334,011,764	13,772,231
As at 31 March 2019	334,011,764	13,772,231

The Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2020.

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period/year and as at the end of the immediately preceding year.

	31 Mar 2020	31 Mar 2019
Total number of shares issued	<u>334,011,764</u>	<u>334,011,764</u>

- 1 (d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period/year reported on.

The Company did not have any treasury shares as at 31 March 2020 and 31 March 2019.

- 1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period/year reported on.

There were no subsidiary holdings.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5, the accounting policies and methods of computation have been consistently applied by the Group and the Company and are consistent with the financial statements for the financial year ended 31 March 2020.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations ("SFRS(I) INT") which became effective for the accounting periods beginning on or after 1 April 2019. Except for the adoption of SFRS(I)16 *Leases*, the adoption of the other new and revised SFRS(I) and SFRS(I) INT are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

Adoption of SFRS(I)16 *Leases*

SFRS(I)16 *Leases* introduces a single, on-balance sheet lease accounting model for lessees where the distinction between operating and finance leases is removed. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting for lessors has not changed significantly.

The Group adopted SFRS(I)16 on 1 April 2019, using the modified retrospective approach, where comparative figures for the financial year/period prior to first adoption will not be restated.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 April 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with SFRS(I)16. Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses while the carrying amount of lease liabilities will take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I)16 resulted in the Group recognising ROU assets and lease liabilities of \$838,779 respectively for its leases previously classified as operating leases as of 1 April 2019.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(Loss)/Earnings per share ("LPS" / "EPS")	Group FY2020	Group FY2019
(Loss)/Profit attributable to equity holders of the Profit attributable to equity holders of the	(829,063)	3,267,726
Weighted average number of ordinary share issued	334,011,764	334,011,764
Basic and fully diluted basis (LPS)/EPS (cents) ^{(1) (2)}	(0.25)	0.98

Notes:

⁽¹⁾ The basic EPS of the Group for the respective financial periods was calculated based on the weighted average number of ordinary shares in issue for the respective periods.

⁽²⁾ The fully diluted basis EPS of the Group for the respective financial periods was calculated based on the weighted average number of ordinary shares in issue plus number of shares that may be issued on conversion of outstanding convertibles and share allotment for the respective financial periods. No outstanding convertibles and share allotment as at 31 March 2019 and 31 March 2020.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) Current financial period reported on; and**
(b) Immediately preceding financial year.

	Group		Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Net asset value attributable to equity holders of the Company (\$)	24,581,847	25,413,064	12,794,646	13,272,691
Number of ordinary shares issued	334,011,764	334,011,764	334,011,764	334,011,764
Net asset value per ordinary share (cents)	7.36	7.61	3.83	3.97

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period/year reported on.**

REVIEW OF FINANCIAL PERFORMANCE (CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

FY2020 vs FY2019

Revenue

Post-production segment has seen a growth in revenue of approximately \$0.98 million, from \$2.54 million in FY2019, to \$3.52 million in FY2020. The increase was mainly due to completion of larger scale projects of which included a short animation series and a few post-production movie projects during second half of FY2020.

Notwithstanding the above, Content Production segment's activities have been greatly affected since the beginning of 4QFY2020 largely due to the adverse impact by the Covid-19 pandemic in People's Republic of China and Southeast Asia which saw travel restrictions and safe social distancing measures across the region. As a result, revenue from Content Production segment declined by approximately \$4.13 million or 61.2%, from \$6.75 million in FY2019 to \$2.62 million in FY2020.

Consequently, the Group's revenue declined by \$3.14 million or 33.9%, from \$9.28 million in FY2019 to \$6.14 million in FY2020.

Cost of sales

Cost of sales increased approximately by \$1.28 million or 45.7%, from \$2.80 million in FY2019 to \$4.08 million in FY2020. The increase is in line with revenue increase in the Post-production segment and the additional costs also came from full year depreciation and amortisation charges on production equipment and content development.

Gross profit

As revenue has significantly dipped in the Content Production segment, gross profit has also declined from approximately \$6.48 million in FY2019 to \$2.05 million in FY2020. Consequently, gross profit margin also declined from 69.8% in FY2019 to 33.5% in FY2020 as the Content Production segment has a higher margin than the Post-production segment.

Other income

Other income decreased by approximately \$0.32 million or 72.4%, from \$0.44 million in FY2019 to \$0.12 million in FY2020 mainly due to the absence of an one-off income of \$0.29 million as reported in FY2019.

Other (losses)/gains - net

Other losses increased from \$14,943 in FY2019 to \$123,727 in FY2020. The increase was mainly due to provision for (i) expected credit losses on financial assets (i.e. trade receivables) of \$95,000; and (ii) fair value loss on investment in financial assets of \$62,360. The losses was partially offset by foreign exchange gains of \$32,823.

Administrative expenses

Administrative expenses increased slightly by \$41,947 or 1.5%, from approximately \$2.81 million in FY2019 to \$2.85 million in FY2020. Excluding prior year's one-off IPO expenses of \$0.17 million, the administrative expenses increased by \$0.21 million in FY2020 largely due to increase in (i) staff costs by \$0.26 million; and (ii) withholding tax expense of \$66,080. This was partially offset by some cost savings, approximately \$0.12 million, from computer software renewal expenses, travelling expenses, depreciation and amortisation charges.

Finance expenses

Finance expenses increased by \$19,694 or 559.5% from \$3,520 in FY2019 to \$23,214 in FY2020. This was mainly due to accretion of interest on lease liabilities due to the adoption of SFRS(I)16, as well as an increase in interest paid on short-term bank borrowings.

Profit before income tax

For the reasons set out above, the Group recorded a loss before tax of approximately \$0.83 million in FY2020 as compared to a profit before tax of \$4.09 million in FY2019.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period/year reported on. (continued)**

REVIEW OF FINANCIAL POSITION (CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

31 March 2020 vs 31 March 2019

Current assets

Current assets decreased by approximately \$4.91 million or 23.9%, from \$20.57 million as at 31 March 2019 to \$15.66 million as at 31 March 2020 due to decreases in:

- (i) net reduction of trade and other receivables of approximately \$1.12 million, from \$7.84 million as at 31 March 2019 to \$6.72 million as at 31 March 2020;
- (ii) refund of project deposits by approximately \$3.54 million; and
- (iii) net cash utilisation of approximately \$2.26 million as described in the commentary section of "Review of Cash Position"

partially offset with increase in:

- (iv) other current assets of \$1.51 million (i.e. mostly cost incurred in on-going projects) with handover dates delayed due to Covid-19 outbreak; and
- (v) partial payment of \$0.50 million for acquisition of an IP, Silent Horror, from Darkbox Studio Pte. Ltd. which is still in progress.

Non-current assets

Non-current assets increased by approximately \$5.48 million or 69.5%, from \$7.90 million as at 31 March 2019 to \$13.38 million as at 31 March 2020 mainly due to increases in:

- (i) investment in financial assets of \$2.98 million (net amount after fair value loss adjustment of \$62,350);
- (ii) intangible assets of \$1.99 million (net amount amortisation charges of \$0.20 million) due to additional costs incurred in relation to Content Production projects and development costs on OTT platform; and inclusion of
- (iii) right-of-use of assets of \$0.63 million due to the adoption of SFRS(I)16).

The above increase was partially offset with depreciation charges on plant and equipment of \$0.12 million.

Current liabilities

Current liabilities increased by approximately \$0.97 million or 32.2%, from \$3.00 million as at 31 March 2019 to \$3.97 million as at 31 March 2020 was mainly due to increases in:

- (i) trade and other payables of \$0.78 million arising from accrual of project costs;
- (ii) operating lease liabilities of \$0.21 million (due to the adoption of SFRS(I)16); and
- (iii) drawdown of short-term bank borrowings of \$1.70 million.

The above are partially offset with decreases in:

- (i) contract liabilities of \$1.18 million due to progress billing; and
- (ii) income tax provision of \$0.54 million.

Non-current liabilities

Non-current liabilities increased by approximately \$0.44 million or 859.7%, from \$0.05 million as at 31 March 2019 to \$0.49 million as at 31 March 2020. The increase was mainly due to:

- (i) operating lease liabilities of \$0.39 million due to the adoption of SFRS(I)16; and
- (ii) provision for restoration costs of \$0.05 million.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period/year reported on. (continued)

REVIEW OF CASH POSITION (CONSOLIDATED STATEMENT OF CASH FLOW)

Operating activities

Net cash inflows from operating activities before changes in working capital amounted to approximately \$0.10 million in FY2020. The changes in working capital amounted to inflows of approximately \$2.17 million which comprises of a reduction in trade receivable and deposits, and increase in trade and other payables partially offset with outflows from other current assets, contract liabilities and tax payments. Accordingly, the Group's net cash inflows from operating activities amounted to \$2.26 million in FY2020.

Investing activities

Net cash used in investing activities amounted to approximately \$6.04 million in FY2020 as compared to \$5.04 million in FY2019. The net cash outflows in investing activities in FY2020 was mainly due to:

- (i) investment in intangible assets of \$2.69 million consist of:
 - Content Production projects;
 - development costs of OTT platform;
 - acquisition of Silent Horror IP which is still in progress;
- (ii) acquisition of investment in financial assets of \$3.02 million; and
- (iii) additions of plant and equipment of \$0.34 million.

The above outflows were partially offset with the cash inflows from interest received of \$0.01 million.

Financing activities

Net cash inflows from financing activities amounted to approximately \$1.49 million in FY2020. This was mainly due to proceeds of \$1.70 million from drawdown of short-term bank borrowings which was partially offset by repayment of operating lease liabilities (i.e. rental payments) and interest.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In the context of the Covid-19 pandemic, the Group has taken all the measures needed to ensure the safety of its staff and continue operating. However, due to the travel restrictions and control measures in place, the Group faces a slowdown in its commercial activities, with most of the projects in the Content Production segment being rescheduled. Nevertheless, the Singapore Government has implemented several support schemes ("Support Schemes") and the Group has benefitted from the Support Schemes, such as, foreign workers' levy rebates, waivers and wage subsidies. As the Group navigates through these challenging times, the Group will continue to remain prudent with its expenditure and cash flow management. The Group will also continue to closely monitor the evolving situation, and resume full operations when the situation permits.

In light of the current situation, the Group remains cautiously optimistic and see the importance of investing in new IPs and technologies when the opportunities arise so as to enhance and create new platforms such as the Group's OTT platform ComicVid.

Post-production

The Post-production segment continues to contribute a stable stream of revenue for the Group. Withal, the Group has expanded its technology capabilities to enhance the immersive experience and provide a more extensive service offerings for the type of projects that the Group has been bidding for.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (continued)**

Immersive Show Experiences IP

The Group remains optimistic that interest in its flagship Train to Busan (“TTB”) show will recover after the pandemic has been controlled. Train to Busan: Peninsula (“TTB Peninsula”), the sequel to the 2016 Korean zombie box office hit, is scheduled for a global theatrical release in the summer of 2020, and the Group anticipates that it will help to drive the marketing efforts for the TTB show.

The Group has also recently secured the exclusive rights to adapt and produce multisensory-format content for ‘TTB Peninsula’ and is in the midst of doing research & development for the IP. The Group will be able to commercialise the TTB Peninsula-themed immersive experiences, including merchandises worldwide, except the Republic of Korea. The Group will also explore new show concepts other than Escape Room and Horror House to meet the needs of venue owners.

In August 2019, the Group entered into a Memorandum of Understanding (“MOU”) with Animation International Ltd. to develop the Doraemon Experience (“DE”) display, an immersive experience integrating the Group’s enhanced technology capabilities. The Group is presently working on research & development of the DE show and will premiere the concept show in Singapore and the Southeast Asia region when the situation permits.

Expansion of IPs ownership with acquisition of Silent Horror

In February 2020, the Group entered into a binding term sheet with Darkbox Studios Pte Ltd (“Darkbox”) for the proposed acquisition of all IP rights, published and unpublished works for the popular comic IP, “Silent Horror”. ‘Silent Horror’ is a webcomic series with a supernatural horror theme and has amassed over 92 million views online since February 2015. The strong viewership of ‘Silent Horror’ is a testament to the popularity of the IP. Plans to monetise the IP, including merchandising and media production spinoff are underway which the Group will announce when appropriate. The Group will continue to accelerate its efforts in sourcing for new IPs to expand its Content Production business and add on to the library of future immersive experience shows that the Group can offer to the mass market.

ComicVid - OTT comic video platform

Since the launch of the Group’s revolutionary OTT comic video platform, ComicVid, on both Google Play store (Android) and App Store (iOS) in December 2019, ComicVid has raked in commendable statistics. Across top-trending comic apps, ComicVid was ranked top 3 under the ‘Comic’ category on Google Play store. In the List of Top Free Comic Apps on Google Play store, ComicVid app has set a record of being in the top 10 comic app after its successful launch. With the circuit breaker and lockdown situations around the world, the Group has seen a surge in users over the last two months by over 600% to more than 70,000 users as at April 2020. The Group envisions potential opportunities arising from the creation of new comic IPs, and will start to explore ways to monetise the platform.

The world has entered into a new digital normal during this global pandemic. The Group is working to accelerate digital transformation, strengthen digital platforms and adopt new technologies to strengthen their portfolio of existing IPs, as well as extend into digital IPs. These will allow the Group to be well positioned in a longer term when this crisis eases.

- 11 If a decision regarding dividend has been made:**

(a) Whether an interim (final) dividend has been declared (recommended); and

No.

(b) Amount per share in cents

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

There was no dividend declared or recommended for the current reporting period as the Group intends to conserve cash for expansion and other business opportunities.

13 If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920.

Name of interested person	Aggregate value of all interested person transactions during FY2020 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Dick Lee Asia Pte Ltd ⁽¹⁾	\$ 450,000	-

Notes:

(1) Dick Lee Asia Pte Ltd is a subsidiary company of mm2 Asia Ltd which is the major shareholder of the Company.

14 Update on use of IPO proceeds.

The Company refers to the gross proceeds amounting to \$12.95 million raised from the IPO on the Catalist Board of the SGX-ST on 25 September 2018.

Further to the use of IPO proceeds from the second quarter and/ or half yearly results announcement on 11 November 2019 and pursuant to Rule 704(30) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Group wishes to announce the reallocation of the use of gross proceeds raised by the IPO ("IPO Proceeds"), as well as provide an update on the use of the IPO Proceeds as follows:

Use of IPO proceeds

	Amount allocated	Amount utilised	Reallocation amount ⁽¹⁾	Amount unutilised
	\$'000	\$'000	\$'000	\$'000
General working capital purposes, including production of virtual reality content and immersive media	7,825	(7,725)	-	100
Expansion through development and/or acquisition of intellectual property and acquisition, joint ventures and/or strategic alliances	3,354	(3,529)	175	-
IPO expenditure	1,771	(1,596)	(175)	-
Total	12,950	(12,850)	-	100

Notes:

(1) As no further payment to professional parties and vendors relating to the IPO is required, the unutilised amount of \$175,000 allocated for IPO expenses has been re-allocated to the Company's expansion through development and/ or acquisition of intellectual property and acquisition, joint ventures and/or strategic alliances.

Save as disclosed above, the above utilisation of gross proceeds is in line with the intended use and allocation of gross proceeds as set out in the Company's offer document dated 17 September 2018.

15 Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual.

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group and the Company for the financial year ended 31 March 2020, to be false or misleading, in any material aspect.

16 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 17 Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Content Production		Post-production		Total	
	FY2020 (Unaudited) \$	FY2019 (Audited) \$	FY2020 (Unaudited) \$	FY2019 (Audited) \$	FY2020 (Unaudited) \$	FY2019 (Audited) \$
Revenue by Segment	2,616,488	6,748,607	3,519,986	2,535,810	6,136,474	9,284,417
Revenue segmental by geographical location:						
Singapore					2,664,874	3,620,373
Malaysia					2,198,738	1,687,021
China					1,019,362	3,977,023
Taiwan					212,000	-
Others					41,500	-
					6,136,474	9,284,417
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")					54,938	4,455,488
Depreciation					(662,901)	(292,087)
Amortisation					(196,380)	(70,831)
Interest expense					(23,214)	(3,520)
(Loss)/Profit before income tax					(827,557)	4,089,050
Income tax expense					(1,506)	(821,324)
Net (loss)/profit					(829,063)	3,267,726

- 18 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Post-production segment has seen a growth in revenue of approximately \$1.0 million or 38.8%, from \$2.5 million in FY2019 to \$3.5 million in FY2020. The increase was mainly due to completion of larger scale projects, which included a short animation series and a few post-production movie projects during second half of FY2020.

Content Production segment's activities have been greatly affected since the beginning of 4QFY2020 largely due to the adverse impact by the Covid-19 pandemic in People's Republic of China and Southeast Asia which saw travel restrictions and social distancing measures across the region. As a result, revenue from the Content Production segment declined by approximately \$4.1 million or 61.2%, from \$6.7 million in FY2019 to \$2.6 million in FY2020.

19 A breakdown of sales as follows:

	Group		
	For the financial year ended		
	31 Mar 2020	31 Mar 2019	Change
	(Unaudited)	(Unaudited)	
	\$	\$	%
Revenue reported for the first half year	3,441,066	2,502,448	38%
Profit after tax for first half year	523,180	563,961	-7%
Revenue reported for the second half year	2,695,408	6,781,969	-60%
(Loss)/Profit after tax for second half year	(1,352,243)	2,703,765	-150%

20 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

(a) Ordinary

Not applicable.

(b) Preference

Not applicable.

(c) Total

Not applicable.

21 Disclosure of person occupying a managerial position in the issuer of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there are no persons occupying a managerial position in the Company of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Charles Yeo Eng Pu
Managing Director

25 May 2020