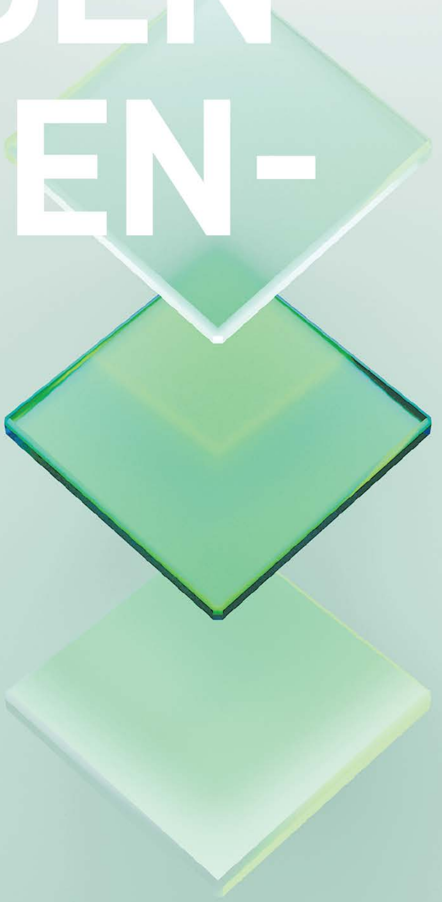
VIVIDTHREE HOLDINGS LTD. **ANNUAL REPORT 2020**

CREATING NEXT-GEN EXPERIEN-CES



DIGITAL CONTENT | MICE | CONSUMER ENTERTAINMENT

CONTENTS

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

This Annual Report 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, and correctness of any of the information, statements or opinions made or reports contained in this announcement.

The details of the contact person for the Sponsor is Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581 Telephone (65) 64159886.

TO VISUALISE THE FUTURE,
IT IS TO RECOGNISE A SPARK
OF OPPORTUNITY AND A
GLIMMER OF POTENTIAL.

WE STRIVE TO CREATE BESPOKE
DIGITAL EXPERIENCE
BEYOND THE ORDINARY
WITH A PROFOUND
SENSE OF DEPTH
AND REDEFINE EVERY
IMAGINABLE AND REFLECTIVE
OF THE FIRST-HAND
EXPERIENCE

CREATING NEXT-GEN EXPERIENCES

DIGITAL CONTENT

Transforming the entertainment industry with Digital Technology. We leverage our strengths in post-production services to enable the digital transformation integrating visual effects, computer-generated imagery services as well as virtual reality ("VR") and augmented reality ("AR"), we offer our clients the creative inputs and technological expertise needed to create the future of digital entertainment.

Our visual effects and computer-generated imagery works were used by our clients in the movie industry for films, projection mapping, and other post-production services for immersive media. We are often involved in our clients' projects at an early stage starting from the pre-production.

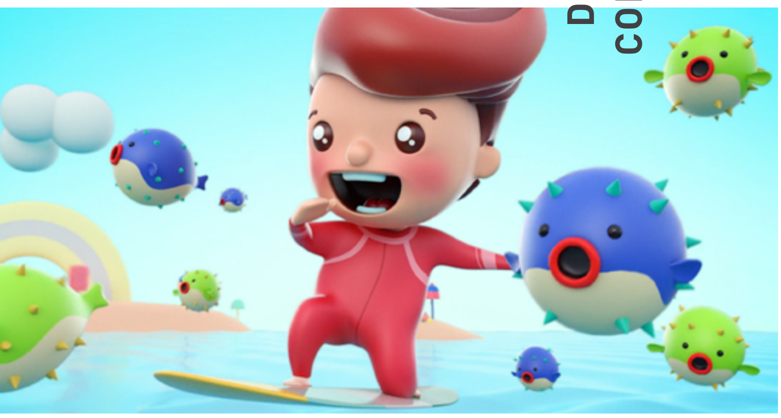
This allows our clients to manage their project costs, as our on-set advice on the best techniques to achieve the desired visual effects reduces the need for re-takes of live-action footage or camera shots. Apart from the above, we also use visual effects to create immersive media, including projection mapping for our customers, by creating tailor-made content which integrates seamlessly with our customers' hardware.

We have conceptualised and developed animated characters and designs, character outlines and synopses, developing our own digital intellectual property assets or acquire them from third parties and utilised them to produce VR thematic theme shows, as well as animated movies and series. We have the experience of creating merchandising of the animated characters conceptualised and developed by us through licensing and retail or utilise such intellectual property rights ("IP") in any other form as we deem suitable.

CORPORATE PROFILE

CREATING NEXT-GEN EXPERIENCES

DIGITAL CONTENT



Vividthree, founded in 2006, as a creative studio that produce content across different medium and platforms with the principle for entertainment, learn and train. With a culmination of 14 years of work, together with a regional network and a team of digital specialists, we created contents with storytelling, leveraged on cutting-edge technologies, including the genres of virtual reality, augmented reality, and mixed reality to develop bespoke multi-media experiences. Vividthree provides services for brands and trades that require quality content production, for a worldwide audience.

POST COVID DIGITAL MICE ENABLER

CONSUMER ENTERTAINMENT

FY2020

REVENUE

6.14

($'million)

GROSS PROFIT

2.05

($'million)

NET LOSS

0.76

($'million)

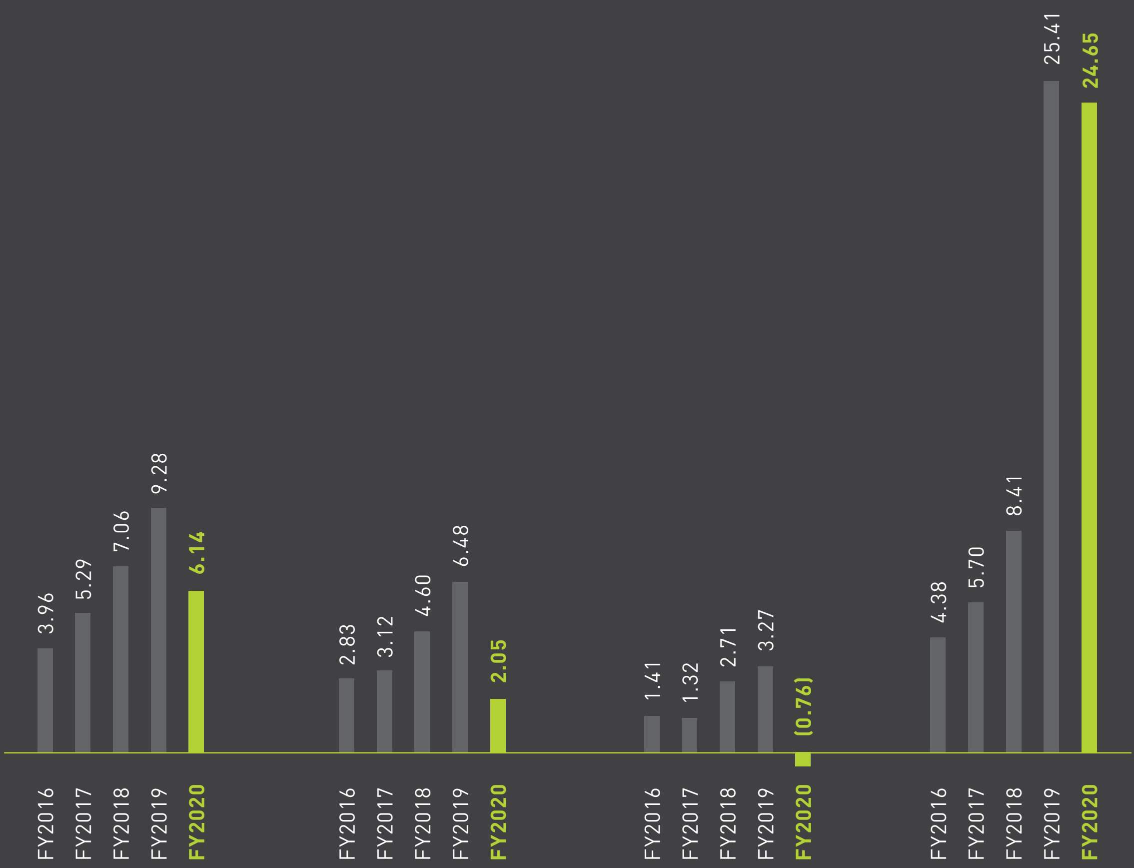
TOTAL SHAREHOLDERS' EQUITY

24.65

($'million)

FINANCIAL HIGHLIGHTS

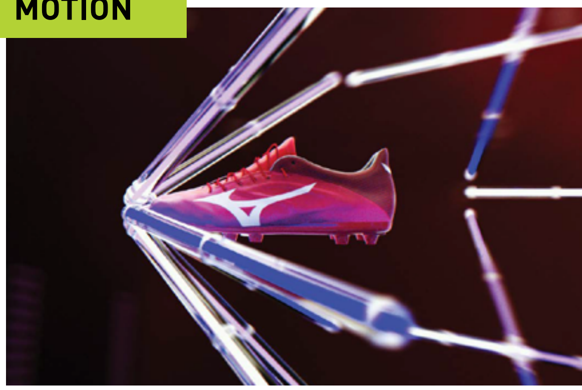
REVENUE ($'million) | **GROSS PROFIT** ($'million) | **NET PROFIT/(LOSS)** ($'million) | **TOTAL SHAREHOLDERS' EQUITY** ($'million)



REVENUE BREAKDOWN BY SEGMENTS ($'million)

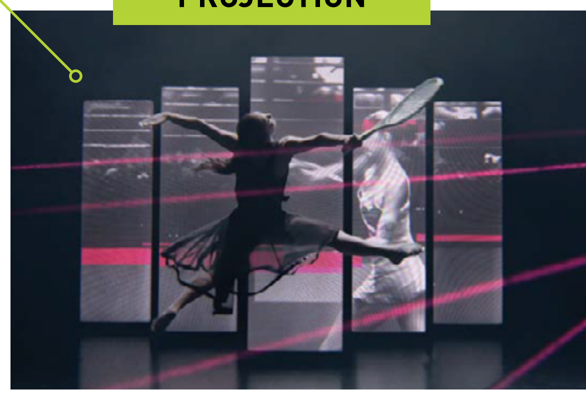
OUR BUSINESS

MOTION



AS A REGIONAL FORERUNNER OF CONTENT CREATION IN IMMERSIVE MEDIA, VIVIDTHREE SEEKS TO CREATE THE BEST INVIGORATING EXPERIENCE THROUGH ITS CONSTANT INNOVATION AND INTEGRATION OF NEW TECHNOLOGY

PROJECTION



OUR BUSINESS

POST-PRODUCTION

VFX

LIVE ACTION

IMMERSIVE VR

OUR BUSINESS

CONTENT PRODUCTION

Vividthree produces stimulating and engaging content production in diverse formats in both the digital and physical spaces.

As a forerunner in content production, Vividthree has invested considerable effort in the creation of an eco-system of contents that exist both online, and offline in live experiences.

ONLINE DIGITAL PLATFORM

ComicVid is an online Over The Top ("OTT") platform that features animated comic created by some of the best talents from the region under the representation of Vividthree.

The platform provides good quality entertainment for consumers, and a nurturing platform for the young comic artists.

Vividthree's network offers an opportunistic possibility for some of the work to be produced as an entertainment series or a live thematic experience.

LIVE THEMATIC EXPERIENCE

With the accessibility to a wide network of IP, Vividthree creates a live thematic experience that is flavoured with impressive multimedia treatment.

The Train to Busan Virtual Reality Thematic Experience, Escape Room and Horror House have kickstarted Vividthree's venture into this expanse of content origination.

Vividthree is working on developing a mix of familiar IP, and original IP in this space, and has tapped on the same expertise to help agencies to relate brand stories commercially.

POST-PRODUCTION

Equipped with state-of-the-art post-production facilities and a professional team of specialists, Vividthree offers a professional environment for directors and producers to realise their creative visual vision.

FY2020

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

REVENUE

In the financial year ended 31 March 2020 ("FY2020"), the Group's Post-production segment has seen a growth in revenue of approximately $0.98 million, from $2.54 million in the financial year ended 31 March 2019 ("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 4th quarter of FY2020 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 33.8%, 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 72.7%, 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 - 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 were 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 $2.86 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 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.

(LOSS)/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.

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

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) trade and other receivables of approximately $1.12 million, from $7.84 million to $6.72 million;
(ii) refund of project deposits by approximately $3.54 million; and
(iii) net cash utilisation of approximately $2.26 million (including effects of currency translation on cash and cash equivalents) as described in the commentary section of "Review of The Group's Cash Flow Statement"

partially offset with increases 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., of which the acquisition has been completed subsequent to FY2020.

NON-CURRENT ASSETS

Non-current assets increased by approximately $5.48 million or 69.4%, 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
(iii) right-of-use of assets of $0.63 million due to the adoption of SFRS(I)16).

The above increases were partially offset with depreciation charges on plant and equipment of $0.12 million.

CURRENT LIABILITIES

Current liabilities increased by approximately $0.86 million or 28.7%, from $3.00 million as at 31 March 2019 to $3.86 million as at 31 March 2020 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:

(iv) contract liabilities of $1.18 million due to progress billing; and
(v) income tax liabilities of $0.65 million.

NON-CURRENT LIABILITIES

Non-current liabilities increased by approximately $0.48 million or 960.0%, from $0.05 million as at 31 March 2019 to $0.53 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;
(ii) provision for restoration costs of $0.05 million; and
(iii) deferred income tax liabilities of $0.04 million.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

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 $1.37 million which comprises 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 $1.46 million in FY2020.

INVESTING ACTIVITIES

Net cash used in investing activities amounted to approximately $5.24 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;
(ii) acquisition of investment in financial assets of $2.23 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.

GROUP STRUCTURE

As at 12 July 2020

VIVIDTHREE HOLDINGS LTD.

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)

55%

V&N ENTERTAINMENT PTE. LTD.*

(SINGAPORE)

* Incorporated on 8 July 2020

CREATING NEXT-GEN EXPERIENCES

POST COVID DIGITAL MICE ENABLER

As the world adjusts to a new digital normal, the MICE industry is undergoing an evolution where immersive, virtual, and impactful digital experiences for their customers will be essential. Technology will transform the way events are held and delivered. Digital solutions such as online streaming, augmented and virtual reality technologies will be used to deliver compelling, on-demand content to a wider audience in a cost-efficient manner. With our established core competence in digital content production, coupled with a network of know-how, we are in a good position to be the technology partner of choice for the MICE industry in Singapore and the surrounding region in a post-COVID era.

In 2020, the Group has also formed a partnership with Quebec Leisure International Pte Ltd ("Quebec"), the events and entertainment arm of NTUC Club. Prior to the partnership, Vividthree has had undertaken works in various events such as the ION Sky Show, the Home Team parade in celebration of NS50, and various notable events. Vividthree is excited to partner Quebec, a collaboration of our core competence and technology know-how with their extensive network and track record formalised in the form of a joint venture, which will lift our core competence to a greater height.

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

DEAR SHAREHOLDERS,

FY2020 was a transformative year as we reflect within our businesses to increase operational efficiencies as well as look ahead to chart new horizons for growth.

As the market environment changes and as digital technology evolves, customers' needs, and their preferences will adapt to the evolution. We do not just try to react but commit to transform and reinvigorate, to be a nimble, future-ready enterprise.

Against the backdrop of choppy waters in macro-economic uncertainties, the fiscal year was more than just a challenging year. We have to navigate through the storms whilst making sure we stay relevant and safe.

One year on, after much fastidious re-strategising of the Group's business segments, we have defined three pillars which we are pleased to report broad-based progress:

DIGITAL CONTENT,
CONSUMER ENTERTAINMENT,
AND POST-COVID DIGITAL
MICE ENABLER

Digital technology is reshaping the world around us, Vividthree will leverage our strengths in digital media technology to enable the transformation. This will present enormous opportunities presented by digital transformation.

The Group has enhanced our operational capabilities, to proactively plan for and adapt to the business environment, and create greater value for both our customers and shareholders. This involves strengthening our digital platforms and adopt new technologies to fortify our portfolio of existing IPs, as well as extend into digital IPs.

We had identified the need to refine our expertise in key areas and close the gaps in key skill sets. Vividthree invested in the XMI Group ("XMI") via subscription of convertible notes. Incorporating Online Platform, Artificial Intelligence ("AI") Capabilities beyond Voice & Facial Recognition and Holographic Technology, XMI seeks to create an OTT streaming platform for alternative content and music with gamified elements to provide an immersive experience for its users. Following our investment, the Group has also benefited with the launch of our revolutionary comic video app, ComicVid, in December 2019, where the platform is being powered by XMI's technology.

Over the years, there has been a transformation towards an 'experience economy' as consumers prioritise experiences over products. In a study commissioned by Grab and conducted by YouGov[1], 89% of Singapore millennials value experiences in their lives over material possessions.

Recognising this change in consumer entertainment, Vividthree has been actively expanding our portfolio of IP to try capturing a piece of the pie.

Vividthree acquired 2 new titles in addition to their current IP portfolio in FY2020. In August 2019, the Group entered into a Memorandum of Understanding ("MOU") with Animation International Ltd., to collaborate and develop the Doraemon Experience show. Incorporating elements of Virtual Reality ("VR") and Augmented Reality ("AR"), we hope to reinvigorate one of Japan's most iconic manga characters to entertain the audiences in Asia. In February 2020, Vividthree acquired the popular supernatural horror webcomic IP, Silent Horror, which has amassed over 92 million views online since February 2015.

With the series strong following, Silent Horror holds huge potential, and the Group looks forward to bringing it to an even broader audience. Plans to monetise the IP, including merchandising and media production spinoff are underway which the Group will announce when appropriate.

We need to go beyond the limits of the skies above us, striving for theoretical breakthroughs, technological inventions, and groundbreaking products and business models.

As we look forward to the new financial year, I would like to thank the management team and staff for their dedicated efforts over the last financial year, as well as shareholders for their support and belief in the Group.

DR HO CHOON HOU
CHAIRMAN AND
INDEPENDENT DIRECTOR

[1] https://www.grab.com/sg/press/consumers-drivers/singapore-millennials-seek-experience-led-offerings-onlifestyle-app-grab/

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

DR HO CHOON HOU
Independent Director and Chairman

CHARLES YEO
Managing Director

DEAR SHAREHOLDERS,

FY2020 was a challenging year as many companies including Vividthree face headwinds during the outbreak of COVID-19. Some parts of our business are being affected by the outbreak, nonetheless, we continue to be optimistic about the fundamentals of the business and we are encouraged by the early signs of recovery in some markets which are starting to reopen.

The Group believes in the importance of investing in new IPs and technologies and has been progressively working to accelerate our digital transformation prior to the outbreak. We have adopted new technologies, strengthened our portfolio of existing IPs and extended into digital IPs. In conjunction with the post-production segment, which continues to contribute a stable stream of revenue, our investments in new IPs and technologies have lessened the impact of the COVID-19 pandemic on our business, and placed Vividthree in an optimal position to adjust to the new digital normal as well as benefit from the eventual recovery and reopening of the economy.

POST-PRODUCTION REMAINS STEADFAST FOR THE GROUP

In FY2020, our post-production segment registered an increase in revenue, which contributed to offset part of the decline in sales from the deferment of the immersive shows. With our strong operational track record and the support from our largest shareholder mm2 Asia, one of the region's leading production house, we believe our post-production segment will remain stable and continue to be the sustenance of the Group.

NEW DIGITAL INITIATIVES GAINING POSITIVE TRACTION

Recognising the importance of digital consumer entertainment, the Group has been investing to strengthen its technological competence. In December 2019, we launched our OTT Comic Video platform, ComicVid, which allows comic creators to publish and share their creations globally.

To further enhance the viewing experience for consumers, we tapped on our post-production capabilities to transform some of these comics into a video-like viewing experience. This was met with positive feedback from users, as our ComicVid app was ranked among the top trending comic apps on Google Play store in February 2020. With the outbreak of COVID-19, we saw a further acceleration in our users' acquisition, to more than 70,000 as of April 2020, validating of our strategy to venture into this segment. With our initial success, the Group will commence to explore ways to monetise the platform soon.

In February 2020, we acquired the IP rights of Silent Horror from DarkBox Studio, one of our content partners in ComicVid. Silent Horror is a popular supernatural horror webcomic which has amassed over 90 million views online[1].

Following our acquisition, the popularity of Silent Horror has also helped to boost the number of users for our ComicVid app. We believe the IP holds strong potential given its strong following and intends to monetise the IP, including merchandising and media production spinoff. Silent Horror will add to our growing portfolio of IPs which also includes 'Peninsula', the sequel to 2016 Korean zombie box office hit. Vividthree was awarded the exclusive rights to develop and produce VR shows for 'Peninsula' during the year, following our successful reiteration of the Train to Busan ("TTB") immersive shows. Vividthree is in the midst of executing research & development of the IP and be ready for the release of the show once the situation permits.

OPENING DOORS WITH NEW PARTNERSHIP

We are heartened that our successful track record and growing technological expertise brought in new collaborative opportunities. In June 2020, the Group entered into an MOU with Quebec, to jointly develop, curate, bid for and produce thematic experiential content and event projects in Singapore and the region.

As the events and entertainment arm of NTUC Club, Quebec brings to the partnership an extensive network of members and resources from the 14 brands under the NTUC Club, such as Downtown East, Orchid Country Club, and Marina Bay Golf Course. This joint venture is an important step in strengthening our portfolio of consumer entertainment and immersive experience projects with our existing IPs. We will also tap on our parent, mm2 Asia's resources to provide complete integrated content for the partnership.

On 8 July 2020, the Group has incorporated a joint venture company, V&N Entertainment Pte. Ltd. ("V&N") with an initial paid-up capital of $10,000, to provide event management services. As mutually agreed with Quebec, Vividthree and Quebec hold a 55% and 45% equity stakes in V&N respectively. The Group's investment is funded through its internal resources.

STAYING PREPARED WITH AMPLE LIQUIDITY

The COVID-19 situation remains uncertain before vaccines become widely available, and we need to be better prepared and adaptive. The Group has introduced strict measures in terms of operational discipline, with a freeze on travel, a reduction in non-essential spending, and a thorough review of business drivers and investments, to conserve our cash and strengthen our balance sheet. During the year, Vividthree generated positive operating cashflow and maintain a net cash position. Coupled with the availability of credit lines, the Group has ample liquidity to weather through this challenging period.

On behalf of the Group, I'd wish to express deep gratitude and appreciation to all of our customers, partners, and shareholders for your ongoing trust and support. Together with my team, we will rise to the challenge.

CHARLES YEO
MANAGING DIRECTOR

[1] https://darkboxstudio.com/about/

BOARD OF DIRECTORS

DR HO CHOON HOU

Independent Director and Chairman

Dr Ho was appointed to our Board on 23 August 2018. He is currently a principal at Southern Capital Group Private Limited, a private equity firm, where he is responsible for the management of assets as well as the origination and execution of investments for the company's clients. Dr Ho is also currently serving as an independent director of Advanced Holdings Ltd., vice-chairman and non-executive director of Cordlife Group Limited. Both Advanced Holdings Ltd. and Cordlife Group Limited are listed on the SGX-ST. He is also serving as an independent and non-executive director of Mclean Technologies Berhad, which is listed on Bursa Malaysia, and Stemlife Berhad, which used to be listed on Bursa Malaysia. Prior to joining Southern Capital Group Private Limited, from 2004 to 2007, Dr Ho served as a project office head and subsequently deputy director at National Healthcare Group where he was involved in directing special projects and investments and held general management responsibilities.

From 1996 to 2004, Dr Ho was the Registrar, Department of General Surgery, at Tan Tock Seng Hospital where he was responsible for conducting general surgeries. He obtained his Bachelor of Medicine and Bachelor of Surgery from The University of Sheffield in 1996 and his Master of Medicine (Surgery) from the National University of Singapore in 2003. He went on to obtain his Master of Business Administration (Honours) from The University of Chicago (The Graduate School of Business) in 2006.

MR CHARLES YEO

Co-founder and Managing Director

Mr Yeo was appointed to our Board on 7 April 2018. He is responsible for the overall day-to-day management of our Group including business development and strategy, and raising investments for projects. He also provides creative direction and input for our projects.

Mr Yeo has accumulated 14 years of experience in the production and post-production industry, with a special focus on visual effects, since 2003 when he first ventured into the industry with the Group, where he worked together with a production company to produce animated films.

Together with Sky Li and Jay Hong, they grew our Group to more than 40 employees. Mr Yeo graduated from the Nanyang Academy of Fine Arts with an Associate Diploma in Multimedia (Distinction) in 2000, and went on to obtain his Masters of Business Administration from Murdoch University in 2017.

MR JAY HONG

Co-founder and Executive Director (Visual Effects Director)

Mr Hong was appointed to our Board on 23 August 2018. He is responsible for overseeing our visual effects/3D animation, motion design and other post-production departments. He has also accumulated 14 years of experience in the production and post-production industry, with a special focus on visual effects, since 2003 when he first ventured into the industry with the Group, where he worked together with a production company to produce animated films.

Together with Charles Yeo and Sky Li, they grew our Group to more than 40 employees. Mr Hong graduated from the Nanyang Academy of Fine Arts with an Associate Diploma in Multimedia in 2000.

MR ROYSON WONG

Independent Director

Mr Wong was appointed to our Board on 23 August 2018. He is currently serving as the managing director of Global Access Logistics Network Pte. Ltd. since 2012. From 2005 to 2011, Mr Wong was the global director (management systems) and subsequently the chief leadership development officer of Agility Public Warehousing Co KSC (headquartered in Kuwait), where his responsibilities included leadership development, implementation of long-range planning and strategy management systems, business excellence and quality management and overseeing the internal audit function. Prior to that, he was the finance director and subsequently the deputy group managing director of Trans-Link Express Pte Ltd (now known as Agility Logistics Holdings (S) Pte. Ltd.), where he was responsible for overseeing the overall business operations, including the finance and corporate matters as well as human resource and information technology.

Mr Wong obtained his Bachelor of Accountancy from the University of Singapore (now known as the National University of Singapore) in 1979, and his Master of Science (Management of Technology) from the National University of Singapore in 2002. He is a Certified Public Accountant with CPA Australia since 2004, and a Chartered Accountant with the Institute of Singapore Chartered Accountants since 2005.

MR CHANG LONG JONG

Non-Executive Director

Mr Chang was appointed to our Board on 23 August 2018. He is the CEO of mm2 Asia since April 2017, where he is responsible for overseeing and managing the group's business operations as well as sourcing new business opportunities for the mm2 Asia group. From 2005 to 2011, Mr Chang was the deputy CEO, TV Cluster of the Mediacorp group where he was overseeing its television and production business.

From 2011 to 2017, Mr Chang was the deputy CEO, and also became the chief customer officer of the Mediacorp group in 2015, where he was overseeing its media businesses including the television, radio, newspaper, digital and live events segments. Mr Chang is also a board member of the Thye Hua Kwan Moral Charities Limited and a member of the Advisory Board of the Singapore Media Festival. He graduated from the National University of Singapore in 1985 with a Bachelor of Engineering (Civil).

MR FREDDY ER

Non-Executive Director

Mr Er was appointed to our Board on 23 August 2018. He is a counsellor (investment and corporate finance advisory) with Apex Capital Group Pte. Ltd. since 2015, where he is responsible for identifying and providing investment strategies and advising on corporate finance, and mergers and acquisitions, and overseeing the group's investment portfolios.

From 2011 to 2017, Mr Er was the director for strategic investments and projects of Transocean Oil Pte. Ltd., where his responsibilities included identifying investment opportunities and managing the group's investment portfolio. Prior to that, from 2009 to 2011, Mr Er was a director with Bank of Singapore where he managed clients' investment portfolios and ensured compliance with regulatory guidelines. From 2007 to 2009, he was the senior vice-president and head (high net-worth business development Singapore insurance business) with The Great Eastern Life Assurance Company Limited, where his responsibilities included overseeing and managing the business unit team to ensure efficient and effective transaction processing and delivery of services, as well as ensuring compliance with risk management guidelines.

Mr Er obtained a Diploma in Life Insurance from the Singapore Insurance Institute in 1994, and successfully passed The Institute of Banking and Finance's Capital Markets and Financial Advisory Services, Rules and Regulations for Dealings in Securities (Module 1B) in 2009.

MANAGEMENT

Mr Mok is responsible for overall day-to-day management of our Group. He has over 20 years of experience in the media industry, with his most recent experience being concurrently appointed as the head of integrated experience of mm2 Asia and the CEO of Dick Lee Asia Pte. Ltd. in March 2018 before joining our Group in May 2018. Prior to that, from 2013 to March 2018, Mr Mok was the general manager for creative and strategy with Pico Art International Pte. Ltd. where he oversaw the development of business strategies and creative solutions for clients.

MR JED MOK

Chief Executive Officer

Mr Li is responsible for overseeing our overall operation, sales and project management responsibilities. He has over 16 years of experience in the production and post-production industry, with a special focus on visual effects since 2003 when he first ventured into the industry with the Group, where he worked together with clients to produce motion animated videos and visual effects films. He is also a committee member of the Curriculum Development Advisory Committee of Nanyang Academy of Fine Arts' School of Art and Design – Design and Media Programme and as well as a member of the Bukit Batok Secondary School Advisory Committee.

MR SKY LI

Co-founder and Chief Operating Officer

Mr Kok is responsible for overseeing the accounting and finance function of our Group. He has over 12 years of accumulated experience in the Big Four audit firm as well as commercial experiences in various industries. Prior to joining the Group, he was a group senior finance manager of a listed property developer company and a city developer company in Malaysia. He is a member of the ACCA and is a Chartered Accountant of the Malaysia Institute of Accountants.

MR KOK POOI WAI

Financial Controller

CREATING NEXT-GEN EXPERIENCES

CONSUMER ENTERTAINMENT

We have developed an OTT comic video platform, ComicVid, that was launched in December 2019. The multi-language OTT comic video platform targets comic enthusiasts and tech savvy millennials in the region and serves as a platform for talented comic creators to publish and share their creations globally, as well as a seedbed for the Group to source for IPs. Leveraging on our expertise in visual effects and computer-generated imagery, we have enhanced the traditional webcomics with motions and sound effects, creating a more interactive and engaging experience for consumers.

We will actively acquire original IPs to boost the content portfolio of the Group, as we seek ways to adapt and exploit the IP through various platforms.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Ho Choon Hou Independent Director and Chairman
Yeo Eng Pu, Charles Managing Director
Hong Wei Chien Executive Director
Wong Kim Soon Royson Independent Director
Chang Long Jong Non-Executive Director
Er Song Ngueng Non-Executive Director

AUDIT COMMITTEE
Wong Kim Soon Royson Chairman
Ho Choon Hou
Er Song Ngueng

REMUNERATION COMMITTEE
Ho Choon Hou Chairman
Wong Kim Soon Royson
Chang Long Jong

NOMINATING COMMITTEE
Wong Kim Soon Royson Chairman
Ho Choon Hou
Yeo Eng Pu, Charles

SECRETARY
Yap Peck Khim (ACS, ACIS)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
1093 Lower Delta Road
#05-10 Singapore 169204

B-06-03, Menara Bata, PJ Trade Centre,
No.8, Jalan PJU 8/8A, Bandar Damansara Perdana,
47820 Petaling Jaya Selangor, Malaysia

COMPANY WEBSITE
www.vividthreeholdings.com

STOCK CODE
OMK

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

Director-in-charge:
Chin Chee Choon
(Appointment with effect from
financial year ended 31 March 2019)

CONTINUING SPONSOR
Hong Leong Finance Limited

16 Raffles Quay, #01-05
Hong Long Finance Building
Singapore 048581

PRINCIPAL BANKERS
Hongkong and Shanghai Banking Corporation

10 Marina Boulevard
Marina Bay Financial Centre Tower 2
#48-01, Singapore 018983

United Overseas Bank Limited

80 Raffles Place
1 UOB Plaza
Singapore 048624

INVESTOR RELATIONS
Gem Comm Pte Ltd

1 Temasek Avenue, Level 30
Singapore 039192
www.gem-comm.com

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Vividthree Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are firmly committed to set in place corporate governance practices to provide the structure through which the objectives of protecting the shareholders' interests and enhancement of long-term sustainability of the Group's business and performance are met.

This report outlines the Group's main corporate governance structures and practices that were in place throughout and/or during the financial year ended 31 March 2020 ("**FY2020**") or which will be implemented and where appropriate, with specific reference made to the Code of Corporate Governance 2018 (the "**Code**"). The Company has provided explanations for deviation from the Code.

BOARD MATTERS

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.

The Board's primary role is to protect and enhance long-term shareholders' value. It sets the overall strategy for the Group and supervises management ("**Management**"). To fulfil this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

The principal functions of the Board, apart from its statutory responsibilities, include:

- providing entrepreneurial leadership and setting the overall strategy and direction of the Group, consider sustainability issues, e.g. environmental and social factors as part of its strategic formulation;

- reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;

- approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;

- overseeing the processes of risk management, financial reporting and compliance and evaluating the adequacy of internal controls and safeguarding the shareholders' interests and the Group's assets;

- approving the release of the Group's half-year and full-year financial results, related party transactions of material nature;

- appointing Directors and key management personnel ("**Key Management Personnel**"), including the review of performance and remuneration packages; and

- assuming the responsibilities for corporate governance.

All Directors are obliged to objectively discharge their duties and responsibilities at all times and make objective decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively the "**Board Committees**"). These Board Committees operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

CORPORATE GOVERNANCE REPORT

The Board holds regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Ad-hoc meetings are convened when circumstances require. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. Meetings via telephone or video conference are permitted by the Company's Constitution.

Directors are provided with board papers and related materials, background or explanatory information relating to matters to be brought before the Board, prior to each Board and Board Committee meetings to enable the Board to make informed decisions. The Board also has separate and independent access to Management, the Company Secretary and external advisors (if necessary). Directors are entitled to request additional information from Management as and when required.

The number of meetings held and the attendance of each member at the Board's meetings and Board Committees' meetings for FY2020 are as follows:

	Board		**AC**		**NC**		**RC**	
	No. of meetings		**No. of meetings**		**No. of meetings**		**No. of meetings**	
Name of Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ho Choon Hou	3	3	3	3	1	1	1	1
Yeo Eng Pu Charles ("**Charles Yeo**")	3	3	NA	NA	1	1	NA	NA
Hong Wei Chien ("**Jay Hong**")	3	3	NA	NA	NA	NA	NA	NA
Wong Kim Soon Royson ("**Royson Wong**")	3	3	3	3	1	1	1	1
Chang Long Jong	3	3	NA	NA	NA	NA	1	1
Er Song Ngueng ("**Freddy Er**")	3	3	3	3	NA	NA	NA	NA

Notes:

NA - Not applicable

The Group has adopted a set of internal guidelines setting forth the financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

Matters requiring the Board's decision and approval include the following:

(1) Approval of the Group's major investments/divestments and funding decisions;

(2) Approval of the Group's financial updates, half-year and full-year financial result announcements for release via the SGXNet;

(3) Approval of any agreement which is not in the ordinary course of business;

(4) Approval of any major borrowings or corporate guarantees in relation to borrowings;

(5) Entering into any profit-sharing arrangement;

(6) Incorporation or dissolution of any subsidiary;

(7) Issuance of shares or declaration of dividends;

(8) Approval of the annual report and audited financial statements;

CORPORATE GOVERNANCE REPORT

(9) Convening of general meetings;

(10) Approval of corporate strategies;

(11) Approval of material acquisitions and disposal of assets; and

(12) Approval of announcements or press releases concerning the Group for release via the SGXNet.

The Directors are also updated regularly with changes to the SGX-ST Catalist Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or members of the Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the independent auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Catalist Rules that affect the Company and/or the Directors in discharging their duties.

The Company had arranged for training and provided updates to the Directors and its Management during FY2020, which included the following matters:

(1) Changes in Capital;

(2) Interested Person Transactions and Potential Conflicts of Interest;

(3) Acquisitions and Disposals;

(4) Disclosure of Changes in Substantial Shareholdings (by Directors / Substantial Shareholders / Company);

(5) Common Compliance and Disclosure Issues / Regulatory Concerns;

(6) Prohibited Market Conduct including Insider Trading and Dealing in the Company's Securities; and

(7) Takeovers

Newly-appointed Directors would receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. Directors would also be given opportunities to visit the Group's operational facilities and meet with the Management so as to gain a better understanding of the Group's business.

Formal letters of appointment were furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board.

Conflict of interest

Every Director of the Company is required to disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group, including any interested persons transactions with the Group, as soon as practicable after the relevant facts have come to his/her knowledge. When there is an actual or potential conflict of interest, the concerned Directors shall, abstain from voting, and recuse themselves from discussion or decision making, on the conflict related matters.

BOARD COMPOSITION AND GUIDANCE

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.

Currently, the Board comprises of six Directors (the "**Directors**"), of whom two are Executive Directors, two are Non-Executive Directors and two are Independent Directors, as follows:

Name of Directors	Date of first Appointment	Date of Last Re-election	Board	AC	NC	RC
Ho Choon Hou	23 August 2018	29 July 2019	Independent Director and Chairman	Member	Member	Chairman
Charles Yeo	7 April 2018	-	Managing Director	-	Member	-
Jay Hong	23 August 2018	29 July 2019	Executive Director	-	-	-
Royson Wong	23 August 2018	29 July 2019	Independent Director	Chairman	Chairman	Member
Chang Long Jong	23 August 2018	29 July 2019	Non-Executive Director	-	-	Member
Freddy Er	23 August 2018	29 July 2019	Non-Executive Director	Member	-	-

As a majority of the Board is made up of Non-Executive Directors, the Company is in compliance with provision 2.3 of the Code. The Chairman is independent and the Independent Directors make up one-third of the Board. Hence, the Board and the NC are satisfied that the Board has substantial independent elements to exercise objective judgment on corporate affairs independently.

Independent Directors

The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC has reviewed the independence of each Independent Director annually and is of the view that these Directors are independent.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

CORPORATE GOVERNANCE REPORT

The NC has reviewed the size and composition of the Board. The NC is satisfied that the current size and composition of the Board is appropriate and provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company, which facilitates effective decision-making. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

The Board is made up of Directors who are qualified and experienced in various fields including business administration, strategic planning, business management, accounting and finance. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and manage the Group's businesses and operations.

The Company does not adopt the board diversity policy, whereas it has embraced all aspects of diversity in the current Board composition. There are six male Directors appointed to the Board. The Board recognises the importance and value of gender and age diversity; however, the Board collectively is of the view that it should not be considered as a requirement of selection of potential candidate. The right blend of skills, industry knowledge, relevant experiences, suitability, shall remain as priority.

The Non-Executive Directors and Independent Directors exercise no management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Directors and Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed, rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of their performance. The NC considers its Non-Executive Director and Independent Directors to be of sufficient calibre, and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

The Company co-ordinates informal meeting sessions for the Non-Executive Directors and Independent Directors to meet as needed without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

The profile of each Director is set out on pages 16 and 17 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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.

The Company practices a clear division of responsibilities between the Chairman and Chief Executive Officer ("**CEO**") to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The roles of the Chairman and CEO are separate.

Dr Ho Choon Hou is the Chairman of the Board.

Mr Jed Mok is the CEO of the Company. The Chairman and the CEO are not related.

The Chairman ensures effective and comprehensive Board discussion on matters brought to the Board including strategic issues. The Chairman supervises the overall business operations and management of the Group as well as business planning and provides executive leadership and supervision to the Key Management Personnel of the Company and the Group.

The responsibilities of the Chairman include:

- scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

- ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

- ensuring the Group's compliance with the Code; and

- acting in the best interest of the Group and of the shareholders.

The Company Secretary may be called to assist the Chairman in any of the above.

CORPORATE GOVERNANCE REPORT

The role of the 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 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.

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.

The NC currently comprises one Executive Director and two Independent Directors, a majority of whom are independent, including the NC Chairman.

Nominating Committee

Mr Royson Wong (Chairman)
Dr Ho Choon Hou
Mr Charles Yeo

The NC has its terms of reference which sets out their duties and responsibilities. It includes the following:

- to make recommendations to the Board on all board appointments, including re-nominations, having regarded the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

- to determine annually whether or not a Director is independent;

- in respect of a Director who has multiple board representations on various companies, to decide whether or not such a director is able to and has been adequately carrying out his/her duties as director, with regards to the competing time commitments that are faced when serving on multiple boards;

- to review and approve any new employment of related persons and the proposed terms of their employment; and

- to decide how the Board's performance is to be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

The NC will review the Board's succession plan for Directors. The NC will identify and recommend 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 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.

The NC makes recommendations to the Board on re-appointment of Directors based on, among others, the Director's attendance record at meetings of the Board and Board Committees, participation at meetings and contributions to the Group's business and affairs.

CORPORATE GOVERNANCE REPORT

The NC will also review and where appropriate, the Company will arrange and fund regular trainings for all Directors to ensure that Directors are updated on the latest governance and listing rules. Relevant courses include seminars conducted by the Singapore Institute of Directors or other training institutes.

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.

Regulation 117 of the Company's Constitution requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**"). Pursuant to Regulation 122 of the Company's Constitution, Directors of the Company who were newly-appointed by the Board since the last AGM will have to retire at the forthcoming AGM. A retiring Director shall be eligible for re-election at the meeting at which he retires. Each of the retiring Directors had abstained from all discussions and recommendations in respect of their own re-election.

The NC has recommended to the Board that Dr Ho Choon Hou and Mr Charles Yeo, be nominated for re-election under Regulation 117 at the forthcoming AGM. The Board has accepted the NC's recommendation. Mr Charles Yeo has been appointed as a Director of V&N Entertainment Pte. Ltd. on 8 July 2020. Other than this, there has been no change to the information since 25 September 2018 required under Appendix 7F of the Catalist Rules regarding the Directors nominated for re-election.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and able to exercise judgment on the corporate affairs of the Group independent of the Management.

Despite some Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

There are no alternate directors being appointed to the Board.

The key information regarding Directors, such as academic and professional qualifications, Board Committees served, directorships, chairmanships or as a member both present and past held over the preceding three years in other listed companies and other major appointments or its related corporations, whether the appointment is executive or non-executive are set out in pages 40 and 41 of the Annual Report.

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.

A formal assessment process is in place to assess the effectiveness of the Board as a whole and its board committees and for assessing the contribution by the Chairman and each individual Director to the effectiveness of the Board.

The NC has adopted the performance evaluation forms recommended by the Singapore Institute of Directors. The evaluations are conducted annually. As part of the process, the Directors will complete the evaluation forms which are collated by the Company Secretary, who will then summarise the results of the evaluation and present it to the NC. Recommendations for improvement are then submitted to the Board for discussion and for implementation in areas where the performance and effectiveness could be enhanced. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board's decision making processes, strategic planning, board information and accountability, board performance in relation to discharging its principal functions and financial targets.

The evaluation of the Board is to be performed annually by having all members complete Board and individual Directors' evaluation questionnaires individually based on the above assessment parameters.

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.

The RC currently comprises one Non-Executive Director and two Independent Directors, majority of whom are independent, including the RC Chairman.

Remuneration Committee

Dr Ho Choon Hou (Chairman)
Mr Royson Wong
Mr Chang Long Jong

The RC has its terms of reference, setting out their duties and responsibilities, which include the following:

- to recommend to the Board a framework of remuneration for the Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director and any CEO (or executive of equivalent rank) and Key Management Personnel if such CEO and Key Management Personnel is not an Executive Director, such recommendations are to be submitted for endorsement by the entire Board and should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;

- in the case of service contracts (if any) for any Director or Executive Officer, to consider what compensation commitments the Directors' or Executive Officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

- in respect of any long-term incentive schemes, including share schemes, as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes.

No Director will be involved in determining his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

The RC recommended, and the Board had approved, the Directors' fees of an aggregate amount of $100,000 for the year ended 31 March 2020 for Non-Executive and Independent Directors subject to the approval from shareholders.

There were no remuneration consultants engaged by the Company in FY2020.

In reviewing the service agreements of the Company's Executive Directors and Key Management Personnel, the RC will review the Company's obligations in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

CORPORATE GOVERNANCE REPORT

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 the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The remuneration for the Executive Directors and certain Key Management Personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and Key Management Personnel.

The Company has adopted the Vividthree Performance Share Plan ("**VV3 PSP**"). The Group's Executive Directors and Non-Executive Directors (including Independent Directors), controlling shareholders or associates of a controlling shareholder are eligible to participate in the VV3 PSP in accordance with the rules of the VV3 PSP except for Mr Chang Long Jong, who is participating in mm2 Asia Ltd.'s existing performance share plan.

The Independent Directors and Non-Executive Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Directors shall not be overcompensated to the extent that their independence may be compromised. There are no share-based compensation schemes in place for Independent Directors and Non-Executive Directors.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel 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 and the Company should be able to avail itself to remedies against the Executive Directors in the event of a breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

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

The details of the level and mix of remuneration of the Directors and CEO of the Group for the services rendered during FY2020 are as follows:

Remuneration Band and Name of Directors and CEO	Salary (%)	Bonus (%)	Other Benefits [1] (%)	Share Options (%)	Directors' Fees [2] (%)	Total (%)
$200,001 to $350,000						
Charles Yeo	75	–	25	–	–	100
$50,001 to $200,000						
Jay Hong	100	–	–	–	–	100
Jed Mok	92	–	8	–	–	100
Below $50,000						
Ho Choon Hou	–	–	–	–	100	100
Royson Wong	–	–	–	–	100	100
Freddy Er	–	–	–	–	100	100
Chang Long Jong	–	–	–	–	100	100

Note:
(1) Other benefit refers to employer's contribution to the Central Provident Fund and other allowances
(2) The Directors' fees are subject to approval by the shareholders of the Company at the forthcoming AGM

In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact details of the remuneration of each Director and Key Management Personnel in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

For FY2020, there were no terminations, retirement or post-employment benefits granted to Directors and relevant Key Management Personnel other than the standard contractual notice period termination payment in lieu of service.

Mr Charles Yeo, the Managing Director and Mr Jay Hong, the Executive Director are Substantial Shareholders of the Company, whose remuneration exceeds $100,000 for FY2020.

Save from the above disclosure, there were no employees who are Substantial Shareholders of the Company, or are immediate family members of a Director, CEO or Substantial Shareholder whose remuneration amounts exceed $100,000 per annum during the financial year under review.

The Group has 2 Key Management Personnel (who are not Directors or CEO). The remuneration bands of the Key Management Personnel for FY2020 are as follows:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Other Benefits [1] (%)	Share Options (%)	Total (%)
Below $150,000					
Sky Li	91	–	9	_	100
Kok Pooi Wai	96	4	–	–	100

Note:
(1) Other benefit refers to employer's contribution to the Central Provident Fund and other allowances

CORPORATE GOVERNANCE REPORT

The aggregate remuneration of Key Management Personnel (who are not Directors or the CEO) amounted to $217,000 for financial year ended 31 March 2020.

The Company is of the view that disclosure of the remuneration of Key Management Personnel who are not Directors, will be detrimental to the Group's interest because of sensitivity of remuneration matters and competitive reasons. The non-disclosure of each of the Key Management Personnel's remuneration does not compromise the ability of the Company to meet the Code on good corporate governance as the RC which has a majority of Independent Directors review the remuneration packages of such Key Management Personnel to ensure that they are fairly remunerated.

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.

The Board acknowledges its responsibility for the governance of risk and ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets. However, the Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate risks of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information is reliable, and assets are safeguarded.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. The Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the AC for their deliberation. To further review the adequacy and effectiveness of internal controls, the AC is assisted by various independent professional service providers. The assistance of the internal auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year. Material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and independent auditors to further improve the internal controls were reported to the AC, including the Management action plans to be undertaken to address the recommendations.

The AC also follows up on the actions taken by the Management on the recommendations made by the internal auditors and independent auditors arising from their work performed. Based on the reports submitted by the internal and independent auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls are not satisfactory, based on the current size and nature of the Company's business.

To further enhance the risk management procedures in place, the Group has engaged its internal auditors, BDO LLP, to establish a structured Enterprise Risk Management ("**ERM**") framework which provides documented guidance on the process for identifying and assessing risks, the adequacy of countermeasures and the manner in which risks are reported to the Board and the AC.

CORPORATE GOVERNANCE REPORT

The 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 risks and operations of risk countermeasures. This ERM manual includes the terms of reference of the Committee and 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 Key Management Personnel will be conducted to provide a structured approach of identification and assessment of risks.

(2) Risk appetite of the Group

The risk appetite of the Group in managing risks was discussed during the ERM project. Generally, the Group will rely on 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 Group'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 insurers 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 Directors have received and considered the representation letters from the Managing Director and Financial Controller ("**FC**") in relation to the financial information for the year. Associates and joint ventures which the Company does not control are not dealt with for the purposes of this statement. The Managing Director and the FC have assured the Board that:

a. The financial records have been properly maintained and the financial statements for the FY2020 give a true and fair view in all material aspects, of the Group's operations and finances; and

b. The Group's risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal auditors and independent auditors, reviews performed by the Management and the controls and processes which are currently in place, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group for FY2020.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC currently comprises one Non-Executive Director and two Independent Director, majority of whom are independent, including the AC Chairman.

Audit Committee

Mr Royson Wong (Chairman)
Dr Ho Choon Hou
Mr Freddy Er

The Board is of the view that the AC members possess experience in finance and business management which are appropriately qualified, having the relevant accounting or related financial management expertise to discharge their responsibilities. The AC is updated annually or from time to time on any changes to the accounting and financial reporting standards by the independent auditors. No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The role of the AC is to assist the Board in discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control. The AC has full access to the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The independent auditors have unrestricted access to the AC.

The AC has its terms of reference, setting out their duties and responsibilities, which include the following:

- consider the appointment or re-appointment of the independent auditors, the level of their remuneration and matters relating to resignation or dismissal of the independent auditors, and review with the independent auditors the audit plans, their audit reports, their management letter and our management's response before submission of the results of such review to our Board for approval;

- consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of our system of internal accounting controls and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report (where necessary);

- monitor and review the implementation of the auditors' recommendations on internal controls;

- review the system of internal accounting controls and procedures established by Management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our Management where necessary);

- review the assistance and co-operation given by our Company's officers to the internal and independent auditors;

- review the half-yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

- review and discuss with the independent 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 our Group's operating results or financial position, and consider the adequacy of our Management's response;

- review the assurance from CEO and FC on the financial records and financial statements;

- review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

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

- review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

- review our key financial risk areas, with a view to providing an independent oversight on our 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;

- undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our AC;

- generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

- review arrangements by which our 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

- review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time.

Apart from the duties listed above, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

Independent audit

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the independent auditors and approving the remuneration of the independent auditors. The AC has recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as independent auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712, Rule 715 and Rule 716 of the Catalist Rules have been complied with.

Annually, the AC conducts a review of all non-audit services provided by the independent auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditors. The AC received an audit report from the independent auditors setting out the non-audit services provided and the fees charged for FY2020. The aggregate amount paid to the independent auditors for audit and non-audit services for FY2020 are as follows:

	$'000
Audit Fees	64
Non-audit Fees	3
	67

CORPORATE GOVERNANCE REPORT

The AC will meet with the independent auditors and internal auditors without the presence of the Management, as and when necessary and at least once annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the independent auditors.

On the basis of the above, the AC is satisfied with the standard and quality of work performed by Nexia TS Public Accounting Corporation.

For FY2020, the AC agreed with independent auditor that revenue recognition, goodwill impairment assessment and expected credit loss on trade and other receivables were the key audit matters and is pleased to report that AC is satisfied with the audit process undertaken by the independent auditors and their findings therefrom.

Internal audit

The Company has outsourced its internal audit function to BDO LLP ("BDO"), which is an established international auditing firm. BDO conducts their internal audits based on the BDO Global Internal Audit Methodology which is consistent with the International Professional Practices Framework established by the Institute of Internal auditors. The BDO LLP Engagement Partner has more than 20 years of experience in audit and advisory services and is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. Members of the internal audit team also have relevant academic qualifications, professional certifications and internal audit experience.

The AC approves the hiring, removal, evaluation and compensation of the internal audit function. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The annual internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In accordance with the internal audit plan, the internal auditors conducts internal audit reviews over the effectiveness of internal controls over the key business processes in the Group including those that address applicable financial, operational, compliance and information technology controls risks. Findings and recommendations arising from the internal audits are agreed with the Management and presented to the AC. The internal auditors also assists the AC in overseeing and monitoring the subsequent implementation of recommendations on internal controls weaknesses identified.

The AC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced. The AC is satisfied that the outsourced internal audit function is independent, staffed by suitably qualified and experienced professionals with the relevant experience to perform its function effectively based on the internal audits conducted for FY2020.

The AC would annually review the adequacy and effectiveness of the internal audit function of the Group.

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:

- independent investigations are carried out in an appropriate and timely manner;

- 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

- administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

To date, there were no reports received through the whistle blowing mechanism.

CORPORATE GOVERNANCE REPORT

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.

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholder's rights.

The Company announces financial information, major developments and other price sensitive information on the SGXNet in a timely manner to ensure investors are kept abreast of the Group's developments. The annual report, circulars and notices of all shareholders' meetings will be posted on the Company's website and SGXNet.

For the upcoming 2020 Annual General Meeting, due to the current COVID-19 restriction orders in Singapore, a shareholder will not be able to attend the Annual General Meeting in person. Shareholders are encouraged to register themselves for the live webcast. Shareholders (whether individual or corporate) must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Annual General Meeting if they wish to exercise their voting rights at the Annual General Meeting.

The Chairman of the Board and the various Committees are normally present and available to address questions at Annual General Meetings. The independent auditors are present to assist the Board in addressing any relevant queries from our shareholders.

All shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals. All shareholders are entitled to participate in and vote at the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through a proxy form sent in advance. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

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.

Minutes of general meetings of shareholders will be published on the Company's website and announced via SGXNet as soon as practicable. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Directors and Management.

The Company ensures that there are separate resolutions at general meetings on each substantially separate issue. For greater transparency, the Company will put all resolutions to vote by poll and make an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be presented and announced on the same day.

The Company does not have a fixed dividend policy. The Board will take into account various factors, including but not limited to, earnings, cash flow requirements, plans for expansion, availability of distributable reserves, in determining the form, frequency and amount of dividends to recommend or declare in each particular year or period.

For the FY2020, no final dividend has been declared or recommended by the Directors as the Group wishes to reserve its cash resources for business growth.

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.

The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its communication with 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.

CORPORATE GOVERNANCE REPORT

The Company's announcements made via SGXNet (such as half-year and full-year financial results announcements, public annoucements on major developments and price-sensitive information, annual reports and other general announcements), business developments and operations, news releases and other information are posted on the Company's website. Both current information and archives of previously released information including presentation slides and announcements can be found on the Company's website at the URL https://www.vividthreeholdings.com.

The Company has engaged Gem Comm Pte Ltd to assist the Company in handling the investor relations matters who focus on facilitating the communications with all stakeholders on a regular basis and attend to their queries or concerns as well as to keep the public investors apprised of the Group's corporate developments and financial performance. The Company maintains an investor relations website and the contact details of the investor relations can be found on the Company's website.

Under the Company's investor communication policy, the Company will meet with investors, the media and analysts at appropriate times and participates in investor roadshows, and sector conferences throughout the year. Upon the release of half-year and full-year financial results, the Company will hold media and analysts' briefings.

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board regularly engaged the stakeholders through various means and communication channels. The relationships with material stakeholders have an impact on the Company's long term sustainability, service and products standards. By considering and balancing the needs and interests of material stakeholders, it would ensure the interests of the Company are best served. The material stakeholders of the Company include investors, employees, customers, investors, government and regulators as well as the community.

The Company's website provides a platform to allow communication and engagement with stakeholders.

RISK MANAGEMENT

The Company is continually reviewing and improving the business and operational activities to take risk management into account. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions. All the significant controls, policies and procedures and all significant matters are highlighted to the AC and the Board. The significant risk management policies are disclosed in the audited financial statements of this Annual Report.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of the Chairman, or any Director or controlling shareholder subsisting at the end of the financial year 2020.

INTERESTED PERSON TRANSACTIONS

The Company has established guidelines and review procedures for the ongoing and future interested person transactions ("**IPTs**"). The IPTs are subject to review by the AC to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the interested persons than if they were transacted with a third party and are not prejudicial to the interests of the Group or our minority shareholders in any way. Currently, there is no shareholders' mandate for IPTs pursuant to Rule 920 of the Listing Manual of SGX-ST.

CORPORATE GOVERNANCE REPORT

The details of the IPT during the financial year are as follows:

Name of interested person	Nature of relationship	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	Subsidiary company of mm2 Asia Ltd which is the major shareholder of the Company	$450,000	–

DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Best Practices to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1204 (19) of the Catalist Rules. The Company and its officers are prohibited from dealing in the Company's securities during the periods commencing two weeks immediately preceding the announcement of the Company's quarterly financial results and one month immediately preceding the announcement of the full-year financial results and ending on the date of the announcement of such results on the SGXNet.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or while they are in possession of unpublished price-sensitive information of the Group. They are not to deal in the Company's securities on short-term considerations.

CATALIST SPONSOR

The Company is currently under the SGX -ST Catalist sponsor-supervised regime and the continuing sponsor of the Company is Hong Leong Finance Limited. (the "**Sponsor**"). In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor for the financial year ended 31 March 2020.

UPDATE ON USE OF IPO PROCEEDS

The Group 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.

As at the date of this report, the status of the use of proceeds (in Singapore Dollars) is as follows:

	Amount allocated	Amount utilised	Reallocation amount	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)	–
	12,950	(12,850)	–	100

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2018

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Ho Choon Hou	Bachelor of Medicine and Bachelor of Surgery from The University of Sheffield, Master of Medicine (Surgery) from the National University of Singapore and Masters of Business Administration (Honours) from The University of Chicago (The Graduate School of Business)	Independent Director	Board Chairman, Chairman of RC, Member of NC and AC	23 August 2018	29 July 2019	• Advanced Holdings Ltd. • Cordlife Group Limited • Mclean Technologies Berhad	-	Principal of Southern Capital Group Private Limited
Charles Yeo	Associate Diploma in Multimedia (Distinction) from Nanyang Academy of Fine Arts and Masters of Business Administration from Murdoch University	Managing Director	Board Member, Member of NC	7 April 2018	-	-	-	-
Jay Hong	Associate Diploma in Multimedia from Nanyang Academy of Fine Arts	Executive Director	Board Member	23 August 2018	29 July 2019	-	-	-
Royson Wong	Bachelor of Accountancy from the National University of Singapore, Master of Science (Management of Technology) from the National University of Singapore, Certified Public Accountant with CPA Australia and Chartered Accountant with the Institute of Singapore Chartered Accountants	Independent Director	Board Member, Chairman of AC and NC, and Member of RC	23 August 2018	29 July 2019	-	-	Managing Director of Global Access Logistic Network Pte. Ltd.

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years	Other Principal Commitments
Chang Long Jong	Bachelor of Engineering (Civil) from the National University of Singapore and member of the Advisory Board of the Singapore Media Festival	Non-Executive Director	Board Member and Member of RC	23 August 2018	29 July 2019	-	-	Chief Executive Officer of mm2 Asia Ltd.
Freddy Er	Diploma in Life Insurance from the Singapore Insurance Institute and successfully passed The Institute of Banking and Finance's Capital Markets and Financial Advisory Services, Rules and Regulations for Dealing in Securities (Module 1B)	Non-Executive Director	Board Member and Member of AC	23 August 2018	29 July 2019	-	-	Counsellor (Investment and Corporate Finance Advisory) of Apex Capital Group Pte. Ltd.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For The Financial Year Ended 31 March 2020

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

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 55 to 107 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Charles Yeo
Ho Choon Hou
Jay Hong
Royson Wong
Freddy Er
Chang Long Jong

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, other than as disclosed under "Performance Share Plan" in this statement.

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:

Shareholding registered in the name of directors **Company** (No. of ordinary shares)	**At 31.03.2020**	**At 01.04.2019**
Charles Yeo	43,987,840	43,987,840
Jay Hong	28,082,400	43,982,400
Chang Long Jong	200,000	200,000

The directors' interests in the ordinary shares of the Company as at 21 April 2020 were the same as those as at 31 March 2020.

DIRECTORS' STATEMENT

For The Financial Year Ended 31 March 2020

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 Vividthree Performance Share Plan ("**VV3 PSP**") which was approved and adopted by the shareholders on 28 August 2018 which contemplates 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 18 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 VV3 PSP. Group Executive Directors and Group Non-Executive Directors (including Independent Directors) of the Group are eligible to participate in the VV3 PSP, except for Mr Chang Long Jong, who is participating in mm2 Asia Ltd.'s existing performance share plan. The participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Persons who are controlling shareholders or associates of a controlling shareholder who meet the criteria above are also eligible to participate in the VV3 PSP provided that the participation of and the terms of each grant and the actual number of awards granted under the VV3 PSP to a participant who is a controlling shareholder or an associate of a controlling shareholder shall be approved by the independent shareholders in 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 VV3 PSP shall not exceed 25% of the aggregate number of shares (comprised in awards) which may be granted under VV3 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 the VV3 PSP.

VV3 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 the VV3 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.

PERFORMANCE SHARE PLAN (CONTINUED)

VV3 PSP is administered by the Remuneration Committee (the "RC") which comprises three (3) directors, namely Dr Ho Choon Hou, Mr Wong Kim Soon Royson and Mr Chang Long Jong.

The Company may deliver shares pursuant to awards granted under the VV3 PSP by way of either:

(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 the VV3 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 the VV3 PSP shall not exceed 15% of the total issued share capital of the Company post-placement and from time to time.

There are no performance shares have been awarded pursuant to VV3 PSP as at the date of this statement.

AUDIT COMMITTEE

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Mr Royson Wong (Chairman)
Dr Ho Choon Hou
Mr Freddy Er

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:

- consider the appointment or re-appointment of the independent auditors, the level of their remuneration and matters relating to resignation or dismissal of the independent auditors, and review with the independent auditors the audit plans, their audit reports, their management letter and our management's response before submission of the results of such review to our Board for approval;

- consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or dismissal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of our system of internal accounting controls and accounting system before submission of the results of such review to our Board for approval prior to the incorporation of such results in our annual report (where necessary);

- monitor and review the implementation of the auditors' recommendations on internal controls;

- review the system of internal accounting controls and procedures established by management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

- review the assistance and co-operation given by our Company's officers to the internal and independent auditors;

DIRECTORS' STATEMENT

For The Financial Year Ended 31 March 2020

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)

- review the half-yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

- review and discuss with the independent 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 our Group's operating results or financial position, and consider the adequacy of our management's response;

- review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

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

- review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

- review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or the findings are material, immediately announced via SGXNet;

- undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

- generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

- review arrangements by which our 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

- review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, 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

…………………………………………..
Yeo Eng Pu, Charles
Director

…………………………………………..
Hong Wei Chien
Director

3 July 2020

INDEPENDENT AUDITOR'S REPORT

to the Members of Vividthree Holdings Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Vividthree Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 107.

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)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 for the financial year ended 31 March 2020. 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.

Key Audit Matters (continued)

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

Area of focus

For the financial year ended 31 March 2020, post-production revenue contributed 57% and content production revenue contributed 43% of the Group's revenue which amounted to $3,519,986 and $2,616,488 respectively.

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 satisfied its performance obligation (which is when the customers obtain control of the goods or services) at the point in time or over time.

We focused on this area as a key audit matter as this is significant risk and material to the Group's financial statements as it has direct impact on the operating results.

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 significant agreements during the financial year to assess whether revenue is recognised in accordance with the Group's accounting policies as disclosed in Note 2.3;
- Performed test of details, including cut-off procedures, to ascertain that revenue was recognised in the correct financial year;
- Compared the current financial year performance to the prior financial year to identify if there are any unusual or irregular items; and
- Assessed the adequacy of revenue related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Vividthree Holdings Ltd.

Key Audit Matters (continued)

Goodwill Impairment Assessment
(Refer to Notes 2.8, 2.12(a), 3(a) and 20 to the financial statements)

Area of focus

As at 31 March 2020, the Group had recognised goodwill of $2,851,917. The goodwill is assessed for impairment annually and whenever there is indication that the goodwill may be impaired. In assessing whether impairment is required, the carrying amount of the cash-generating units ("CGU") is compared with its recoverable amount. The recoverable amount of the CGU was determined based on fair value less cost to disposal ("FVLCD") method.

Significant judgements are used by the management to assess the recoverable amount of the CGU which highly dependent on management's forecasts and estimates, this includes, but not limited to, discount rate, growth rate, cost of disposal, future projected cash flows and assumptions that are affected by future market and economic conditions including the consideration on the outbreak of coronavirus disease ("COVID-19"). All factors considered, management has concluded that there is no impairment required in respect of the goodwill.

We focused on this area due to the level of the subjectivity associated with the judgement and assumptions involved in forecast and estimates, which forms the basis of the assessment of recoverability.

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 methodology used by management to determine the recoverable amount of goodwill is complied with SFRS(I) 1-36 *Impairment of Assets*;
- Analysed the future projected cash flows used in model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU (including the potential impact from COVID-19);
- Evaluated the reasonableness and appropriateness of the key assumptions, e.g. growth rate, discount rate, used by management, by comparing them against historical forecast and performance, as well as publicly available market rate;
- Performed sensitivity analysis against the key assumptions used; and
- Assessed the adequacy of goodwill related disclosures in the consolidated financial statements.

Key Audit Matters (continued)

Expected Credit Loss on Trade and Other Receivables
(Refer to Notes 2.13, 3(b), 13 and 33(b) to the financial statements)

Area of focus

As of 31 March 2020, the Group had trade and other receivables of $6,722,095 which represents 23% of the Group's total assets.

With reference to SFRS(I) 9 *Financial Instruments*, the Group applies simplified approach (lifetime expected credit loss allowance) for its trade receivables and general approach (12 months expected credit losses) for its other receivables.

In determining the expected credit losses ("ECL"), the Group has considered the historical observed default rates, customer ability to repay, and adjusted with available forward-looking information. In addition to the condition caused by the COVID-19 pandemic as at reporting date, the management had also considered and factored the negative economic outlook and probability of cash flow difficulties that could be experienced by certain customers as a result of COVID-19.

As the ECL assessment on trade receivables and contract assets required significant judgement and subjective assumptions in estimating the ECL, we determined this area to be a key audit matter.

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we have performed the following procedures:

- Reviewed and assessed management's basis and assumptions used in the assessment of the ECL of trade and other receivables;
- Reviewed the reasonableness of management estimation of ECL rates which is based on the probability of default of the trade receivables by taking into consideration the historical observed default rates, customer's ability to repay and other relevant forward-looking information (including the potential effect from COVID-19);
- Reviewed the recoverability of long outstanding trade and other receivables to the subsequent receipts and to any other alternative supporting evidence; and
- Assessed the adequacy of ECL related disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Vividthree Holdings Ltd.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

INDEPENDENT AUDITOR'S REPORT

to the Members of Vividthree Holdings Ltd.

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 subsidiaries 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
3 July 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2020

		Group	
		2020	2019
	Note	$	$
Revenue	4	6,136,474	9,284,417
Cost of sales		(4,081,854)	(2,800,699)
Gross profit		2,054,620	6,483,718
Other income			
- Interest income	5	46,521	25,906
- Others	5	74,146	411,845
		120,667	437,751
Other losses - net			
- Expected credit loss on financial assets	6	(95,000)	–
- Others	6	(28,727)	(14,943)
		(123,727)	(14,943)
Expenses			
- Administrative		(2,855,903)	(2,813,956)
- Finance	9	(23,214)	(3,520)
		(2,879,117)	(2,817,476)
(Loss)/Profit before income tax		(827,557)	4,089,050
Income tax credit/(expense)	10	67,488	(821,324)
Net (loss)/profit		(760,069)	3,267,726
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation - (losses)/gains	29(b)	(2,154)	8,577
Total comprehensive (loss)/income attributable to equity holders of the Company		(762,223)	3,276,303
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic and diluted (cents)	11	(0.23)	1.79

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

		Group		Company	
		2020	2019	2020	2019
	Note	$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	12	2,122,618	4,380,750	279,392	3,046,029
Trade and other receivables	13	6,722,095	7,846,374	10,009,213	10,424,991
Deposits and prepayments	14	3,029,914	6,068,111	511,500	–
Other current assets	15	3,783,725	2,274,013	–	–
		15,658,352	20,569,248	10,800,105	13,471,020
Non-current assets					
Deposits and prepayments	14	3,500,000	3,500,000	–	–
Financial assets, at fair value through profit or loss ("FVPL")	16	2,982,572	–	2,201,146	–
Investments in subsidiaries	17	–	–	446,400	446,400
Plant and equipment	18	882,382	1,000,239	–	–
Right-of-use assets	19	630,563	–	–	–
Goodwill arising on consolidation	20	2,851,917	2,851,917	–	–
Intangible assets	21	2,537,878	544,446	–	–
		13,385,312	7,896,602	2,647,546	446,400
Total assets		29,043,664	28,465,850	13,447,651	13,917,420
LIABILITIES					
Current liabilities					
Trade and other payables	22	1,473,826	689,912	653,005	644,729
Contract liabilities	23	308,679	1,493,248	–	–
Borrowings	24	1,700,000	–	–	–
Lease liabilities	25	205,436	–	–	–
Current income tax liabilities		169,328	818,000	–	–
		3,857,269	3,001,160	653,005	644,729
Non-current liabilities					
Lease liabilities	25	393,109	–	–	–
Provision	26	50,702	–	–	–
Deferred income tax liabilities	27	91,743	51,626	–	–
		535,554	51,626	–	–
Total liabilities		4,392,823	3,052,786	653,005	644,729
NET ASSETS		24,650,841	25,413,064	12,794,646	13,272,691
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	28	13,772,231	13,772,231	13,772,231	13,772,231
Reserves	29	2,926,976	2,929,130	–	–
Retained profits/(Accumulated losses)	30	7,951,634	8,711,703	(977,585)	(499,540)
Total equity		24,650,841	25,413,064	12,794,646	13,272,691

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2020

		← Attributable to equity holders of the Company →			
	Note	Share capital $	Reserves $	Retained profits $	Total $
2020					
Beginning of financial year		13,772,231	2,929,130	8,711,703	25,413,064
Net loss for the year		–	–	(760,069)	(760,069)
Other comprehensive loss for the year		–	(2,154)	–	(2,154)
Total comprehensive loss for the year		–	(2,154)	(760,069)	(762,223)
End of financial year		13,772,231	2,926,976	7,951,634	24,650,841
2019					
Beginning of financial year		50,000	2,920,553	5,443,977	8,414,530
Net profit for the year		–	–	3,267,726	3,267,726
Other comprehensive income for the year		–	8,577	–	8,577
Total comprehensive income for the year		–	8,577	3,267,726	3,276,303
		50,000	2,929,130	8,711,703	11,690,833
Issuance of new shares at date of incorporation of the Company	28	300	–	–	300
Issuance of new shares pursuant to the conversion of Pre-IPO convertible loan	28	2,000,000	–	–	2,000,000
Issuance of new shares to employees	28	200,000	–	–	200,000
Issuance of new shares pursuant to the placement	28	12,950,000	–	–	12,950,000
Initial public offering ("IPO") costs capitalised	28	(1,428,069)	–	–	(1,428,069)
End of financial year		13,772,231	2,929,130	8,711,703	25,413,064

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

		Group	
		2020	2019
	Note	$	$
Cash flows from operating activities			
Net (loss)/profit		(760,069)	3,267,726
Adjustments for:			
- Income tax (credit)/expense		(67,488)	821,324
- Interest income	5	(46,521)	(25,906)
- Interest expense	9	23,214	3,520
- Gain on disposal of plant and equipment	6	(800)	–
- Expected credit losses on financial assets	6	95,000	–
- Loss on fair value changes in financial assets, at FVPL	6	62,350	–
- Plant and equipment written off	6	–	327
- Depreciation of plant and equipment	7	454,685	292,087
- Depreciation of right-of-use assets	7	208,216	–
- Amortisation of intangible assets	7	196,380	70,831
- Unrealised foreign currency exchange gains		(69,544)	–
- Issuance of new ordinary shares to employees prior IPO of the Company	28	–	200,000
- IPO costs expensed off		–	167,993
Operating profit before working capital changes		95,423	4,797,902
Changes in working capital:			
- Trade and other receivables		264,970	(4,040,888)
- Other current assets		(1,511,640)	(1,712,443)
- Deposits and prepayments		3,538,141	(5,811,796)
- Trade and other payables		804,558	(139,388)
- Contract liabilities		(1,186,497)	1,280,148
Cash generated from/(used in) operations		2,004,955	(5,626,465)
Income tax paid		(540,103)	(543,930)
Net cash generated from/(used in) operating activities		1,464,852	(6,170,395)
Cash flows from investing activities			
Additions to plant and equipment		(336,862)	(1,008,632)
Additions to intangible assets		(2,691,416)	(553,627)
Additions to financial assets, at FVPL		(2,225,000)	–
Proceeds from disposal of plant and equipment		800	–
Deposit paid		–	(3,500,000)
Interest received		14,656	25,906
Net cash used in investing activities		(5,237,822)	(5,036,353)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

		Group	
		2020	2019
	Note	$	$
Cash flows from financing activities			
Proceeds from borrowings		1,700,000	–
Repayment of borrowings		–	(126,041)
Interest paid		(20,739)	(3,520)
Principal payment of lease liabilities		(192,070)	–
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
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
Cash and cash equivalents			
Beginning of financial year		4,380,750	2,353,739
Effects of currency translation on cash and cash equivalents		27,647	9,082
Cash and cash equivalents at end of year	12	2,122,618	4,380,750

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2020

				Non-cash changes				
	1 April 2019	Proceeds from borrowings	Principal and interest payments	Adoption of SFRS(I)16	Addition during the year	Interest expense	Currency translation differences	31 March 2020
	$	$	$	$	$	$	$	$
Borrowings								
Bank borrowings	–	1,700,000	(9,832)	–	–	9,832	–	1,700,000
Lease liabilities	–	–	(202,977)	694,845	95,767	10,907	3	598,545
	–	1,700,000	(212,809)	694,845	95,767	20,739	3	2,298,545

			Non-cash changes		
	1 April 2018	Principal and interest payments	Interest expense	Currency translation differences	31 March 2019
	$	$	$	$	$
Borrowings					
Bank borrowings	107,836	(111,034)	3,198	–	–
Holding company	18,205	(18,527)	322	–	–
	126,041	(129,561)	3,520	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

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

1 GENERAL INFORMATION

1.1 The Company

Vividthree Holdings Ltd. (the "Company") is listed on Catalist, the sponsor-supervised listing platform in Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of the Company's registered and principal place of business is located at Block 1093 Lower Delta Road #05-10 Singapore 169204.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17 of the financial statements.

The holding company of the Company is mm2 Asia Ltd.. The holding company is incorporated and domiciled in Singapore and listed on Main Board of Singapore Exchange Securities Trading Limited.

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 financial statements are presented in Singapore Dollar ("$") except otherwise indicated.

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.

Coronavirus (COVID-19) Impact

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

In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced demand in recreational activities. Correspondingly, the Group's financial performance has been affected significantly due to customers have rescheduled the project completion dates as well as deferred in placing sales orders with the Group since January 2020.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations

On 1 April 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases* :

Adoption of SFRS(I) 16 *Leases*

When the Group is the lessee

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

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

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

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

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

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

When the Group is the lessee (continued)

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

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

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

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

	Increase $
Right-of-use assets ("ROU")	694,845
Lease liabilities	694,845

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

	$
Operating lease commitment disclosed as at 31 March 2019	314,528
Less: Discounting effect using weighted average incremental borrowing rate of 4.45%	(8,237)
Add: Extension options which are reasonably certain to be exercised	388,627
Currency translation differences	(73)
Lease liabilities recognised as at 1 April 2019	694,845

2.3 Revenue

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. A performance obligation may be satisfied at a point in time or over time and the amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue (continued)

(a) 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. 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.

(b) Content Production

(i) Production services

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.

(ii) Revenue from the exploitation of copyrights*

Revenue 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.

* Copyrights refer to copyrights and all other rights attached therein.

2.4 Other income

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 Company 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.

Interest income is recognised using the effective interest method.

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 to direct the activities of 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, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction 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's 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, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiaries, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition

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 any 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 interest 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 interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over the (b) fair values of the net identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. The subsequent accounting policy on goodwill is disclosed in Note 2.8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition (continued)

Acquisitions of entities under common control have been accounted for using the predecessor accounting 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 consideration paid, the share capital issued for the acquisition of subsidiary and the carrying amount of the net assets of the subsidiary 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 "Investment in subsidiaries" for the accounting policy on investment in subsidiaries in the separate financial statements of the Company is disclosed in Note 2.9 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Plant and equipment

(a) Measurement

(i) Plant and equipment

All items of 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 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.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Office equipment and computers	3 - 5 years
Furniture and fittings	10 years
Renovation	5 years
Tools and equipment	3 - 5 years

The residual values, estimated useful lives or annual rates and depreciation method of 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 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 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 plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other losses - net”.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases

(a) The accounting policy for leases before 1 April 2019

When the Group is the lessee:

The Group, as a lessee, leases office premises under operating lease from non-related parties.

Lessee - Operating lease

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

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

(b) The accounting policy for leases after 1 April 2019

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

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 as follows:

	Useful lives
Office spaces	2 - 4 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Leases (continued)

(b) The accounting policy for leases after 1 April 2019 (continued)

When the Group is the lessee: (continued)

(ii) Lease liabilities

The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

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

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:
- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification 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 not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense 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.

There is no variable lease payment during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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 interest 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 are carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Intangible assets

(a) Content development costs

Content development costs directly attributable to the development of content production projects 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 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.

(b) Acquired rights

Acquired rights comprised of (i) film and merchandise rights and (ii) 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 the license period. The useful lives of these rights are:

	Useful lives
Film and merchandise rights	5 - 8 years
Participation rights	6 years

(c) Customer relationship

Customer relationship is the identifiable intangible asset recognised on acquisition of subsidiaries which are not recognised as an asset by the subsidiaries because it developed them internally and charged the related costs to profit or loss. Customer relationship is initially recognised at fair value at the acquisition date and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Customer relationship is amortised over the relationship life of four (4) years. Additional amortisation and/or impairment loss is made if future estimated relationship life is different from the previous estimation.

(d) Licenses

Licenses refer to the acquired licenses by the Group that grant the right to use, display, store and reproduce into electronic format and immersive entertainment from the original content owned by the licensor. Licenses are stated at cost less accumulated amortisation and accumulated impairment losses. Licenses, less estimated residual value and accumulated impairment losses, are amortised on straight line over the license period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets (continued)

(e) Software under development

Reasearch costs are recognised as an expense when incurred. Costs directly attributable to the development of software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services, and payroll-related costs of employees directly involved in the project.

Software under development will not be amortised until it is developed and available for intended use.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.11 Borrowing costs

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

2.12 Impairment of non-financial assets

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets (continued)

(b) *Plant and equipment*
Right-of-use assets
Intangible assets
Investment in subsidiaries

Plant and equipment, right-of-use assets, intangible assets and investment in subsidiaries 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 cash-generating units ("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.

2.13 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 and only when its business model for managing those assets changes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (continued)

(a) Classification and measurement (continued)

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 fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments of the Group mainly comprise of cash and cash equivalents, trade and other receivables and unlisted debt securities.

The subsequent measurement categories depend on the Group's business model for managing the assets and the cash flow characteristic of the assets.

- Amortised cost:

  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest rate method.

- Fair value through other comprehensive income ("FVOCI"):

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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 - 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 instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33(b) details how the Group determines whether there has been a significant increase in credit risk.

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

(c) Recognition and derecognition

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

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

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

2.14 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)

2.15 Financial guarantee

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of its 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.

2.16 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.

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.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. 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.

2.18 Other current assets

Other current assets, comprise 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

A deferred income tax liability is recognised on temporary differences, arising on investment in subsidiaries, associated companies and joint ventures, 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:

(a) 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

(b) based on the tax consequence that will follow from the manner in which the Group expects, 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 innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.20 Provisions

Provisions for other liabilities and charges 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation

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

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 and Employee Provident Fund in Malaysia on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

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.

2.22 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 ("$"), which is the functional currency 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. 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 statement of comprehensive income within "finance expense". All other exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other losses - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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 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.

2.23 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.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand and deposits with financial institutions which are subject to an insignificant risk to change in value.

2.25 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.

2.26 Dividends to Company's shareholders

Dividends to the 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.

(a) Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. This requires an estimation of the recoverable amount of the cash-generating units ("CGU") to which the goodwill are allocated, through the valuation method of fair value less cost to disposal or value-in-use. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are disclosed in Note 20 to the financial statements.

(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 has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of trade and other receivables, the Group has used two years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the default rate to reflect the current and forward-looking information.

Notwithstanding the above, the Group evaluates the ECL on trade and other receivables in financial difficulties separately, including the consideration of impacts from COVID-19.

The carrying amount of the trade and other receivables at the reporting date are disclosed in Note 13 to the financial statements.

4 REVENUE

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

	Group	
	2020	2019
	$	$
At a point in time		
Post-production services	3,294,986	2,535,810
Content production services	2,616,488	6,748,607
	5,911,474	9,284,417
Over time		
Post-production services	225,000	–
	6,136,474	9,284,417
Geographical regions based on location of customers		
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

5 OTHER INCOME

	Group	
	2020	2019
	$	$
Government grants	59,154	59,818
Waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary	–	287,843
Others	14,992	64,184
	74,146	411,845
Interest income	46,521	25,906
	120,667	437,751

Government grants include wages credit scheme, temporary employment credit, special government credit and government-paid maternity/paternity leave.

6 OTHER LOSSES – NET

	Group	
	2020	**2019**
	$	**$**
Plant and equipment written off	–	(327)
Gain on disposal of plant and equipment	800	–
Loss on fair value changes in financial assets, at FVPL	(62,350)	–
Foreign currency exchange gains/(losses) – net	32,823	(14,616)
	(28,727)	(14,943)
Expected credit losses on financial assets	(95,000)	–
	(123,727)	(14,943)

7 EXPENSES BY NATURE

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

		Group	
		2020	**2019**
	Note	**$**	**$**
Employees compensation	8	2,926,617	2,619,957
Directors' fees		100,000	60,685
Depreciation of plant and equipment	18	454,685	292,087
Depreciation of right-of-use assets	19	208,216	–
Amortisation of intangible assets	21	196,380	70,831
Direct production-related expenses		2,093,492	1,266,350
IT-related expenses		97,379	174,469
Rental expense on operating lease		–	196,005
IPO costs expensed off	28(g)	–	167,993
Professional fees		414,739	400,021

8 EMPLOYEES COMPENSATION

	Group	
	2020	**2019**
	$	**$**
Wages and salaries	2,479,215	2,251,232
Employer's contribution to defined contribution plans	273,536	289,396
Other short-term benefits	173,866	79,329
	2,926,617	2,619,957

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For the Financial Year Ended 31 March 2020

9 FINANCE EXPENSES

	Group	
	2020	2019
	$	$
Interest expense on:		
- Bank borrowings	9,832	3,198
- Lease liabilties	10,907	–
- Amount owing to holding company	–	322
Unwinding of discount on provision for restoration costs (Note 26)	2,475	–
	23,214	3,520

10 INCOME TAXES

	Group	
	2020	2019
	$	$
Tax (credit)/expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	7,979	655,687
- Foreign	–	162,152
	7,979	817,839
Deferred income tax (Note 27)	46,867	–
	54,846	817,839
(Over)/under provision in prior financial years:		
- Current income tax - Singapore	(115,584)	15,894
- Deferred income tax (Note 27)	(6,750)	(12,409)
	(122,334)	3,485
	(67,488)	821,324

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	
	2020	2019
	$	$
(Loss)/profit before tax	(827,557)	4,089,050
Tax calculated at tax rate of 17% (2019: 17%)	(140,685)	695,139
Effects of:		
- Differential of tax rates in foreign countries	4,614	50,054
- Income not subject to tax	(47,608)	(41,377)
- Expenses not deductible for tax purposes	251,099	167,658
- Tax incentive and enhanced allowance	–	(36,210)
- Tax exemption and rebates	(12,574)	(17,425)
- (Over)/under provision of income tax in prior financial years	(115,584)	15,894
- Over provision of deferred income tax in prior financial years	(6,750)	(12,409)
Tax (credit)/charge	(67,488)	821,324

11 (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.

	Group	
	2020	**2019**
Net (loss)/profit attributable to equity holders of the Company ($)	(760,069)	3,267,726
Weighted average number of ordinary shares outstanding for basic and diluted (loss)/ earnings per share	334,011,764	182,312,865
Basic and diluted (loss)/earnings per share (cents)	(0.23)	1.79

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

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Cash at banks	1,756,768	3,380,750	279,392	2,046,029
Short-term bank deposits	365,850	1,000,000	–	1,000,000
	2,122,618	4,380,750	279,392	3,046,029

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Trade receivables				
- Non-related parties	5,065,353	6,355,383	–	–
- Related parties	88,971	66,501	–	–
- Unbilled receivables	717,781	702,434	–	–
	5,872,105	7,124,318	–	–
Less: Loss allowance (Note 33(b))	(95,000)	–	–	–
Trade receivables - net	5,777,105	7,124,318	–	–
Other receivables				
- Non-related parties	526,450	599,519	19,280	93,591
- Subsidiaries	–	–	9,989,933	10,331,253
- Related parties	418,540	122,537	–	147
	6,722,095	7,846,374	10,009,213	10,424,991

Related parties are entities controlled by the holding company.

Unbilled receivables relate to customers that the Group has performed its obligation of contracts with but are not billed as at financial year end. There is no loss allowance provided for unbilled receivables as at 31 March 2020 and 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

14 DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Current				
Deposits (Note 14(a))	2,972,216	5,960,308	500,000	–
Prepayments	57,698	107,803	11,500	–
	3,029,914	6,068,111	511,500	–
Non-current				
Deposit (Note 14(b))	3,500,000	3,500,000	–	–

(a) The deposits (current) of the Group were paid for:
- (i) securing project services amounted to $2,400,000 (2019: $5,900,000); and
- (ii) acquisition of an intangible asset amounted to $500,000 which is still in progress as at 31 March 2020. The acquisition was subsequently completed on 26 June 2020 which is disclosed in Note 37(b) to the financial statements.

(b) The deposit (non-current) was paid to secure a potential investment.

The fair value of non-current deposit amounted to $3,241,417 (2019: $3,283,148) was determined from the discounted market borrowing rates of 5.25% (2019: 5.25%). The fair value is within level 3 of the fair value hierarchy.

15 OTHER CURRENT ASSETS

	Group	
	2020	2019
	$	$
Other current assets		
Assets recognised from costs incurred to fulfill revenue contracts	3,783,725	2,274,013

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

16 FINANCIAL ASSETS, AT FVPL

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Beginning of financial year	–	–	–	–
Additions	3,045,056	–	2,200,000	–
(Losses)/gains on fair value (Note 6)	(62,350)	–	1,146	–
Currency translation differences	(134)	–	–	–
End of financial year	2,982,572	–	2,201,146	–
Financial assets designated as at FVPL:				
- Unquoted convertible loans	1,282,572	–	501,146	–
- Unquoted securities	1,700,000	–	1,700,000	–
	2,982,572	–	2,201,146	–

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

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.

17 INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 $	2019 $
Equity investments at cost		
Beginning of financial year	446,400	–
Additions	–	446,400
End of financial year	446,400	446,400

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 March 2020 and 2019:

Name of subsidiaries	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group		Proportion of ordinary shares directly held by the Company	
			2020 %	2019 %	2020 %	2019 %
Held by the Company:						
Vividthree Productions Pte. Ltd.[a]	Motion picture, video and television programme post-production and content production activities	Singapore	100	100	100	100
Vividthree Co., Ltd. (蔚视丰隆文化发展 (上海)有限公司)[b][d][e]	Motion picture, video and television programme post-production activities	China	100	100	100	100
Held by Vividthree Productions Pte. Ltd.:						
Vividthree Productions Sdn. Bhd.[b][c][d]	Motion picture, video and television programme post-production activities	Malaysia	100	100	–	–

(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 C. C. Lee & Associates, Chartered Accountants, Malaysia for local statutory purposes.*

(d) *In accordance to 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.*

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

18 PLANT AND EQUIPMENT

Group	Office equipment and computers $	Furniture and fittings $	Renovation $	Tools and equipment $	Total $
2020					
Cost					
Beginning of financial year	969,798	17,174	135,175	823,750	1,945,897
Additions	96,834	54,577	165,655	19,796	336,862
Reclassifications	(1,025)	–	–	1,025	–
Disposals	(6,100)	–	–	–	(6,100)
Currency translation	(37)	(29)	(32)	–	(98)
End of financial year	1,059,470	71,722	300,798	844,571	2,276,561
Accumulated depreciation					
Beginning of financial year	781,612	6,663	63,221	94,162	945,658
Depreciation charge for the year (Note 7)	109,447	6,441	46,369	292,428	454,685
Disposals	(6,100)	–	–	–	(6,100)
Currency translation	(31)	(2)	(31)	–	(64)
End of financial year	884,928	13,102	109,559	386,590	1,394,179
Carrying amount					
End of financial year	174,542	58,620	191,239	457,981	882,382
2019					
Cost					
Beginning of financial year	862,969	18,474	57,377	–	938,820
Additions	106,967	–	77,915	823,750	1,008,632
Write-off	–	(1,190)	–	–	(1,190)
Currency translation	(138)	(110)	(117)	–	(365)
End of financial year	969,798	17,174	135,175	823,750	1,945,897
Accumulated depreciation					
Beginning of financial year	611,790	5,049	37,616	–	654,455
Depreciation charge for the year (Note 7)	169,832	2,478	25,615	94,162	292,087
Write-off	–	(863)	–	–	(863)
Currency translation	(10)	(1)	(10)	–	(21)
End of financial year	781,612	6,663	63,221	94,162	945,658
Carrying amount					
End of financial year	188,186	10,511	71,954	729,588	1,000,239

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

19 RIGHT-OF-USE ASSETS

The Group lease various office premises for fixed lease term with extension options.

Set out below are carrying amounts of right-of-use assets recognised and the movement during the financial year.

	Office spaces
Group	**$**
2020	
Cost	
Beginning of financial year	–
Adoption of SFRS(I) 16 (Note 2.2)	694,845
Additions	143,994
End of financial year	838,839
Accumulated depreciation	
Beginning of financial year	–
Depreciation charge for the year (Note 7)	208,216
Currency translation differences	60
End of financial year	208,276
Carrying amount	
End of financial year	630,563

	$
The following are amounts recognised in profit and loss:	
Depreciation of right-of-use assets	208,216
Interest expense on lease liabilities (Note 9)	10,907

	$
Total cash outflow for all the leases recognised in consolidated statement of cash flows	202,977

20 GOODWILL ARISING ON CONSOLIDATION

	Group	
	2020	**2019**
	$	**$**
Cost and carrying amount		
Beginning and end of financial year	2,851,917	2,851,917

Impairment test for goodwill

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 DCF when determining FVLCD were that projected future performance was based on past performance and expectations for the future, and that no significant events were identified which would cause the Group to conclude that past performance was not an appropriate indicator of future performance.

The FVLCD is determined based on financial budgets covering a five-year period using a growth rate of 5% (2019: 5% - 8%). These cash flows were discounted using a pre-tax discount rate of 10% (2019: 13%) that reflected current market assessment of the time value of money and the risks specific to the CGU. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used.

Sensitivity to changes in assumptions

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

21 INTANGIBLE ASSETS

	Content development	Acquired rights	Customer relationship	Licenses	Software under development	Total
Group	**$**	**$**	**$**	**$**	**$**	**$**
2020						
Cost						
Beginning of financial year	553,627	109,948	163,000	–	-	826,575
Additions	12,280	1,982,582	–	76,554	120,000	2,191,416
End of financial year	565,907	2,092,530	163,000	76,554	120,000	3,017,991
Accumulated amortisation						
Beginning of financial year	27,681	91,448	163,000	–	–	282,129
Amortisation charge for the year (Note 7)	112,977	83,403	–	–	–	196,380
Currency translation differences	–	1,604	–	–	–	1,604
End of financial year	140,658	176,455	163,000	–	–	480,113
Carrying amount						
End of financial year	425,249	1,916,075	–	76,554	120,000	2,537,878
2019						
Cost						
Beginning of financial year	–	109,948	163,000	–	–	272,948
Additions	553,627	–	–	–	–	553,627
End of financial year	553,627	109,948	163,000	–	–	826,575
Accumulated amortisation						
Beginning of financial year	–	89,048	122,250	–	–	211,298
Amortisation charge for the year (Note 7)	27,681	2,400	40,750	–	–	70,831
End of financial year	27,681	91,448	163,000	–	–	282,129
Carrying amount						
End of financial year	525,946	18,500	–	–	–	544,446

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 $	2019 $	2020 $	2019 $
Trade payables				
- Non-related parties	553,486	120,902	–	–
- Related parties	5,282	–	–	–
	558,768	120,902	–	–
Other payables				
- Non-related parties	418,720	151,762	81,721	51,633
- Holding company	96,321	84,221	13,275	1,175
- Subsidiaries	–	–	401,600	404,000
- Related parties	37,114	89,590	1,059	353
	552,155	325,573	497,655	457,161
Accruals	362,903	243,437	155,350	187,568
	1,473,826	689,912	653,005	644,729

Related parties are entities controlled by the holding company.

Non-trade amounts due to holding company, subsidiaries and related parties are unsecured, interest-free and repayable on demand.

23 CONTRACT LIABILITIES

	Group	
	2020 $	2019 $
Contract liabilities	308,679	1,493,248

Contract liabilities related to payments received in advance from customers. The related amounts are recognised as revenue when the Group fulfills its performance obligation under the contract with the customers which generally does not exceed one year.

Revenue recognised in the financial year ended 31 March 2020 and 31 March 2019 amounting to $1,456,625 and $156,000 respectively were included in contract liabilities at the beginning of the respective financial year.

24 BORROWINGS

	Group	
	2020 $	2019 $
Current		
Bank borrowings	1,700,000	–

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	
	2020 $	2019 $
Less than 12 months	1,700,000	–

The bank borrowings were secured by corporate guarantees given by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

25 LEASE LIABILITIES

	Group	
	2020	**2019**
	$	**$**
Undiscounted lease payments due:		
- Year 1	220,498	–
- Year 2	214,121	–
- Year 3	187,165	–
- Year 4	8,862	–
	630,646	–
Less: Future interest costs	(32,101)	–
Lease liabilities	598,545	–
Lease liabilities are presented in the consolidated statement of financial position as follows:		
- Current	205,436	–
- Non-current	393,109	–
	598,545	–

26 PROVISION

Provision was provided based on the estimated cost to reinstate the Group's leased premises recognised as ROU assets to the original condition upon termination/maturity of the leases:

	Group	
	2020	**2019**
	$	**$**
Beginning of financial year	–	–
Addition provided during the year	48,227	–
Unwinding of discount (Note 9)	2,475	–
End of financial year	50,702	–

27 DEFERRED INCOME TAXES

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	
	2020	2019
	$	$
Deferred income tax liabilities		
- to be settled after one financial year	91,743	51,626

Movement in deferred income tax account is as follows:

	Group	
	2020	2019
	$	$
Beginning of financial year	51,626	64,035
Charged/(credited) to profit or loss (Note 10)	40,117	(12,409)
End of financial year	91,743	51,626

The movement in deferred income tax liabilities is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Intangible assets	Total
	$	$	$
2020			
Beginning of financial year	51,626	–	51,626
Charged to profit or loss	40,117	–	40,117
End of financial year	91,743	–	91,743
2019			
Beginning of financial year	57,285	6,750	64,035
Credited to profit or loss	(5,659)	(6,750)	(12,409)
End of financial year	51,626	–	51,626

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

28 SHARE CAPITAL

		Group		Company	
	Note	No. of ordinary shares	Amount $	No. of ordinary shares	Amount $
2020					
Beginning and end of financial year		334,011,764	13,772,231	334,011,764	13,772,231
2019					
At beginning of financial year		50,000	50,000	–	–
Issuance of new shares at date of incorporation of the Company	28(a)	300	300	300	300
Issuance of new shares pursuant to the restructuring exercise	28(b)	49,700	50,000	49,700	50,000
Restructuring Exercise	28(b)	(50,000)	(50,000)	–	–
Sub-division of shares pursuant to the restructuring exercise	28(c)	271,950,000	–	271,950,000	–
Issuance of new shares pursuant to the conversion of Pre-IPO convertible loan	28(d)	9,411,764	2,000,000	9,411,764	2,000,000
Issuance of new shares to employees	28(e)	800,000	200,000	800,000	200,000
Issuance of new shares pursuant to the placement	28(f)	51,800,000	12,950,000	51,800,000	12,950,000
IPO costs capitalised	28(g)	–	(1,428,069)	–	(1,428,069)
End of financial year		334,011,764	13,772,231	334,011,764	13,772,231

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

(a) The Company was incorporated on 7 April 2018 with a paid-up capital of $300 comprising of three hundred (300) ordinary shares at the date of incorporation.

(b) The Company acquired the entire issued and paid-up share capital of Vividthree Productions Pte. Ltd. ("Vividthree Singapore") for a consideration of $50,000 based on the amount of issued and paid-up share capital of Vividthree Singapore as at 31 March 2018. The consideration was fully satisfied by allotment and issuance of 49,700 new ordinary shares at $50,000.

(c) The sub-division of shares in the issued share capital of the Company, of which one (1) issued and fully-paid share has been sub-divided into 5,439 shares.

(d) On 23 April 2018, the Company had entered into a redeemable convertible loan agreement of a principal sum of $2,000,000. Under the terms of the convertible loan agreement, 100% of the convertible loan shall be converted into such number of shares at the issue price which is equal to 85% of the placement price.

On 12 September 2018, the convertible loan was fully converted at a conversion price of 85% of $0.25 into 9,411,764 ordinary shares.

28 SHARE CAPITAL (CONTINUED)

(e) The Group had entered into letter agreements with its employees to award performance bonuses for the financial year ended 31 March 2018 ("FY2018") of an aggregate value of $181,500 via issuing 726,000 fully-paid ordinary shares of the Company at the price of $0.25 per share. The number of such ordinary shares that each employee received was calculated by dividing the respective amounts of performance bonus against the IPO placement price, rounded down to the nearest whole number of ordinary shares and any remaining balances of the performance bonus were paid out in cash.

The Group also entered into letter agreements with the remaining of its employees to award token of appreciation who are not entitled to performance bonuses for FY2018 via issuing 74,000 fully paid ordinary shares at the fair value price of $0.25 per share.

As a result, the Group issued an aggregate of 800,000 ordinary shares to employees pursuant to performance bonuses of FY2018 and token of appreciation.

(f) On 25 September 2018, the Company was listed on Catalist, the sponsor-supervised listing platform in SGX-ST, 51,800,000 ordinary shares were offered to public at $0.25 per share and raised a total gross proceeds of $12,950,000.

(g) Pursuant to the IPO exercise as described in Note 28(e), the IPO costs of $1,428,069 were capitalised in the share capital of the Company and $167,993 was expensed off to profit or loss (Note 7).

29 RESERVES

	Group	
	2020	**2019**
	$	**$**
Composition:		
Merger reserve (Note 29(a))	2,921,000	2,921,000
Currency translation reserve (Note 29(b))	5,976	8,130
	2,926,976	2,929,130

Reserves are non-distributable.

The movement of reserves are as follows:

(a) Merger reserve

	Group	
	2020	**2019**
	$	**$**
Beginning and end of financial year	2,921,000	2,921,000

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries acquired under common control.

(b) Currency translation reserve

	Group	
	2020	**2019**
	$	**$**
Beginning of financial year	8,130	(447)
Net currency translation differences of financial statements of foreign subsidiaries	(2,154)	8,577
End of financial year	5,976	8,130

NOTES TO THE FINANCIAL STATEMENTS

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30 RETAINED PROFITS/(ACCUMULATED LOSSES)

(a) Retained profits of the Group are distributable.

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

	2020 $	2019 $
Beginning of financial year	(499,540)	–
Net loss during the year	(478,045)	(499,540)
End of financial year	(977,585)	(499,540)

31 COMMITMENTS

Operating lease commitments – where the Group is a lessee

The Group leases office spaces from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group 2019 $
Not later than one year	180,970
Between one and five years	133,558
	314,528

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

32 CONTINGENT LIABILITIES

(a) Corporate guarantees

During the financial year, the Company has issued corporate guarantees amounting up to $2,000,000 (2019: Nil) to banks for borrowings of its subsidiary. These bank borrowings of the subsidiary amounted to $1,700,000 (2019: Nil) as at the reporting date.

The Company has evaluated the fair values of the corporate guarantees and the consequential liabilities derived from its guarantess to the bank with regards to the subsidiary are minimal. The subsidiary for which the guarantees were provided is in favourable equity position and is profitable, with no default in the payment of borrowings and credit facilities.

(b) Financial support to subsidiary

The Company provides financial support to certain subsidiary in the Group with capital deficiency and net current liabilities position as at reporting date to operate as going concern and to meet its liabilities as and when they fall due.

33 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, interest rate swaps 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 and China. 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 Renminbi ("RMB"), Malaysian Ringgit ("MYR") and United States Dollar ("USD").

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

	SGD	RMB	MYR	Total
	$	$	$	$
2020				
Financial assets				
Cash and cash equivalents	1,559,171	355,592	207,855	2,122,618
Trade and other receivables	4,916,120	1,692,579	113,396	6,722,095
Deposits	6,452,178	–	20,038	6,472,216
Financial assets, at FVPL	2,201,146	–	781,426	2,982,572
Intra-group receivables	11,649,965	401,600	–	12,051,565
	26,778,580	2,449,771	1,122,715	30,351,066
Financial liabilities				
Trade and other payables	(712,294)	(224,736)	(536,796)	(1,473,826)
Intra-group payables	(11,649,965)	(401,600)	–	(12,051,565)
	(12,362,259)	(626,336)	(536,796)	(13,525,391)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	–	(383,310)	(383,310)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	USD	MYR	Total
	$	$	$	$
2019				
Financial assets				
Cash and cash equivalents	4,328,806	–	51,944	4,380,750
Trade and other receivables	7,738,698	103,026	4,650	7,846,374
Deposits	9,452,639	–	7,669	9,460,308
Intra-group receivables	10,856,589	–	–	10,856,589
	32,376,732	103,026	64,263	32,544,021
Financial liabilities				
Trade and other payables	(611,037)	–	(78,875)	(689,912)
Intra-group payables	(10,856,589)	–	–	(10,856,589)
	(11,467,626)	–	(78,875)	(11,546,501)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	702,434	103,026	–	805,460

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

If the MYR and USD change against the SGD by 0.3% (2019: 2%) and 5% (2019: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	Increase/(Decrease) in net profit	
	2020	2019
	$	$
Group		
MYR against SGD		
- Strengthened	954	–
- Weakened	(954)	–
USD against SGD		
- Strengthened	–	2,565
- Weakened	–	(2,565)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the unquoted equity securities from Singapore classified as financial assets, at FVPL. As at reporting date, there is no significant exposure to equity price risk.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(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 interest rate risk exposure for borrowings has been determined by the management as not material to the Group's profit for the financial year ended 31 March 2020 and 31 March 2019.

(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, deposits and financial assets, at FVPL. The Group's and the Company's exposure to credit risk arises primary from trade and other receivables.

(i) Risk management

The Group adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Group mitigates its credit risks by transacting only with counterparties with good ratings.

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.

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.

The trade receivables of the Group comprise 4 debtors (2019: 5 debtors), which represented 15% - 29% (2019: 8% - 25%) of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Risk management (continued)

The credit risk for trade receivables based on the information provided to key management are as follows:

	Group	
	2020	**2019**
	$	**$**
By geographical areas		
Singapore	1,585,001	3,052,695
China	3,192,579	2,305,460
Taiwan	212,000	161,514
Malaysia	882,525	1,604,649
	5,872,105	7,124,318
Less: Expected credit loss	(95,000)	–
	5,777,105	7,124,318
By types of customers		
Non-related parties	5,783,134	7,057,817
Related parties	88,971	66,501
	5,872,105	7,124,318
Less: Expected credit loss	(95,000)	–
	5,777,105	7,124,318

Non-trade amounts due from subsidiaries and related parties

The Company held non-trade receivables from its subsidiaries and related parties of $9,989,933 (2019: $10,331,253) and $Nil (2019: $147) respectively. 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 months expected credit loss basis and the amount of the allowance is insignificant.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Impairment of financial assets

The Group and the Company have applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses ("ECL") for all trade receivables and the general approach for other financial assets at amortised cost, i.e., other receivables and deposits.

To measure the ECL, these receivables have been grouped based on individual characteristics of its customers and days past due. In calculating the expected credit loss rates, the Group and the Company considered historical loss rates for each category of customers.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a receivable for write off when a debtor fails to make contractual payment greater than 365 days past due based on historical loss rates for each category of customers and adjust to reflect current and forward looking information. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group has recognised a loss allowance of $95,000 (2019: Nil) against trade receivables over 365 days past due, because historical experience and forward looking information (including the impact from COVID-19) 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.

The movement of ECL on trade receivables are as follows:

	Group	
	2020	**2019**
	$	**$**
Group		
Beginning of financial year	–	–
Loss allowance recognised in profit and loss during the financial year	95,000	–
End of financial year (Note 13)	95,000	–

(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 cash equivalents as disclosed in Note 12 to the financial statements.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility) and cash and cash equivalents 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 directors. These limits vary by location to take into account the liquidity of the market in which the entity operates.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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 equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	$	$	$
Group			
At 31 March 2020			
Trade and other payables	1,473,826	–	–
Borrowings	1,700,000	–	–
Lease liabilities	220,498	214,121	196,027
	3,394,324	214,121	196,027
At 31 March 2019			
Trade and other payables	689,912	–	–

(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 equity. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Borrowings	1,700,000	–	–	–
Cash and cash equivalents	(2,122,618)	(4,380,750)	(279,392)	(3,046,029)
Net cash	(422,618)	(4,380,750)	(279,392)	(3,046,029)
Total equity	24,650,841	25,413,064	12,794,646	13,272,691
Total capital	24,228,223	21,032,314	12,515,254	10,226,662
Gearing ratio (times)	*	*	*	*

* Not meaningful

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 March 2020 and 2019.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements

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 financial assets at FVPL as disclosed in Note 14 and 16 respectively to the financial statements.

(f) Financial instruments by category

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

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Financial assets at amortised cost	15,316,929	21,687,432	10,788,605	13,471,020
Financial assets, at FVPL	2,982,572	–	2,201,146	–
Financial liabilities at amortised cost	3,772,371	689,912	653,005	644,729

34 RELATED PARTY TRANSACTIONS

Related parties comprise mainly companies which are controlled by the holding company.

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 services

	Group	
	2020	2019
	$	$
Holding company		
Purchase of concert tickets	–	7,723
Purchase of services	12,100	200,000
Interest expenses paid	–	322
Related parties		
Sales of services	360,208	92,250
Purchase of services	39,482	144,667
Income received from investment in film rights	–	18,082
Purchase of concert tickets	23,551	15,358

Outstanding balances as at 31 March 2020 and 2019 arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 22 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

34 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2020	2019
	$	$
Directors		
Wages and salaries	367,200	313,080
Bonus	–	76,883
Directors' fees	100,000	60,500
Employer's contribution to defined contribution plans	15,157	12,274
	482,357	462,737
Key management personnel (excluding directors)		
Wages and salaries	389,600	328,762
Bonus	3,000	10,795
Employer's contribution to defined contribution plans	24,548	33,229
	417,148	372,786
Total key management personnel compensation	899,505	835,523

35 SEGMENTAL INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Managing Director and Chief Executive Officer. 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 was organised into 2 operating segments, which is relating to post-production and content production. This is based on the Group's internal organisation and management structure and the primary way in which the CODM is provided with the financial information.

The two operating segments are mainly:

(a) Post-production services

Post-production refers to the services in visual effects, computer-generated imagery services and immersive media works for feature films, commercials, projection mapping and other post-production services. The services are mainly related to motion picture, video and television programme post-production services.

(b) Content Production

Content production refers to the production of immersive entertainment for location-based thematic shows, by developing the Group's digital intellectual property assets ("IP") or acquire the IP from third parties, and license the IP to third parties such as venue owners and show promoters to use these for commercial, marketing and/or promotion purposes.

35 SEGMENTAL INFORMATION (CONTINUED)

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

	Content Production		Post-production		Total	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Revenue						
- External parties	2,616,488	6,748,607	3,519,986	2,535,810	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 credit/ (expense)					67,488	(821,324)
Net (loss)/profit					(760,069)	3,267,726

There are no revenue transactions between the inter-segment. 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 decision-making on allocation of resources and performance assessment.

Geographical information

Segmental revenue by geographical is disclosed in Note 4 to the financial statements.

Information of major customers

Revenue of approximately $3,166,427 (2019: $4,500,000) is derived from 2 (2019: 2) external customers for the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

36 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2020 and which the Group has not early adopted:

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

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

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

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

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

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

37 EVENTS OCCURING AFTER REPORTING DATE

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

As a result, the Group faces a slowdown in its commercial activities and decline in the demand for recreational activities, with most of the project completion dates have been rescheduled as well as a number of customers have also deferred their sales orders since January 2020 which is disclosed in Note 2.1 to the financial statements.

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

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

37 EVENTS OCCURING AFTER REPORTING DATE (CONTINUED)

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

The purchase price for the Acquisition is $1,500,000 ("Purchase Consideration") and shall be satisfied as follows:
(i) $500,000 in cash (fully paid as at reporting date); and
(ii) $1,000,000 in shares of the Company ("Consideration Shares").

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

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

(d) On 12 June 2020, the Group has entered into a Memorandum of Understanding ("MOU") to establish a Joint Venture ("JV") with Quebec Leisure International Pte Ltd ("Quebec"), the events and entertainment arm of NTUC Club. Through this JV, the Group and Quebec will jointly develop, curate, bid for and produce thematic experiential content and event projects in Singapore and the region.

38 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Vividthree Holdings Ltd. on 3 July 2020.

STATISTICS OF SHAREHOLDINGS

As at 1 July 2020

SHARE CAPITAL

Number of shares	:	334,011,764
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
No. of treasury shares and percentage	:	Nil
No. of subsidiary holdings held and percentage	:	Nil

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 1 July 2020, approximately 33.78% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	1	0.27	10	0.00
100 - 1,000	25	6.85	15,300	0.00
1,001 - 10,000	94	25.75	615,300	0.18
10,001 - 1,000,000	221	60.55	28,976,700	8.68
1,000,001 and above	24	6.58	304,404,454	91.14
Total	365	100.00	334,011,764	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	mm2 Asia Ltd	138,720,000	41.53
2	Charles Yeo	43,987,840	13.17
3	Jay Hong	28,082,400	8.41
4	OCBC Securities Private Ltd	10,964,600	3.28
5	Lee Hoon Hwee	9,321,920	2.79
6	CGS-CIMB Securities (Singapore) Pte Ltd	8,982,500	2.69
7	DBS Nominees Pte Ltd	7,498,300	2.24
8	KGI Securities (Singapore) Pte. Ltd	6,700,054	2.01
9	Lim Lena (Lin Lena)	6,700,000	2.01
10	Maybank Kim Eng Securities Pte. Ltd	5,683,300	1.70
11	UOB Kay Hian Pte Ltd	4,958,900	1.48
12	Yeo Khee Seng Benny	4,838,300	1.45
13	Yeo Khee Yeow Anthony	4,000,000	1.20
14	RHB Securities Singapore Pte Ltd	3,560,200	1.07
15	Lee Chun Fun	3,457,640	1.03
16	Citibank Nominees Singapore Pte Ltd	3,021,200	0.90
17	Raffles Nominees (Pte) Limited	2,876,000	0.86
18	Aw Chi-Ken Benjamin (Hu Zhiqing)	2,500,000	0.75
19	Sebastian Yeo Boon Kiat	2,255,800	0.68
20	William Lau Ghee Kai	1,544,000	0.46
	Total:	299,652,954	89.71

STATISTICS OF SHAREHOLDINGS

As at 1 July 2020

SUBSTANTIAL SHAREHOLDERS

No	Name of shareholder	Direct interest	%	Indirect / Deemed interest	%
1.	Charles Yeo	43,987,840	13.17	0	0.00
2.	Jay Hong	28,082,400	8.41	0	0.00
3.	mm2 Asia Ltd.	138,720,000	41.53	0	0.00
4.	Melvin Ang[1]	0	0.00	138,720,000	41.53

Notes:

[1] Mr Melvin Ang currently holds 38.11% of the shares in mm2 Asia Ltd.; and is deemed interested in the 138,720,000 ordinary shares in the Company held by mm2 Asia Ltd..

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be convened and held by way of electronic means on Monday, 27 July 2020 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Yeo Eng Pu, Charles, who is retiring in accordance with Regulation 117 of the Company's Constitution, as a Director of the Company. **Resolution 2**

3. To re-elect Dr Ho Choon Hou, who is retiring in accordance with Regulation 117 of the Company's Constitution, as a Director of the Company. **Resolution 3**

   Dr Ho Choon Hou shall, upon re-election as a Director of the Company, remain as Chairman of the Board and Remuneration Committee, and as a member of the Audit Committee and Nominating Committee. Dr Ho Choon Hou shall be considered independent for the purpose of Rule 704(7) of Catalist Rules.

4. To approve the payment of Directors' fees of $100,000 for the financial year ended 31 March 2020. **Resolution 4**

5. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without amendments:

6. **Authority to allot and issue shares** **Resolution 6**

   "That pursuant to Section 161 of the Companies Act, Cap. 50. ("Companies Act") and the Catalist Rules, authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

   (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution does not exceed 100 per cent (100%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury Shares and subsidiary holdings) of the Company (as calculated in accordance with sub-paragraph (ii) below);

   (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company at the time this Resolution is passed after adjusting for:-

      (a) new Shares arising from the conversion or exercise of any convertible securities;

      (b) new Shares arising from exercising Share Options (the "Options") or vesting of Share Awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the Options or Awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

      (c) any subsequent bonus issue, consolidation or sub-division of Shares; and

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

7. **Authority to grant Awards and to allot and issue Shares under the Vividthree Performance Share Plan** **Resolution 7**

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors of the Company to:

(a) grant Awards in accordance with the provisions of the Vividthree Performance Share Plan (the "**Vividthree PSP**"); and

(b) allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the release of Awards under the Vividthree PSP provided that the aggregate number of Shares to be allotted and issued pursuant to the Vividthree PSP shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding Shares held by the Company as treasury shares) from time to time."

[See Explanatory Note (ii)]

8. To transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The Ordinary Resolution proposed in item 6, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed hundred (100%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) . This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting, or by the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

(ii) The Ordinary Resolution proposed in item 7, if passed, will empower the Directors to grant Awards and to issue and allot Shares pursuant to the Vividthree PSP. The grant of Awards under the Vividthree PSP will be made in accordance with the provisions of the Vividthree PSP. The aggregate number of Shares which may be issued pursuant to the Vividthree PSP shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding Shares held by the Company as treasury shares) from time to time.

BY ORDER OF THE BOARD

YAP PECK KHIM
Company Secretary

Date : 12 July 2020

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1) The Annual General Meeting is being convened, and will be held, by electronic means 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. This Notice will be published on the Company's website at the URL https://www.vividthreeholdings.com. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2) The Annual General Meeting will be held by way of electronic means and a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via your mobile phone, tablet or computer or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10.00 a.m. on 24 July 2020, at the URL https://agm.conveneagm.com/vividthree. Following authentication of your status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Annual General Meeting. Members who did not receive an email by 10.00 a.m. on 25 July 2020, may contact support@conveneagm.com for support.

   A member who pre-registers to watch the "live" webcast or listen to the "live" audio feed may also submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 10.00 a.m. on 24 July 2020:

   (a) via the pre-registration website at the URL https://agm.conveneagm.com/vividthree

   (b) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

   (c) by email to B.A.C.S. Private Limited at main@zicoholdings.com

3) Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) **must appoint the Chairman of the Meeting as his/her/its proxy** to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://www.vividthreeholdings.com and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the meeting as his/her/its proxy, he/she/it must give specific instructions as to voting or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 24 July 2020.

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

5) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com

NOTICE OF ANNUAL GENERAL MEETING

in either case, not less than **72 hours** before the time for holding the Annual General Meeting.

A member who wishes to submit an instrument of proxy must 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.

In view of the current Covid-situation, members are strongly encouraged to submit completed proxy forms electronically via email.

6) The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the Meeting as proxy which was delivered by a member to the Company before 24 July 2020 as a valid instrument appointing the Chairman of the Meeting as the member's proxy to attend, speak and vote at the Annual General Meeting if:

   (a) the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and

   (b) the member has not withdrawn the appointment.

7) A member may withdraw an instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) by sending an email to the Company's Share Registrar at main@zicoholdings.com to notify the Company of the withdrawal, at least **72 hours** before the time for holding the Annual General Meeting.

8) The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

9) The Annual Report for the financial year ended 31 March 2020 ("**2020 Annual Report**") may be accessed at the Company's website at the URL https://www.vividthreeholdings.com

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman as the proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for 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, take-over rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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VIVIDTHREE HOLDINGS LTD.
Registration No. 201811828R
(Incorporated in Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Notice of Annual General Meeting dated 12 July 2020. This announcement may also be accessed at the URL: https://www.vividthreeholdings.com
2. A member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. A relevant intermediary may appoint the Chairman of the meeting to attend the Annual General Meeting and vote (please see Note 7 for the definition of "relevant intermediary").
4. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy.
5. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____ NRIC/Passport number/Co. Reg. No. ________________________________
of ____ being a member/members of Vividthree Holdings Ltd. (the "**Company**") hereby appoint the **Chairman** of the Annual General Meeting of the Company (the "**Annual General Meeting**"), as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting to be held by way of electronic means on Monday, 27 July 2020 at 10.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid.)

No.	Resolutions	For	Against	Abstain
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement, Audited Financial Statements and Auditor's Report			
2.	To re-elect Mr Yeo Eng Pu, Charles as Director			
3.	To re-elect Dr Ho Choon Hou as Director			
4.	To approve the Directors' fees payable by the Company			
5.	To re-appoint Nexia TS Public Accounting Corporation as Auditors			
SPECIAL BUSINESS				
6.	To authorise the Directors to allot and issue new shares			
7.	To authorise the Directors to grant awards and allot and issue Shares under the Vividthree Performance Share Plan			

Dated this __________ day of ________________ 2020

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES

Please cut along dotted line

NOTES:

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 130A of the Companies Act, Chapter 50 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. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) **must appoint the Chairman of the Meeting as his/her/its proxy** to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website and will also be made available on the SGX website.

   Where a member (whether individual or corporate) appoints the Chairman of the meeting as his/her/its proxy, he/she/it must give specific instructions as to voting or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by 10.00 a.m. on 24 July 2020

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

4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

   (b) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com,

   in either case, not less than **72 hours** before the time for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy must 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.

   In view of the current COVID-19 situation, members are strongly encouraged to submit completed proxy forms electronically via email.

5. Where an instrument appointing the Chairman of the Meeting as proxy is sent by post, it must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   Where an instrument appointing the Chairman of the Meeting as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

6. A member may withdraw an instrument appointing the Chairman of the Meeting or other person(s) as proxy(ies) by sending an email to the Company's Share Registrar at main@zicoholdings.com to notify the Company of the withdrawal, at least **72 hours** before the time for holding the Annual General Meeting.

7. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint the Chairman of the meeting to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member.

   "**relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, 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;

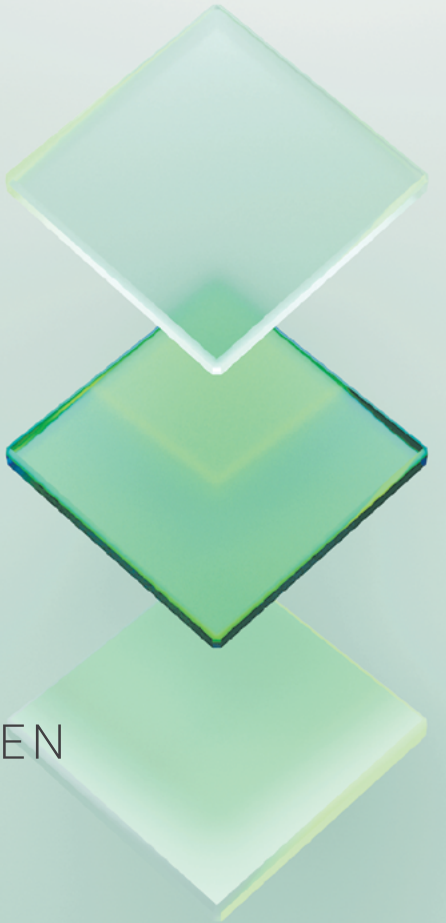
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, 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.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 as the proxy. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman as the proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at least **72 hours** before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2020.



CREATING NEXT-GEN
EXPERIENCES

VIVIDTHREE
(Company Registration No. 201811828R)
(Incorporated in Singapore on 7 April 2018)
1093 Lower Delta Road, #05-10 Singapore 169204

Tel: 6270 0818 | Fax: 6270 0838
www.vividthreeholdings.com