

CREATING

NEXT-GEN

ENTERTAINMENT

VIVIDTHREE HOLDINGS LTD.
ANNUAL REPORT 2019

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The Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading ("SGX-ST").

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the 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.

CREATING

TO SEE THE DIFFERENCE IS TO RECOGNISE
A SPARK OF OPPORTUNITY, A GLIMMER
OF POTENTIAL, OR EVEN A VISION OF THE
FUTURE. AT VIVIDTHREE, WE STRIVE TO
LOOK BEYOND THE ORDINARY AND THE
OBVIOUS TO CREATE THE NEXT GENERATION
OF ENTERTAINMENT. JOIN US ON OUR
GRAND ADVENTURE INTO THE LANDSCAPE
OF MULTITUDINAL EXPERIENCES.

ENTERTAINMENT

A close-up photograph of a man's face, looking slightly to the right. He is holding a black Fujinon camera lens over his right eye. The lens is the central focus, with its technical specifications visible on the barrel. The background is a solid, dark teal color.

SEE

THE

OPPORTUNITIES

•

VIRTUAL REALITY IS THE FIRST STEP TO THE LANDSCAPE OF IMAGINATION.
THROUGH OUR SOPHISTICATED MEDIUM AND CONSTANT INNOVATION, WE ALWAYS AIM TO BRING
THE BEST IMMERSIVE EXPERIENCE TO CONSUMERS AND VIRTUAL REALITY ENTHUSIASTS.

CORPORATE PROFILE



S G
SINGAPORE

M Y
MALAYSIA

C H N
CHINA

Founded in 2006, Vividthree is a virtual reality (VR), visual effects and computer-generated imagery studio that develops and creates digital intellectual property assets that primarily consist of storylines with accompanying characters and visual elements. We develop or acquire digital intellectual property assets to produce virtual reality products, such as thematic tour shows.

In the course of our business, we will acquire the rights to use intellectual property assets owned by third parties to create and develop suitable virtual reality products. We will license these products for use by third parties or sell them on an outright basis, according to parties' requirements from time to time. In addition, we provide post-production services mainly in visual effects, computer-generated imagery services and other post-production services for our clients, such as film producers, corporate clients and advertising agencies.



FY2019

9.28

REVENUE (\$ MILLION)

6.48

GROSS PROFIT (\$ MILLION)

3.27

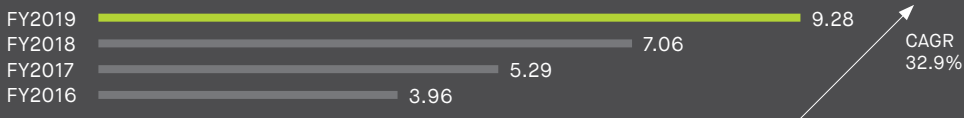
NET PROFIT (\$ MILLION)

25.41

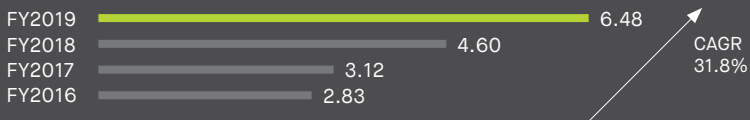
TOTAL SHAREHOLDERS'
EQUITY
(\$ MILLION)

FINANCIAL HIGHLIGHTS

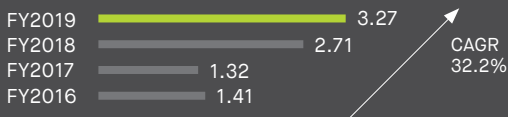
REVENUE (\$ MILLION)



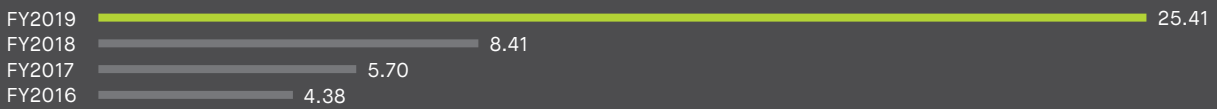
GROSS PROFIT (\$ MILLION)



NET PROFIT (\$ MILLION)



TOTAL SHAREHOLDERS' EQUITY (\$ MILLION)



REVENUE BREAKDOWN BY SEGMENTS (\$ MILLION)



OUR BUSINESS

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



MOTION



PROJECTION



VFX



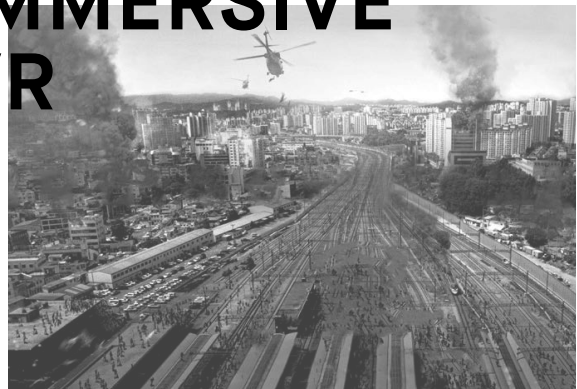
POST PRODUCTION



LIVE ACTION



IMMERSIVE VR



OUR BUSINESS

**WE INTEGRATE
OUR VIRTUAL
REALITY
PRODUCTS WITH
HARDWARE SUCH
AS CUSTOMISED
HAPTIC SUITS TO
ALLOW USERS
TO ENJOY A
MULTISENSORY
AND INTERACTIVE
EXPERIENCE
AT THEMATIC
TOUR SHOWS.**



CONTENT PRODUCTION

We develop our own digital intellectual property assets or acquire them from third parties to produce virtual reality ("VR") products, such as thematic tour shows. Currently, we use virtual reality technologies to produce location-based thematic tour shows with exhibitions that incorporate immersive experiences, and license them to third parties like venue owners and show promoters, allowing them to use these for commercial, marketing and/or promotional purposes.

We have conceptualised and developed animated characters and designs, character outlines and synopses, and exploited them to produce virtual reality thematic theme shows, as well as animated movies and series. We have sold intellectual property rights in such contents to third parties in the course of our business. In addition, we may engage in merchandising of the animated characters conceptualised and developed by us through licensing and retail, or exploit such intellectual property rights in any other form as we deem suitable. We are also producing thematic tour shows based on intellectual property rights that we license or acquire from third parties.

We integrate our virtual reality products with hardware such as customised haptic suits to allow users to enjoy a multisensory and interactive experience at thematic tour shows. The skills that we utilise for the production of thematic tour shows using virtual reality can also be deployed for the production of other virtual reality products such as VR-enabled educational materials and video games.

POST-PRODUCTION

We offer our clients creative input and technical solutions through a range of post-production services, specialising in visual effects, computer-generated imagery services and other post-production services.

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.

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

Revenue

In the financial year ended 31 March 2019 ("FY2019"), the Group reported revenue of \$9.3 million, an increase of approximately \$2.2 million or 31.6%, from \$7.1 million in the financial year ended 31 March 2018 ("FY2018"). The higher revenue was mainly attributable to the increase in sales from the Content Production segment due to the completion of production services of the first virtual reality ("VR") tour show in Beijing as well as sales of territorial rights in FY2019. In our Post-production segment, the Group has reported revenue \$2.5 million in FY2019 as compared with \$2.9 million in FY2018, a marginal decrease of approximately \$0.4 million. The lower revenue from the Post-production segment was due to the deferral of our deliverables and rolled over into the next financial year.

Cost of sales

Cost of sales increased by approximately \$0.3 million or 14.2%, from \$2.5 million in FY2018 to \$2.8 million in FY2019. The higher cost of sales in FY2019 was attributable to the increase in our production level which is in tandem with higher sales achieved in FY2019.

Gross profit

Gross profit margin lifted from 65.2% in FY2018 to 69.8% in FY2019. The higher gross profit margin was attributable to our Content Production segment as the segment was yielding a better gross profit margin as compared to the Post-production segment.

Other income

Other income increased by \$0.3 million or 556.6%, from \$0.1 million in FY2018 to \$0.4 million in FY2019. This was attributable to an one-off income from the waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary amounted to \$0.3 million, as well as marginal income from receipt of IPO congratulatory advertisement sponsorship income and interest income generated from fixed deposits.

Other (losses)/gains - net

Other (losses)/gains - net, from net gains of \$1,481 in FY2018, to net losses of \$14,943 in FY2019. This was mainly due to foreign exchange losses recorded in FY2019.

Administrative expenses

Administrative expenses increased by \$1.4 million or 96.4%, from \$1.4 million in FY2018 to \$2.8 million in FY2019. The increase was mainly due to (i) one-off IPO costs expensed off amounted to \$0.2 million, (ii) increase in staff costs as the Group continues to strengthen its manpower, (iii) professional fees for listing compliance purposes, (iv) rental expenses for Singapore and Malaysia offices, (v) renewal of software costs and (vi) travelling expenses as the Group continues to focus in regions outside Singapore. Overall, the increase was generally due to the expansion of business/operations of the Group.

Finance expenses

Finance expenses decreased by \$11,066 or 75.9%, from \$14,586 in FY2018 to \$3,520 in FY2019 due to the full repayment of borrowings during FY2019.

Profit before income tax

As a result of above-mentioned, the Group achieved a profit before tax of \$4.1 million in FY2019, as compared to a profit before tax of \$3.2 million in FY2018, an increase of \$0.9 million or 26.8%.

FINANCIAL REVIEW

REVIEW OF THE GROUP'S FINANCIAL POSITION

As at 31 March 2019, the Group maintained a healthy financial position. Total assets of the Group amounted to \$28.5 million, an increase of \$18.3 million from 31 March 2018, while total liabilities amounted to \$3.1 million, from \$1.8 million as at 31 March 2018.

Current assets increased by \$13.6 million or 194.8% to \$20.6 million, from \$7.0 million as at 31 March 2018. The increase was mainly attributed to the increase in cash and cash equivalents by \$2.0 million, mainly due to gross proceeds of \$12.9 million from the issuance of new shares pursuant to the IPO and offset against our operation payments during FY2019. Trade and other receivables contributed \$4.0 million increase to current assets, as a result of higher revenue recorded in the current financial year. Despite the increase in trade receivables in FY2019, the Group collected majority of its trade receivables of FY2018 during the current financial year. Other contributions to the increase in current assets were deposits and prepayments and other current assets, which the former recorded an increase of \$5.8 million in FY2019 mainly arising from the deposits paid for securing services and the latter increased by \$1.7 million in FY2019 due to higher number of projects are still in progress as at 31 March 2019.

Non-current assets increased by approximately \$4.7 million or 146.9% to \$7.9 million from \$3.2 million as at 31 March 2018. The increase was mainly due to the increase in plant and equipment by \$0.7 million, intangible assets of \$0.5 million for content development cost, and deposits of \$3.5 million paid for securing a potential intangible asset.

Current liabilities increased by approximately \$1.3 million or 80.8% to \$3.0 million, from \$1.7 million as at 31 March 2018. The increase was primarily due to higher corporate tax provision of \$0.3 million as a result of higher profit before tax in FY2019 and contract liabilities of \$1.3 million which comprised of the Group's obligation to transfer goods or services to customers for which the Group has received consideration from customers as at 31 March 2019, net off against the decrease in trade and other payables of \$0.1 million and borrowings of \$0.1 million due to full repayment of borrowings in FY2019.

Non-current liabilities decreased by approximately \$49,151 or 48.8% from \$100,777 as at 31 March 2018 to \$51,626. The decrease was mainly due to the full repayment of borrowings in FY2019.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

The Group recorded net cash outflows from operating activities of approximately \$6.2 million in FY2019, compared to net cash inflows of approximately \$2.1 million in FY2018, mainly due to the increase in trade and other receivables, other current assets, deposits and prepayments, as a result of higher number of projects secured during the year and the expansion of the Content Production segment.

Net cash outflows in investing activities of approximately \$5.0 million in FY2019, compared to net cash outflows of \$0.1 million in FY2018, was mainly attributed to deposit of \$3.5 million paid for securing a potential intangible asset.

Net cash inflows in financing activities amounted to \$13.2 million in FY2019, compared to net cash outflows of \$0.2 million in FY2018, arising mainly from the gross IPO proceeds of \$12.9 million, proceeds from issuance of convertible loans (has converted to shares) of \$2.0 million, and offset by share issuance expenses of approximately \$1.6 million and full repayment of borrowings amounted to \$0.1 million.

As a result, the Group recorded net increase in cash and cash equivalents by approximately \$2.0 million, from \$2.4 million as at 31 March 2018 to \$4.4 million as at 31 March 2019.

GROUP STRUCTURE

VIVIDTHREE HOLDINGS LTD.

100%

VIVIDTHREE CO., LTD.
蔚视丰隆文化发展
(上海)有限公司
(SHANGHAI)

100%

**VIVIDTHREE
PRODUCTIONS
PTE. LTD.**
(SINGAPORE)

100%

**VIVIDTHREE
PRODUCTIONS
SDN. BHD.**
(MALAYSIA)



SEE

THE

POTENTIAL

•

CONTENT IS KING. WE CONSTANTLY SEEK TO REINVENT THE WHEEL
WITH OUR TECHNOLOGY CAPABILITIES BY INFUSING TRADITIONAL CONTENT
WITH VIRTUAL REALITY AND GAMIFIED ELEMENTS.

CHAIRMAN AND MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Vividthree Holdings Ltd. (the "Board"), I am delighted to introduce the first annual report of Vividthree Holdings Ltd. ("Vividthree" or the "Company") and its subsidiaries (collectively referred to as the "Group"), for the financial year ended 31 March 2019 ("FY2019").

On 25 September 2018, Vividthree was listed successfully on the Catalist Board of the SGX-ST. The Initial Public Offering ("IPO"), which raised net proceeds of approximately \$11.2 million, has helped strengthened our financial position, to better prepare us for our next stage of growth.

With the recent shift towards virtual immersive experience, shopping mall operators are increasingly seeking theme-based experience to drive shoppers' traffic. Recognising the rising demand for these experiential spending, our Group has made a conscious decision to focus on Content Production segment since FY2018, in particular using virtual reality ("VR") as a key technology.

We gained access to the exclusive intellectual properties ("IP") rights to develop and produce a VR tour show for the highly popular Korean movie, Train to Busan ("TTB"). Using a mix of VR and augmented reality ("AR") technology, we created a highly simulative environment to virtually transport audiences into scenes of the film. The first TTB VR tour was successfully launched in Beijing, China in December 2018, and will continue to travel to Xiamen and other parts of the world. The Group will continue to explore for more Intellectual Property ("IP") and projects.

On behalf of the Board, I would like to extend my appreciation to the dedicated management team and staff for their efforts and hard work. I would also like to take this opportunity to thank our shareholders for their support and belief in the Group. Going forward, we will continue to strive to do better with the aim of maximising shareholders' interests at heart.

Dr Ho Choon Hou
Chairman and Independent Director

**THE FIRST TTB
VR TOUR WAS
SUCCESSFULLY
LAUNCHED IN
BEIJING, CHINA
IN DECEMBER
2018, AND WILL
CONTINUE TO
TRAVEL TO
XIAMEN AND
OTHER PARTS OF
THE WORLD.**

○



MR CHARLES YEO
Co-founder and
Managing Director

DR HO CHOON HOU
Independent Director
and Chairman

Dear Shareholders

Fiscal year 2018 was one of the most noteworthy milestones since we were founded in 2006, transforming from a private to a public company. We have grown from six employees to more than forty employees by end of fiscal year ("FY") 2019. We have also diversified beyond our traditional Post-production business to Content Production, as we leverage on our expertise in developing visual effects and computer-generated imagery to develop digital intellectual property ("IP") assets.

In the financial year ended 31 March 2019, the Group reported revenue of \$9.3 million, an increase of approximately \$2.2 million or 31.6%, from \$7.1 million in the financial year ended 31 March 2018.

As we gained positive traction in our Content Production segment, particularly the TTB VR tour show, we are proud to unravel it to more vibrant provinces in China, such as Xiamen, where the Group had secured another local promoter, and granted them a one-year exclusive territorial right to host the TTB VR tour in the province. Contemporaneously, we are exploring other opportunities across the globe tapping onto the upcoming TTB sequel which is slated to be released in 2020, the Group expects to receive interests from several promoters in the region. Due to the highly modular design of our VR tour set, it can easily adapt according to the size of the venue.

**WE WILL KEEP UP
OUR CONTINUED
MOMENTUM IN
ACTIVELY SEEKING
MORE EVERGREEN
INTELLECTUAL
PROPERTY
PRODUCTS AND
CONSTANTLY AIM
TO MAXIMISE
SHAREHOLDERS'
RETURNS IN THE
LONGER TERM.**

We will keep up our continued momentum in actively seeking more evergreen intellectual property products and constantly aim to maximise shareholders' returns in the longer term. Riding on the fast-growing experience economy, the Group is also looking into the use of VR technology to improve the experience of an escape game (a room filled with puzzles and scenario games), which has become a worldwide craze in recent years. The Group will continue to look for merger and acquisition opportunities, as well as new intellectual property products to expand its Post-production and Content Production businesses.

While VR is commonly linked to gaming, it's increasingly being used in many industries to introduce the audience to a concept or experience. We will continue to deepen our expertise in VR, and explore opportunities to market our VR capabilities. Post-production will continue to remain the bread and butter business of the Group, and will continue to provide a stable profit base for the Group. We will also continue to look for merger and acquisition opportunities as well as new intellectual property products to expand our Post-production and Content Production business. On behalf of the Group, we would like to thank all stakeholders who have supported us since our listing on the Catalist Board of the SGX-ST.

Charles Yeo
Managing Director

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 Choon Hou 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 Choon Hou 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, he was the Registrar, Department of General Surgery, at Tan Tock Seng Hospital where he was responsible for conducting general surgeries. Dr Ho Choon Hou 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 and as director and CEO of A.S.Shipping Agencies (Singapore) Pte. Ltd. since April 2017. He is responsible for the overall management of these groups. 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, he 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 JED MOK

Chief Executive Officer

Mr Jed 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, Jed 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 SKY LI

Co-founder and
Chief Operating Officer

Mr Sky 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 KOK POOI WAI

Financial Controller

Mr Kok Pooi Wai 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.



SEE

THE

FUTURE

FY2019 PERFORMANCE WAS A COLLABORATIVE EFFORT.
EVERY INDIVIDUAL IN VIVIDTHREE PLAYED A PART. AS A GROUP, WE CONTINUE TO BE
COMMITTED TO EXCELLENCE AND LOOK FORWARD TO A POSITIVE FY2020.

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

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building Singapore 048544

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road #30-00
Shaw Tower Singapore 189702

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

21 Collyer Quay
HSBC Building
Singapore 049230

United Overseas Bank Limited

80 Raffles Place
1 UOB Plaza
Singapore 048624

COMPANY WEBSITE:

www.vividthreeholdings.com

STOCK CODE:

OMK

INVESTOR RELATIONS

Gem Comm Pte Ltd
1 Temasek Avenue, Level 30
Singapore 039192

C O R P O R A T E
G O V E R N A N C E
R E P O R T



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 protection of 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 2019 ("**FY2019**") or which will be implemented and where appropriate, with specific reference made to the Code of Corporate Governance 2012 (the "**Code**") issued in May 2012 and the Disclosure Guide on Compliance with the Code developed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in January 2015, which forms part of the continuing obligations of the Listing Manual - Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). The Company has provided explanations for deviation from the Code.

With the issuance of the revised Code of Corporate Governance on 6 August 2018 ("**2018 Code**") which will take effect for annual reports covering financial years commencing from 1 January 2019, the Group will review and implement measures to comply with the 2018 Code, where appropriate.

BOARD MATTERS

Board's Conduct Of Its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder 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:

- (1) 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
- (2) reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;
- (3) approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- (4) 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;
- (5) approving the release of the Group's quarterly and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the SGX-ST;
- (6) appointing Directors and key management personnel ("**Key Management Personnel**"), including the review of performance and remuneration packages; and
- (7) 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.

CORPORATE GOVERNANCE REPORT

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.

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.

The number of meetings held and the attendance of each member at the Board's meetings and Board Committees' meetings for FY2019 are as follows:

Name of Directors	Board		AC		NC		RC	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	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 quarterly financial updates, quarterly and full-year financial result announcements for release to the SGX-ST;
- (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;

CORPORATE GOVERNANCE REPORT

- (7) Issuance of shares or declaration of dividends;
- (8) Approval of the annual report and audited financial statements;
- (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 FY2019, 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.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Currently, the Board comprises of six Directors, of whom two are Executive Directors, two Non-Executive Directors and two 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	-	Independent Director and Chairman	Member	Member	Chairman
Charles Yeo	7 April 2018	-	Managing Director	-	Member	-
Jay Hong	23 August 2018	-	Executive Director	-	-	-
Royson Wong	23 August 2018	-	Independent Director	Chairman	Chairman	Member
Chang Long Jong	23 August 2018	-	Non-Executive Director	-	-	Member
Freddy Er	23 August 2018	-	Non-Executive Director	Member	-	-

As such, there is a strong and independent element on the Board; and the Company is in compliance with Guideline 2.2 of the Code where Independent Directors make up at least one-third of the Board. Two out of six Directors of the Company are Independent Directors, of which their independence is reviewed by the NC.

Independent Directors

The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% 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.

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, legal, 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 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 size, and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

CORPORATE GOVERNANCE REPORT

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 should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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 Company.

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:

- (1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- (2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;
- (3) Ensuring the Group's compliance with the Code; and
- (4) 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.

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: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises of 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

CORPORATE GOVERNANCE REPORT

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

- (a) 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;
- (b) to determine annually whether or not a Director is independent;
- (c) 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;
- (d) to review and approve any new employment of related persons and the proposed terms of their employment; and
- (e) 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 shareholder 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 is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge and experience of the candidate to enable the Board to fulfil its responsibilities.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage 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.

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, Mr. Jay Hong, Mr Royson Wong, Mr. Chang Long Jong and Mr. Freddy Er, be nominated for re-election under Regulation 122 at the forthcoming AGM. The Board has accepted the NC's recommendation.

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 38 and 39 of the Annual Report.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

In line with the principles of good corporate governance, the Board has implemented a process to evaluate its performance as a whole. The performance criteria include financial targets, the contribution by Directors, their expertise, their independence and their industry knowledge. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time. The Board has met to discuss the evaluation of the Board's performance and has adopted a formal evaluation process to assess the effectiveness of the Board as a whole, its Board Committee and Individual Directors.

The results of the evaluation exercise will be collated by the Company Secretary for the NC's review and consideration, which then makes recommendations to the Board on enhancements to improve the effectiveness of the Board, as a whole, and its Board Committee. The NC, having reviewed the overall performance of the Board, Board Committee and Individual Directors based on the evaluation criteria setting out in the formal evaluation form for the Board as a whole, Board Committee and Individual Directors for FY2019, is of the view that the performance of the Board as a whole, Board Committee and Individual Directors have been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used in the evaluation process.

The performance of the Directors is evaluated using agreed criteria, aligned as far as possible with appropriate corporate objectives. The criteria includes short-term and long-term measures and cover financial and non-financial performance indicators such as the strength of his experience and stature and his contribution to the proper guidance of the Group and its businesses.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with adequate and timely information for Board and Board Committees' meetings on an on-going basis. The Board and Board Committees' meeting materials are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees' meeting materials include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees' meetings.

The Directors have separate and independent access to the Company's Management and the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the concurrence of the Chairman or the Chairmen of the Board Committees requiring such advice) will be appointed at the Company's expense.

The Company Secretary or her representative administers, attends and prepares minutes of all Board and Board Committees' meetings and assists the Chairman of the Board and/or the Board Committees in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Directors, either individually or as a group have the right to seek independent professional advice, if necessary, in furthering their duties. The costs of such services will be borne by the Company.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures For Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC currently comprises of 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:

- (a) 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;
- (b) 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
- (c) 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, an aggregate amount of \$60,500 Directors Fees for the year ended 31 March 2019 for Non-Executive and Independent Directors subject to the approval from shareholders.

There were no remuneration consultants engaged by the Company in FY2019.

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.

BOARD PERFORMANCE

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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.

CORPORATE GOVERNANCE REPORT

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 Director 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 Director 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 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The details of the level and mix of remuneration of the Directors of the Group for the services rendered during FY2019 are as follows:

Remuneration Band and Name of Directors	Salary (%)	Bonus (%)	Other Benefits ⁽¹⁾ (%)	Share Options (%)	Directors' Fees ⁽²⁾ (%)	Total (%)
Below \$300,000						
Charles Yeo	67	28	5	-	-	100
Jay Hong	100	-	-	-	-	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 remuneration of each Directors and Key Management Personnel in the Annual Report and that the disclosure based on the above remuneration bands is appropriate.

- (a) For FY2019, 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.
- (b) There were no employees who were immediate family members of a Director or CEO whose remuneration exceeds \$50,000 in the Group's employment during the financial year under review.

CORPORATE GOVERNANCE REPORT

The aggregate remuneration of Key Management Personnel (who are not directors or the CEO) amounted to \$0.2 million for financial year ended 31 March 2019.

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

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and quarterly results are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance, position and prospects.

The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. The Management provides the Board with appropriately detailed information on the Company's performance, position and prospects on a quarterly basis and when deemed appropriate.

The Board will take adequate steps to ensure compliance with legislative and regulatory requirements. In line with the SGX-ST Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statement.

The Management is accountable to the Board and maintains regular contact and communication with the Board including preparation and circulation to the Board of quarterly and full-year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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.

CORPORATE GOVERNANCE REPORT

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.

The pilot ERM programme covers the following areas:

(1) **ERM policies and procedures**

An overall framework for risk management has been documented in a manual to be disseminated to personnel responsible for oversight of 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 CEO 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 CEO and the FC have assured the Board that:

- a. The financial records have been properly maintained and the financial statements for the FY2019 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 FY2019.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC currently comprise of 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, legal and business management which are appropriately qualified, having the relevant accounting or related financial management expertise to discharge their responsibilities.

The role of the AC is to assist the Board with 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 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 Audit Committee;

CORPORATE GOVERNANCE REPORT

- 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.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by Independent Auditors" ("**Guidance**") which aims to facilitate the AC in evaluating the independent auditors. Accordingly, the AC evaluated the performance of the independent auditors based on the key indicators of audit quality and guidance, where relevant, as set out in the Guidance.

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 FY2019. The aggregate amount paid to the independent auditors for audit and non-audit services for FY2019 are as follows:

	\$'000
Audit Fees	58
Non-audit Fees	
- Tax services	3
- Reporting accountant	90
	151

The AC will meet with the independent auditors and internal auditors without the presence of the Management, as and when necessary, 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.

For FY2019, the AC agreed with independent auditor that revenue recognition and carrying value of goodwill were the key audit matters and is pleased to report that AC is satisfied with audit process undertaken by the independent auditors and their findings therefrom.

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:

- (1) independent investigations are carried out in an appropriate and timely manner
- (2) 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
- (3) 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.

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 has acted as a member of the AC.

CORPORATE GOVERNANCE REPORT

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced to BDO LLP (“BDO”), a member firm of the international BDO network of auditing firms, and they report directly to the AC on audit matters, and the CEO on administrative matters. BDO performs their work in accordance with the BDO Global Internal Audit Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing established by The Institute of Internal Auditors.

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. Following the review of BDO’s internal audit plan and their evaluation of the internal controls system, the AC is satisfied that the internal audit is effective, adequately resourced and has appropriate standing within the Group.

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders’ rights, and continually review and update such governance arrangements.

In line with the continuous obligations of the Company under the SGX-ST Catalist Rules and the relevant rules and regulations, the Board’s policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of the general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity 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.

On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as “Relevant Intermediary” to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors, as defined in Section 181(6) of the Companies Act. 50 of Singapore, may appoint more than two proxies to attend, speak and vote at general meetings.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- (1) Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant manual and regulations;
- (2) Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- (3) Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("**EGM**"). The notice of AGM and EGM are also advertised in a national newspaper; and
- (4) News releases on major developments of the Company and the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has engaged an investor relations firm which focuses on facilitating communications with all stakeholders, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the end of the financial year.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, the Group's development plans and other factors as the Board may deem appropriate. As a growth company, the Group is preserving its funds for future expansions. Therefore, no dividends will be paid in respect of FY2019.

CONDUCT OF SHAREHOLDERS' MEETING

Principle 16: Companies should encourage greater shareholder participation at general meeting of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The 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. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the AGM.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. All resolutions at the general meetings are single item resolutions.

The Chairman of the Board Committees are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the independent auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their requests.

The Company acknowledges that voting by poll in all its general meeting is integral to the enhancement of corporate governance. The Company adheres to the requirements of the Catalist Rules and the Code, all resolutions at the forthcoming AGM will be put to vote by poll.

CORPORATE GOVERNANCE REPORT

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 Non-Chairman, or any director or controlling shareholder subsisting at the end of the financial year 2019.

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.

There were no IPTs between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for FY2019.

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 of the SGX-ST. 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 2019.

UPDATE ON USE OF IPO PROCEEDS

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 is as follows:

	Amount allocated \$'000	Amount utilised \$'000	Amount unutilised \$'000
General working capital purposes, including production of virtual reality content and immersive media	7,825	(7,300)	525
Expansion through development and/or acquisition of intellectual property and acquisition, joint ventures and/or strategic alliances	3,354	(500)	2,854
IPO expenditure	1,771	(1,596)	175
	12,950	(9,396)	3,554

CORPORATE GOVERNANCE REPORT

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2012

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
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
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
Jay Hong	Associate Diploma in Multimedia from Nanyang Academy of Fine Arts	Executive Director	Board Member
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
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
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

CORPORATE GOVERNANCE 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
23 August 2018	-	<ul style="list-style-type: none"> • Advanced Holdings Ltd. • Cordlife Group Limited • Mclean Technologies Berhad 	-	Principal of Southern Capital Group Private Limited
7 April 2018	-	-	-	-
23 August 2018	-	-	-	Visual Effects Director of the Group
23 August 2018	-	-	-	Managing Director of Global Access Logistic Network Pte. Ltd. and Chief Executive Officer of A.S.Shipping Agencies (Singapore) Pte. Ltd.
23 August 2018	-	-	-	Chief Executive Officer of mm2 Asia Ltd.
23 August 2018	-	-	-	Counsellor (Investment and Corporate Finance Advisory) of Apex Capital Group Pte.Ltd.

FINANCIAL STATEMENTS



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DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position of the Company as at 31 March 2019.

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 49 to 91 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 2019 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:

Yeo Eng Pu, Charles	(appointed on 7 April 2018)
Ho Choon Hou	(appointed on 23 August 2018)
Hong Wei Chien	(appointed on 23 August 2018)
Wong Kim Soon Royson	(appointed on 23 August 2018)
Er Song Ngueng	(appointed on 23 August 2018)
Chang Long Jong	(appointed on 23 August 2018)

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:

Company	At 31 March 2019	At date of incorporation or date of appointment, if later
<i>Shareholding registered in the name of directors</i>		
<i>(No. of ordinary shares)</i>		
Yeo Eng Pu, Charles	43,987,840	49
Hong Wei Chien	43,982,400	49
Chang Long Jong	200,000	-

The directors' interests in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2019

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.

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.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2019

PERFORMANCE SHARE PLAN (CONTINUED)

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.

As at the date of this report, no performance shares have been awarded pursuant to VV3 PSP.

AUDIT COMMITTEE

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

Mr. Wong Kim Soon Royson	Chairman of AC, Independent director
Dr. Ho Choon Hou	Independent director
Mr. Er Song Ngueng	Non-executive director

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

- 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 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;

DIRECTORS' STATEMENT

For the Financial Year Ended 31 March 2019

AUDIT COMMITTEE (CONTINUED)

- 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

28 June 2019

INDEPENDENT AUDITOR'S REPORT

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 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 91.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

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

Area of focus

For the financial year ended 31 March 2019, post-production revenue contributed 27% and content production revenue contributed 73% of the Group's revenue which were \$2,535,810 and \$6,748,607 respectively.

Under the new accounting framework SFRS(I) 15 *Revenue from Contracts with Customers*, revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expects to be entitled in exchange for promised goods or services to the customers as and when the Group satisfies its performance obligation (which is when the customers obtain control of the goods or services) at a point in time or over time.

We focused on this area as a key audit matter as this is a significant risk.

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;
- Evaluated management's assessment of the application of SFRS(I) 15 *Revenue from Contracts with Customers*, in particular, the five-step model for each revenue stream;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)

Revenue recognition (continued)

How our audit addressed the area of focus (continued)

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

Carrying value of goodwill

(Refer to Notes 2.7, 2.11(a) and 18 to the financial statements)

Area of focus

As at 31 March 2019, the Group has recognised goodwill amounting to \$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 judgement are used by the management to assess the recoverable amount of the CGU which highly dependent on management's forecasts and estimates which include, but not limited to, discount rate, growth rate, future projected cash flows and assumptions that are affected by future market and economic conditions.

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 the model to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU;
- Evaluated the reasonableness and appropriateness of the key assumptions, e.g. growth rate and discount rate used by management, by comparing them against historical forecasts and performance, as well as publicly available market rate;
- Performed sensitivity analysis against the key assumptions used; and
- Reviewed management's disclosures in the consolidated financial statements.

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

INDEPENDENT AUDITOR'S REPORT

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Mr. Chin Chee Choon.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

28 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2019

	Note	2019 \$	Group 2018 \$
Revenue	4	9,284,417	7,057,059
Cost of sales		(2,800,699)	(2,452,606)
Gross profit		<u>6,483,718</u>	<u>4,604,453</u>
Other income	5	437,751	66,674
Other (losses)/gains - net	6	(14,943)	1,481
Expenses			
- Administrative		(2,813,956)	(1,432,826)
- Finance	9	(3,520)	(14,586)
		<u>(2,817,476)</u>	<u>(1,447,412)</u>
Profit before income tax		4,089,050	3,225,196
Income tax expense	10	(821,324)	(514,997)
Net profit		<u>3,267,726</u>	<u>2,710,199</u>
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation - gains/(losses)	25(b)	8,577	(447)
Total comprehensive income attributable to equity holders of the Company		<u>3,276,303</u>	<u>2,709,752</u>
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (cents)	11	<u>1.79</u>	<u>0.96</u>

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

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2019

	Note	Group			Company
		31 March 2019	31 March 2018	1 April 2017	31 March 2019
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	12	4,380,750	2,353,739	599,034	3,046,029
Trade and other receivables	13	7,846,374	3,805,486	2,941,252	10,424,991
Deposits and prepayments	14	6,068,111	256,315	42,603	-
Other current assets	15	2,274,013	561,570	129,486	-
		<u>20,569,248</u>	<u>6,977,110</u>	<u>3,712,375</u>	<u>13,471,020</u>
Non-current assets					
Investments in subsidiaries	16	-	-	-	446,400
Plant and equipment	17	1,000,239	284,365	344,407	-
Deposits and prepayments	14	3,500,000	-	-	-
Goodwill arising on consolidation	18	2,851,917	2,851,917	2,851,917	-
Intangible assets	19	544,446	61,650	104,800	-
		<u>7,896,602</u>	<u>3,197,932</u>	<u>3,301,124</u>	<u>446,400</u>
Total assets		<u>28,465,850</u>	<u>10,175,042</u>	<u>7,013,499</u>	<u>13,917,420</u>
LIABILITIES					
Current liabilities					
Trade and other payables	20	689,912	829,300	674,992	644,729
Contract liabilities	21	1,493,248	213,100	178,500	-
Borrowings	22	-	89,299	158,649	-
Current income tax liabilities		818,000	528,036	100,958	-
		<u>3,001,160</u>	<u>1,659,735</u>	<u>1,113,099</u>	<u>644,729</u>
Non-current liabilities					
Borrowings	22	-	36,742	124,837	-
Deferred income tax liabilities	23	51,626	64,035	70,785	-
		<u>51,626</u>	<u>100,777</u>	<u>195,622</u>	<u>-</u>
Total liabilities		<u>3,052,786</u>	<u>1,760,512</u>	<u>1,308,721</u>	<u>644,729</u>
NET ASSETS		<u>25,413,064</u>	<u>8,414,530</u>	<u>5,704,778</u>	<u>13,272,691</u>
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	24	13,772,231	50,000	50,000	13,772,231
Reserves	25	2,929,130	2,920,553	2,921,000	-
Retained profits/(Accumulated losses)	26	8,711,703	5,443,977	2,733,778	(499,540)
Total equity		<u>25,413,064</u>	<u>8,414,530</u>	<u>5,704,778</u>	<u>13,272,691</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 March 2019

	Note	← Attributable to equity holders of the Company →			Total \$
		Share capital \$	Reserves \$	Retained profits \$	
2019					
Beginning of financial year		50,000	2,920,553	5,443,977	8,414,530
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	24	300	-	-	300
Issuance of new shares pursuant to the conversion of Pre-IPO convertible loan	24	2,000,000	-	-	2,000,000
Issuance of new shares to employees	24	200,000	-	-	200,000
Issuance of new shares pursuant to the placement	24	12,950,000	-	-	12,950,000
Initial public offering ("IPO") costs capitalised	24	(1,428,069)	-	-	(1,428,069)
End of financial year		13,772,231	2,929,130	8,711,703	25,413,064
2018					
Beginning of financial year		50,000	2,921,000	2,733,778	5,704,778
Profit for the year		-	-	2,710,199	2,710,199
Other comprehensive loss for the year		-	(447)	-	(447)
Total comprehensive income for the year		-	(447)	2,710,199	2,709,752
End of financial year		50,000	2,920,553	5,443,977	8,414,530

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2019

	Note	2019 \$	Group 2018 \$
Cash flows from operating activities			
Net profit		3,267,726	2,710,199
Adjustments for:			
- Income tax expense		821,324	514,997
- Depreciation of plant and equipment	7	292,087	206,010
- Interest income	5	(25,906)	-
- Interest expense	9	3,520	14,586
- Amortisation of intangible assets	7	70,831	43,150
- Plant and equipment written off	6	327	-
- Issuance of new ordinary shares to employees prior IPO of the Company	24	200,000	-
- IPO costs expensed off		167,993	-
Operating profit before working capital changes		<u>4,797,902</u>	<u>3,488,942</u>
Changes in working capital:			
- Trade and other receivables		(4,040,888)	(864,234)
- Other current assets		(1,712,443)	(432,084)
- Deposits and prepayments		(5,811,796)	(213,712)
- Trade and other payables		(139,388)	153,861
- Contract liabilities		1,280,148	34,600
Cash provided by operations		<u>(5,626,465)</u>	<u>2,167,373</u>
Income tax paid		(543,930)	(94,669)
Net cash (used in)/provided by operating activities		<u>(6,170,395)</u>	<u>2,072,704</u>
Cash flows from investing activities			
Additions to plant and equipment		(1,008,632)	(145,968)
Additions to intangible assets		(553,627)	-
Deposit paid		(3,500,000)	-
Interest received		25,906	-
Net cash used in investing activities		<u>(5,036,353)</u>	<u>(145,968)</u>
Cash flows from financing activities			
Interest paid		(3,520)	(14,586)
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	-
Repayment of borrowings		(126,041)	(157,445)
Net cash provided by/(used in) financing activities		<u>13,224,677</u>	<u>(172,031)</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2019

	Note	2019 \$	Group 2018 \$
Net increase in cash and cash equivalents		2,017,929	1,754,705
Cash and cash equivalents			
Beginning of financial year		2,353,739	599,034
Effects of currency translation on cash and cash equivalents		9,082	-
End of financial year	12	4,380,750	2,353,739

Reconciliation of liabilities arising from financing activities

	1 April 2018 \$	Principal and interest payments \$	Non-cash changes interest expense \$	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	-

	1 April 2017 \$	Principal and interest payments \$	Non-cash changes interest expense \$	31 March 2018 \$
Borrowings				
Bank borrowings	184,895	(88,768)	11,709	107,836
Holding company	98,591	(83,263)	2,877	18,205
	283,486	(172,031)	14,586	126,041

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

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

The Company is incorporated in Singapore on 7 April 2018 as a private company limited by shares, under the name of "Vividthree Holdings Pte Ltd", to act as the holding company of the Group. As the date of incorporation, the Company's issued and paid-up share capital was \$300, comprising three hundred (300) ordinary shares. The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Group Restructuring Exercise as disclosed in Note 1.2.

The Company was converted to a public limited company and the Company's name was changed to "Vividthree Holdings Ltd." on 28 August 2018. The Company was successfully listed on Catalist, the sponsor-supervised listing platform in Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 September 2018.

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 16 of the financial statements.

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

1.2 Restructuring exercise

The Group was formed through the following exercise (the "Restructuring Exercise") which involved acquisitions and rationalisation of the corporate and shareholding structure for the purposes of the IPO of the Company on Catalist. Pursuant to the Restructuring Exercise, the Company became the holding company of the Group. The Restructuring Exercise involved the following steps:

(a) Incorporation of the Company

The Company was incorporated in Singapore on 7 April 2018, as an investment holding company of the Group, in accordance with the Companies Act as a private company limited by shares with an issued and paid-up capital of \$300 comprising three hundred (300) ordinary shares held by the holding company, mm2 Asia Ltd. ("mm2 Asia"), Yeo Eng Pu ("Charles Yeo"), Lee Hoon Hwee ("Sky Li") and Hong Wei Chien ("Jay Hong"), with mm2 Asia holding 51% and Charles Yeo, Sky Li and Jay Hong holding the remaining 49% in equal proportions.

(b) Acquisition of Vividthree Productions Pte. Ltd. ("Vividthree Singapore") by the Company

Pursuant to a restructuring agreement dated 27 August 2018 (the "Restructuring Exercise") entered into between the Company, and the former shareholders of Vividthree Singapore, namely, mm2 Entertainment Pte. Ltd. ("mm2 Singapore") (51%), Charles Yeo (16.17%), Jay Hong (16.17%), Lee Chun Fun (13.00%) and Sky Li (3.66%), the Company acquired the entire issued and paid-up share capital of 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 the allotment and issue of 49,700 new shares ("Consideration Shares") credited as fully paid, at the issue price of approximately \$1.006 per consideration share, by the Company to the then shareholders of Vividthree Singapore as follows:

Name	Number of consideration shares issued	Consideration (\$)
mm2 Asia ⁽¹⁾	25,347	25,500
Charles Yeo	8,037	8,085
Jay Hong	8,036	8,085
Lee Chun Fun	6,461	6,500
Sky Li	1,819	1,830
Total	49,700	50,000

Note

⁽¹⁾ Pursuant to the Restructuring Exercise, mm2 Singapore, a wholly-owned subsidiary of mm2 Asia, had nominated mm2 Asia to receive the Consideration Shares that mm2 Singapore was entitled to as consideration for the acquisition of its shareholding in Vividthree Singapore.

Upon the completion of the Restructuring Exercise, Vividthree Singapore became the Company's wholly-owned subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

1 GENERAL INFORMATION (CONTINUED)

1.2 Restructuring exercise (continued)

(c) Sub-division of shares

On 12 September 2018, 50,000 shares in the issued and paid-up share capital of the Company were sub-divided into 272,000,000 shares.

(d) Conversion of Pre-IPO Convertible Loan

Pursuant to the Pre-IPO convertible loan, the holder of the convertible loan loaned an aggregate amount of \$2,000,000 to the Company. Under the terms of the Pre-IPO convertible loan, 100.0% of the principal amount in respect of the Pre-IPO convertible loan shall be converted into such number of new ordinary shares (the "Conversion Shares") at the issue price which is equal to 85.0% of the placement price.

On 12 September 2018, the full sum of the Pre-IPO convertible loan was automatically converted into 9,411,764 Conversion Shares which were issued and allotted to the holder of the convertible loan.

The Restructuring Exercise involves a combination of entities under common control since the Company and Vividthree Singapore are controlled by mm2 Asia. Accordingly, the Restructuring Exercise has been accounted using merger accounting in accordance with Recommended Accounting Practice 12 Merger Accounting for Common Control Combination for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 ("RAP 12").

The effects of merger accounting under RAP 12 are that:

- (i) The acquisition of Vividthree Singapore is accounted for in the combined financial statements as if it had been effected since 8 April 2015, the date when Vividthree Singapore came under the control of mm2 Asia. Accordingly, the combined statements of comprehensive income include the results of Vividthree Singapore from 8 April 2015;
- (ii) The assets and liabilities of Vividthree Singapore include fair value adjustments, intangible assets and goodwill arising from the acquisition of Vividthree Singapore by mm2 Asia on 8 April 2015;
- (iii) The difference between the consideration paid by mm2 Singapore, share capital issued for the acquisition of Vividthree Singapore and the carrying amount of the net assets of Vividthree Singapore is adjusted against equity; and
- (iv) All significant intra-group transactions and balances have been eliminated on combination.

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 ("S\$").

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the year ended 31 March 2019 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued combined financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 1 April 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening statements of financial position has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing the first set of financial statements in accordance with SFRS(I).

(i) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 April 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 March 2018.

The Group has assessed the business models that are applicable on 1 April 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. As a result of the assessment, there are no adjustments to the Group's balance sheet line items.

Trade receivables were subjected to the expected credit loss impairment model under SFRS(I) 9.

There was no impact arising from the application of the above exemption.

(ii) Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 April 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 31 March 2018, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

(b) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 9 Financial Instruments

The Group has adopted SFRS(I) 9 with effective for the financial year beginning on or after 1 April 2018. SFRS(I) 9 replaces the provision of FRS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The Group's accounting policy for financial instruments is disclosed in Note 2.12 to the financial statements.

There was no impact of transition to SFRS(I) 9 on the Group's consolidated statement of financial position and the Company's statement of financial position as at 1 April 2018.

SFRS(I) 15 Revenue from Contracts with Customers

The Group has adopted SFRS(I) 15 effective for the financial year beginning on or after 1 April 2018. SFRS(I) 15 has replaced FRS 18 Revenue and related interpretations. Revenue is recognised when a customer obtains control of goods or services, i.e. when it has ability to direct the use of and obtain the benefits from the goods or services. The standard also provides guidance on the treatment of any costs to obtain and/or fulfil a contract that may be recognised as assets. The Group's accounting policy for revenue recognition is disclosed in Note 2.3 to the financial statements.

As a result, the adoption of SFRS(I) 15 does not have significant impact to the Group's consolidated statement of comprehensive income and the Company's statement of financial position as at 31 March 2018 and 1 April 2017, except to the statements of financial position disclosed as follows:

	Reported under SFRS \$	Effects of applying SFRS(I) 15 \$	Reported under SFRS(I) \$
Consolidated Statement of Financial Position			
As at 31 March 2018			
Work-in-progress	531,105	(531,105)	-
Progress billing in excess of work-in-progress	(182,635)	182,635	-
Other current assets	-	561,570	561,570
Contract liabilities	-	(213,100)	(213,100)
As at 1 April 2017			
Work-in-progress	66,357	(66,357)	-
Progress billing in excess of work-in-progress	(115,371)	115,371	-
Other current assets	-	129,486	129,486
Contract liabilities	-	(178,500)	(178,500)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(a) Post-Production

Revenue from rendering of services for post-production are recognised at point in time when the relevant services are rendered and have been accepted by the customer (i.e., upon delivery of commercial videos or post-production related media works).

(b) Content Production

- *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.

- *Professional services*

Professional services rendered is recognised when the services are rendered to third parties for the development, pre-production and production of contents, for example but not limited to virtual reality products ("VR") for location-based thematic tour show with incorporate immersive experience. Revenue is recognised at point in time or over time depending on the variation of respective contract and performance obligation attached.

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.

2.5 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiary corporations 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. Subsidiary corporations 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 subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary corporation'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 balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation 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 corporation 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 2.7 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) Subsidiaries (continued)

(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 2.8 to the financial statements.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation 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.

2.6 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:

	<u>Useful lives (Years)</u>
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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Plant and equipment (continued)

(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 gains/losses - net".

2.7 Goodwill

Goodwill on acquisitions of subsidiary corporations 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 subsidiary corporations are carried at cost less accumulated impairment losses.

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

2.8 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.

2.9 Intangible assets

(a) Content development cost

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

(b) Film and merchandise rights

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Borrowing costs

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

2.11 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.

(b) *Plant and equipment*

Intangible assets

Investment in subsidiaries

Plant and equipment, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets

The accounting for financial assets before 1 April 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial asset. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at the initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

In prior financial year ended 31 March 2018, the Group does not hold any of the financial assets except for loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and cash equivalents" (Note 12) on the statements of financial position.

(b) *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 financial asset, 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.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

The accounting for financial assets from 1 April 2018 under SFRS(I) 9 are as follows:

(f) *Classification and measurement*

The Group classifies and measures its financial assets at amortised cost. 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.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

At subsequent measurement

Debt instruments

Debt instruments of the Group mainly comprise of cash and cash equivalents and trade and other receivables.

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.

(g) *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.

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.

(h) *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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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.

2.14 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.

2.15 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 (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

2.16 Leases

When the Group is the lessee:

The Group leases office spaces 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.

2.17 Other current assets

Other current assets, comprise costs incurred in fulfilling a contract with a customer, are recognised 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 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

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:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group 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.

2.19 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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee compensation (continued)

Bonus plans

The Group recognises a liability and an expense for bonuses. 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.

2.21 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 ("S\$"), 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 consolidated statement of comprehensive income within "finance expense". All other exchange gains and losses impacting profit or loss are presented in the consolidated statement of comprehensive income within "other (losses)/gains - net".

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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.

2.23 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.

2.24 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.

2.25 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 18 to the financial statements.

(b) *Impairment of trade receivables*

Expected credit losses ("ECL") on trade 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 receivables, the Group has used two year 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 expected credit loss on customers and other receivables in financial difficulties separately.

As at the reporting date, no loss allowances have been recognised.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

4 REVENUE

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

	Group	
	2019	2018
	\$	\$
At point in time		
Post-production services	2,535,810	2,857,059
Content production services	6,748,607	4,200,000
	9,284,417	7,057,059
Geographical regions based on location of customers		
Singapore	3,620,373	4,503,925
Malaysia	1,687,021	300,000
China	3,977,023	2,250,000
Hong Kong	-	3,134
	9,284,417	7,057,059

5 OTHER INCOME

	Group	
	2019	2018
	\$	\$
Government grants	59,818	66,674
Interest income	25,906	-
Waiver of the founders' entitlement to the gain from disposal of an investment property of subsidiary	287,843	-
Others	64,184	-
	437,751	66,674

Government grants include productive and innovative credit, M-assist grant from Media Development Authority, wages credit scheme, temporary employment credit and special government credit.

6 OTHER (LOSSES)/GAINS - NET

	Group	
	2019	2018
	\$	\$
Plant and equipment written off	(327)	-
Currency exchange (losses)/gains - net	(14,616)	1,481
	(14,943)	1,481

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

7 EXPENSES BY NATURE

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

		2019	Group 2018
	Note	\$	\$
Amortisation of intangible assets	19	70,831	43,150
Employees compensation	8	2,680,642	2,029,403
Depreciation of plant and equipment	17	292,087	206,010
Direct production-related expenses		1,266,350	1,214,880
Rental expense on operating lease		196,005	94,246
IPO costs expensed off	24(g)	167,993	-
Professional fees		400,021	22,793
		<u>400,021</u>	<u>22,793</u>

8 EMPLOYEES COMPENSATION

	2019	Group 2018
	\$	\$
Wages and salaries	2,311,917	1,789,070
Employer's contribution to defined contribution plans	289,396	220,468
Other short-term benefits	79,329	19,865
	<u>2,680,642</u>	<u>2,029,403</u>

Wages and salaries includes the issuance of new ordinary shares to employees prior IPO of the Company, amounted to \$200,000.

9 FINANCE EXPENSES

	2019	Group 2018
	\$	\$
Interest expense on:		
- Bank borrowings	3,198	11,709
- Amount owing to holding company	322	2,877
	<u>3,520</u>	<u>14,586</u>

10 INCOME TAXES

	2019	Group 2018
	\$	\$
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	655,687	503,971
- Foreign	162,152	-
	<u>817,839</u>	<u>503,971</u>
Deferred income tax (Note 23)	-	(6,750)
	<u>817,839</u>	<u>497,221</u>
(Over)/under provision in prior financial years:		
Current income tax - Singapore	15,894	17,776
Deferred income tax (Note 23)	(12,409)	-
	<u>3,485</u>	<u>17,776</u>
	<u>821,324</u>	<u>514,997</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

10 INCOME TAXES (CONTINUED)

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:

	2019 \$	Group 2018 \$
Profit before tax	4,089,050	3,225,196
Tax calculated at tax rate of 17% (2018: 17%)	695,138	548,283
Effects of:		
- Differential of tax rates in foreign countries	50,055	-
- Income not subject to tax	(41,377)	(11,335)
- Expenses not deductible for tax purposes	167,658	4,157
- Tax incentive and enhanced allowance	(36,210)	(7,959)
- Tax exemption and rebates	(17,425)	(35,925)
- Under provision of income tax in prior financial years	15,894	17,776
- Over provision of deferred income tax in prior financial years	(12,409)	-
Tax charge	821,324	514,997

11 EARNINGS PER SHARE

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

	2019	Group 2018
Net profit attributable to equity holders of the Company (\$)	3,267,726	2,710,199
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	182,312,865	281,411,764
Basic and diluted (cents)	1.79	0.96

The earnings per share for the financial year ended 31 March 2018 were computed based on weighted average number of shares adjusted to take into account the sub-division and conversion of Pre-IPO convertible loan.

There were no diluted earnings per share for the financial years ended 31 March 2019 and 31 March 2018 as there were no potential ordinary shares outstanding.

12 CASH AND CASH EQUIVALENTS

	31 March 2019 \$	Group 31 March 2018 \$	1 April 2017 \$	Company 31 March 2019 \$
Cash at banks	3,380,750	2,353,739	599,034	2,046,029
Fixed deposit	1,000,000	-	-	1,000,000
	4,380,750	2,353,739	599,034	3,046,029

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

13 TRADE AND OTHER RECEIVABLES

	31 March 2019	Group 31 March 2018	1 April 2017	Company 31 March 2019
	\$	\$	\$	\$
Trade receivables				
- Non-related parties	6,355,383	2,379,888	2,443,439	-
- Related parties	66,501	626,710	427,317	-
- Unbilled receivables	702,434	701,505	-	-
	7,124,318	3,708,103	2,870,756	-
Other receivables				
- Non-related parties	599,519	-	-	93,591
- Subsidiaries	-	-	-	10,331,253
- Related parties	122,537	97,383	70,496	147
	7,846,374	3,805,486	2,941,252	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 years ended. The Group has not recognised loss allowance for unbilled receivables following the adoption of SFRS(I) 9 (Note 28(b)).

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

14 DEPOSITS AND PREPAYMENTS

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
<i>Current</i>			
Deposits	5,960,308	54,259	23,959
Prepayments	107,803	202,056	18,644
	6,068,111	256,315	42,603
<i>Non-current</i>			
Deposits	3,500,000	-	-

The deposits (current) were paid for securing services amounting to \$5,900,000 (31 March 2018: Nil; 1 April 2017: Nil).

The deposits (non-current) were paid for securing a potential intangible asset.

The fair value of non-current deposits is \$3,283,148 and is determined from the discounted market borrowing rates of 5.25%. The fair value is within level 3 of the fair value hierarchy.

15 OTHER CURRENT ASSETS

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
<i>Other current assets</i>			
Assets recognised from costs incurred to fulfill revenue contracts	2,274,013	561,570	129,486

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

16 INVESTMENTS IN SUBSIDIARIES

	Company 2019 \$
<i>Equity investments at cost</i>	
Beginning of financial year	-
Additions	446,400
End of financial year	<u>446,400</u>

The Group had the following subsidiaries as at 31 March 2019 and 2018:

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	
			2019 %	2018 %	2019 %	2018 %
<i>Held by the Company:</i>						
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)(g)}	Motion picture, video and television programme post-production activities	China	100	-	100	-
<i>Held by Vividthree Productions Pte. Ltd.:</i>						
Vividthree Productions Sdn. Bhd. ^{(b)(c)(d)(f)}	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 subsidiary is incorporated on 10 January 2019.

^(f) The subsidiary was incorporated on 5 December 2017.

^(g) 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 2019

17 PLANT AND EQUIPMENT

	Office equipment and computers \$	Furniture and fittings \$	Renovation \$	Tools and equipment \$	Total \$
Group					
2019					
Costs					
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 differences	(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 differences	(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
2018					
Costs					
Beginning of financial year	717,001	18,474	57,377	-	792,852
Additions	145,968	-	-	-	145,968
End of financial year	862,969	18,474	57,377	-	938,820
Accumulated depreciation					
Beginning of financial year	421,224	3,091	24,130	-	448,445
Depreciation charge for the year (Note 7)	190,566	1,958	13,486	-	206,010
End of financial year	611,790	5,049	37,616	-	654,455
Carrying amount					
End of financial year	251,179	13,425	19,761	-	284,365

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

18 GOODWILL ARISING ON CONSOLIDATION

	31 March 2019 \$	Group 31 March 2018 \$	1 April 2017 \$
Cost and carrying amount			
Beginning of financial year and end of financial year	2,851,917	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 cost to disposal ("FVLCD") calculations. The key assumptions on which the Group has based cash flow projections when determining FVLCD were that projected future performance was based on past performance and expectations for the future, 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 to 8%. These cash flows were discounted using a pre-tax discount rate of 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.

19 INTANGIBLE ASSETS

	Content development \$	Film and merchandise right \$	Customer relationship \$	Total \$
Group 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
2018				
Cost				
Beginning of financial year and end of financial year	-	109,948	163,000	272,948
Accumulated amortisation				
Beginning of financial year	-	86,648	81,500	168,148
Amortisation charge for the year (Note 7)	-	2,400	40,750	43,150
End of financial year	-	89,048	122,250	211,298
Carrying amount				
End of financial year	-	20,900	40,750	61,650

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

20 TRADE AND OTHER PAYABLES

	31 March 2019	Group 31 March 2018	1 April 2017	Company 31 March 2019
	\$	\$	\$	\$
Current				
Trade payables				
- Non-related parties	120,902	229,126	657	-
Other payables				
- Non-related parties	151,762	170,035	53,374	51,633
- Holding company	84,221	238,892	363,892	1,175
- Subsidiaries	-	-	-	404,000
- Related parties	89,590	54,946	368	353
- Directors of the Company	-	-	59,885	-
	325,573	463,873	477,519	457,161
Accruals	243,437	136,301	20,751	187,568
Dividend payables	-	-	176,065	-
	689,912	829,300	674,992	644,729

Related parties are entities controlled by the holding company.

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

21 CONTRACT LIABILITIES

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Contract liabilities	1,493,248	213,100	178,500

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 2019 and 31 March 2018 amounting to \$156,000 and \$136,500 respectively were included in contract liabilities at the beginning of the respective financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

22 BORROWINGS

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
<i>Current</i>			
Bank borrowings	-	71,094	78,263
Holding company	-	18,205	80,386
	-	89,299	158,649
<i>Non-current</i>			
Bank borrowings	-	36,742	106,632
Holding company	-	-	18,205
	-	36,742	124,837
<i>Total borrowings</i>			
Bank borrowings	-	107,836	184,895
Holding company	-	18,205	98,591
	-	126,041	283,486

In the previous financial years, the borrowing from holding company was unsecured and interest was fixed at 7% per annum.

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

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
6 months or less	-	40,616	37,554
6 - 12 months	-	30,480	39,028
1 - 5 years	-	36,740	108,313
	-	107,836	184,895

In the previous financial years, the bank borrowings were secured by personal guarantee given by the directors.

The fair values of non-current borrowings approximate their carrying amounts.

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Bank borrowings	-	35,778	93,982
Borrowing from holding company	-	-	17,810

The fair values are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Bank borrowings	-	5.33	5.28
Borrowing from holding company	-	5.33	5.28

The fair values are within level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

23 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:

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Deferred income tax liabilities			
- to be settled after one financial year	51,626	64,035	70,785

Movement in deferred income tax account is as follows:

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Beginning of financial year	64,035	70,785	46,080
Credited to profit or loss (Note 10)	(12,409)	(6,750)	24,705
End of financial year	51,626	64,035	70,785

The movement in deferred income tax liabilities is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Intangible assets	Total
	\$	\$	\$
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
2018			
Beginning of financial year	57,285	13,500	70,785
Credited to profit or loss	-	(6,750)	(6,750)
End of financial year	57,285	6,750	64,035

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

24 SHARE CAPITAL

	Note	Group		Company	
		No. of ordinary shares	Amount \$	No. of ordinary shares	Amount \$
2019					
Beginning of financial year		50,000	50,000	-	-
Issuance of new shares at date of incorporation of the Company	24(a)	300	300	300	300
Issuance of new shares pursuant to the restructuring exercise	24(b)	49,700	50,000	49,700	50,000
Restructuring Exercise	24(b)	(50,000)	(50,000)	-	-
Sub-division of shares pursuant to the restructuring exercise	24(c)	271,950,000	-	271,950,000	-
Issuance of new shares pursuant to the conversion of Pre-IPO convertible loan	24(d)	9,411,764	2,000,000	9,411,764	2,000,000
Issuance of new shares to employees	24(e)	800,000	200,000	800,000	200,000
Issuance of new shares pursuant to the placement	24(f)	51,800,000	12,950,000	51,800,000	12,950,000
IPO costs capitalised	24(g)	-	(1,428,069)	-	(1,428,069)
End of financial year		334,011,764	13,772,231	334,011,764	13,772,231
2018					
Beginning of financial year and end of financial year		50,000	50,000	-	-

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) As described in Note 1.2(b) of the financial statements, pursuant to the Restructuring Exercise, the Company acquired the entire issued and paid-up share capital of 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

24 SHARE CAPITAL (CONTINUED)

- (e) The Group has entered into letter agreements with its employees to award performance bonuses for the financial year ended 31 March 2018 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 the financial year ended 31 March 2018 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 and token of appreciation for the financial year ended 31 March 2018.

- (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 24(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).

25 RESERVES

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Composition:			
Merger reserve (Note 25(a))	2,921,000	2,921,000	2,921,000
Currency translation reserve (Note 25(b))	8,130	(447)	-
	<u>2,929,130</u>	<u>2,920,553</u>	<u>2,921,000</u>

Reserves are non-distributable.

The movement of reserves are as follows:

- (a) Merger reserve

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Beginning and end of financial year	<u>2,921,000</u>	<u>2,921,000</u>	<u>2,921,000</u>

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

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Beginning of financial year	(447)	-	-
Net currency translation differences of financial statements of foreign subsidiary	8,577	(447)	-
End of financial year	<u>8,130</u>	<u>(447)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

26 RETAINED PROFITS/(ACCUMULATED LOSSES)

- (a) Retained profits of the Group are distributable.
- (b) Movement in accumulated losses of the Company is as follows:

	2019 \$
As at 7 April 2018 (Date of incorporation)	-
Net loss during the year	(499,540)
End of financial year	<u>(499,540)</u>

27 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.

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		
	31 March 2019 \$	31 March 2018 \$	1 April 2017 \$
Not later than one year	180,970	142,647	72,675
Between one and five years	133,558	126,195	45,397
	<u>314,528</u>	<u>268,842</u>	<u>118,072</u>

28 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 United States Dollar ("USD") and Malaysian Ringgit ("RM").

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

	SGD \$	USD \$	RM \$	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	5,952,639	-	7,669	5,960,308
Intra-group receivables	10,856,589	-	-	10,856,589
	<u>28,876,732</u>	<u>103,026</u>	<u>64,263</u>	<u>29,044,021</u>
Financial liabilities				
Trade and other payables	(611,037)	-	(78,875)	(689,912)
Intra-group payables	(10,856,589)	-	-	(10,856,589)
	<u>(11,467,626)</u>	<u>-</u>	<u>(78,875)</u>	<u>(11,546,501)</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>702,434</u>	<u>103,026</u>	<u>-</u>	<u>805,460</u>
2018				
Financial assets				
Cash and cash equivalents	2,352,723	-	1,016	2,353,739
Trade and other receivables	3,805,486	-	-	3,805,486
Deposits	54,259	-	-	54,259
	<u>6,212,468</u>	<u>-</u>	<u>1,016</u>	<u>6,213,484</u>
Financial liabilities				
Trade and other payables	(771,318)	-	(57,982)	(829,300)
	<u>(771,318)</u>	<u>-</u>	<u>(57,982)</u>	<u>(829,300)</u>
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company is not exposed to significant currency risk as most of its financial assets and liabilities as at 31 March 2019 and 2018 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 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the United States Dollar ("USD") change against the Singapore Dollar ("SGD") by 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 2019 \$
<hr/>	
Group	
USD against SGD	
- Strengthened	2,565
- Weakened	<u>(2,565)</u>

The Group is not exposed to any currency risk exposure as at 31 March 2018.

(ii) Price risk

The Group does not have exposure to equity price risk as it does not hold equity financial assets.

(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 2019 and 31 March 2018.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and the Company are cash and cash equivalents, trade and other receivables and deposits. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Risk management (continued)

As at 31 March 2019, the trade receivables are not subject to any material credit losses.

The trade receivables of the Group comprise 5 debtors (31 March 2018: 5 debtors), which represented 8% - 25% (31 March 2018: 11% - 18%) of the trade receivables.

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

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
<u>By geographical areas</u>			
Singapore	3,052,695	1,093,578	1,156,229
China	2,305,460	1,959,000	1,170,000
Hong Kong	-	201,505	201,507
Taiwan	161,514	133,020	343,020
Malaysia	1,604,649	321,000	-
	<u>7,124,318</u>	<u>3,708,103</u>	<u>2,870,756</u>
<u>By types of customers</u>			
Non-related parties	7,057,817	3,081,393	2,443,439
Related parties	66,501	626,710	427,317
	<u>7,124,318</u>	<u>3,708,103</u>	<u>2,870,756</u>

Non-trade amounts due from subsidiaries and related parties

The Company held non-trade receivables from its subsidiaries and related parties of \$10,331,253 and \$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 month expected credit loss basis and the amount of the allowance is insignificant.

(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 for all trade receivables and the general approach for other financial assets at amortised cost, i.e., other receivables and deposits.

To measure the expected credit losses, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

As at 31 March 2019, there are no credit risk exposures in relation to the Group's trade receivables from customers and other receivables. Management has assessed the application of the expected credit loss model and no loss allowances are recognised for these financial assets.

Previous accounting policy for impairment of trade receivables

In the previous financial years, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

- *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and are not re-negotiated.

- *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	31 March 2019	Group 31 March 2018	1 April 2017
	\$	\$	\$
Past due less than 3 months	860,942	302,671	202,989
Past due over 3 months	261,140	891,529	944,014
	1,122,082	1,194,200	1,147,003

As the the end of financial year, management has assessed that no allowance for impairment is required for the receivables.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$
Group			
At 31 March 2019			
Trade and other payables	689,912	-	-
At 31 March 2018			
Trade and other payables	829,300	-	-
Borrowings	89,299	36,742	-
	918,599	36,742	-
At 1 April 2017			
Trade and other payables	674,992	-	-
Borrowings	158,649	94,148	31,538
	833,641	94,148	31,538

(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 plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	31 March 2019 \$	Group 31 March 2018 \$	1 April 2017 \$	Company 31 March 2019 \$
Borrowings	-	126,041	283,486	-
Trade and other payables	689,912	829,300	674,992	644,729
Cash and cash equivalents	(4,380,750)	(2,353,739)	(599,034)	(3,046,029)
Net (cash)/debt	(3,690,838)	(1,398,398)	359,444	(2,401,300)
Total equity	25,413,064	8,414,530	5,704,778	13,272,691
Total capital	21,722,226	7,016,132	6,064,222	10,871,391
Gearing ratio (times)	*	*	0.06	*

* Not meaningful

The Group and the Company were in compliance with all externally imposed capital requirements for the financial years ended 31 March 2019, 2018 and 1 April 2017.

(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 disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

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

	31 March 2019	Group 31 March 2018	1 April 2017	Company 31 March 2019
	\$	\$	\$	\$
Financial assets at amortised cost	18,187,432	-	-	13,471,020
Loans and receivables	-	6,213,484	3,564,245	-
Financial liabilities at amortised cost	689,912	804,305	905,104	644,729

29 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 31 March 2019	31 March 2018
	\$	\$
<u>Holding company</u>		
Purchase of concert tickets	7,723	2,086
Purchase of services	200,000	-
Interest expenses paid	322	2,877
<u>Related parties</u>		
Sales of services	92,250	806,850
Purchase of services	144,667	22,513
Income received from investment in film rights	18,082	-
Purchase of concert tickets	15,358	3,475
Sponsorship expenses paid	-	10,000

Outstanding balances as at 31 March 2019, 2018 and 1 April 2017, arising from sales/purchase of services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 13 and 20 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

29 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	31 March 2019	31 March 2018
	\$	\$
<hr/>		
<i>Directors</i>		
Wages and salaries	313,080	258,650
Bonus	76,883	-
Directors' fees	60,500	-
Employer's contribution to defined contribution plans	12,274	12,274
	<hr/>	<hr/>
	462,737	270,924
<hr/>		
<i>Key management personnel (excluding directors)</i>		
Wages and salaries	328,762	145,391
Bonus	10,795	665
Employer's contribution to defined contribution plans	33,229	14,538
	<hr/>	<hr/>
	372,786	160,594
	<hr/>	<hr/>
Total key management personnel compensation	835,523	431,518

30 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:

(i) 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.

(ii) Content Production

Content production refers to the production of virtual reality ("VR") products for location-based thematic tour shows with exhibitions that incorporate immersive experiences, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

30 SEGMENTAL INFORMATION (CONTINUED)

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

	Post-production		Content Production		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Revenue						
- External parties	2,535,810	2,857,059	6,748,607	4,200,000	9,284,417	7,057,059
Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA")					4,455,488	3,488,942
Depreciation					(292,087)	(206,010)
Amortisation					(70,831)	(43,150)
Interest expense					(3,520)	(14,586)
Profit before income tax					4,089,050	3,225,196
Income tax expense					(821,324)	(514,997)
Net profit					3,267,726	2,710,199

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 \$4,500,000 (2018: \$2,200,000) is derived from 2 (2018: 2) external customers for the financial year ended 31 March 2019.

31 COMPARATIVE FIGURES

As disclosed in Note 1.2 of the financial statements, the comparative financial statements of the Group for the financial year ended 31 March 2018 and 1 April 2017 comprise the financial information of the combined Group of the Company, Vividthree Productions Pte. Ltd. and Vividthree Productions Sdn. Bhd., prepared based on the pooling-of-interest method, as if the current group structure has been in existence and under common control in financial year ended 31 March 2018 and 1 April 2017.

The financial period of the financial statements of the Company are since the date of incorporation, 7 April 2018 to 31 March 2019. This being the first set of financial statements, there are no comparative figures.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

32 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 2019 and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2020

• *SFRS(I) 16 Leases*

SFRS(I) 16 will result in almost all leases being recognised on balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, as asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$314,528 (Note 27). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss and classification of cash flows.

• *SFRS(I) INT 23 Uncertainty Over Income Tax Treatments*

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- (i) how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- (ii) that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- (iii) that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- (iv) that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- (v) that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Group does not expect additional tax liability to be recognised arising from the uncertain tax positions on the adoption of the interpretation on 1 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

32 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Effective for annual periods beginning on or after 1 January 2020 (continued)

- Amendments to SFRS(I) 3 - Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to References to the Conceptual Framework in SFRS(I) standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

** The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015.*

33 EVENTS OCCURRING AFTER REPORTING DATE

On 25 June 2019, the Company has entered into a legally binding term sheet with XMI Group Pte. Ltd. ("XMI") to subscribe up to \$1,500,000 convertible notes ("Notes") in XMI. These are interest bearing Notes and convertible into shares in the capital of XMI, with a maturity date of 24 month from the date of issuance of the Notes or upon the successful completion of a listing on SGX-ST of XMI, or successful completion of a sale transaction of at least 50% of XMI, whichever is earlier.

34 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 28 June 2019.

STATISTICS OF SHAREHOLDINGS

As at 18 June 2019

SHARE CAPITAL

Number of shares	:	334,011,764
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares	:	Nil
Number of subsidiary holdings held and percentage	:	Nil

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 18 June 2019, approximately 20.27% 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.

ANALYSIS OF SHAREHOLDINGS AS AT 18 JUNE 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	-	-	-	-
100 - 1,000	15	4.72	9,800	0.00
1,001 - 10,000	102	32.07	712,400	0.21
10,001 - 1,000,000	183	57.55	22,224,400	6.66
1,000,001 and above	18	5.66	311,065,164	93.13
Total	318	100.00	334,011,764	100.00

MAJOR SHAREHOLDERS AS AT 18 JUNE 2019

NO.	NAME	NO. OF SHARES	%
1	mm2 Asia Ltd.	138,720,000	41.53
2	Yeo Eng Pu, Charles	43,987,840	13.17
3	Hong Wei Chien	38,082,400	11.40
4	Lee Chun Fun	35,147,840	10.52
5	Lee Hoon Hwee	10,161,920	3.04
6	KGI Securities (Singapore) Pte. Ltd	9,622,764	2.88
7	Yeo Khee Seng Benny	4,800,000	1.44
8	Maybank Kim Eng Securities Pte.Ltd	4,447,600	1.33
9	DBS Nominees Pte Ltd	4,013,000	1.20
10	Citibank Nominees Singapore Pte Ltd	4,000,000	1.20
11	Yeo Khee Yeow Anthony	4,000,000	1.20
12	RHB Securities Singapore Pte Ltd	3,690,200	1.11
13	Raffles Nominees (Pte) Limited	2,837,500	0.85
14	CGS-CIMB Securities (Singapore) Pte Ltd	2,637,000	0.79
15	Henry Quek Peng Hock	1,400,000	0.42
16	Soh Chun Bin (Su Chunbin)	1,250,000	0.37
17	DB Nominees (Singapore) Pte Ltd	1,201,000	0.36
18	Chau Ching Nam (Zhou Jinnan)	1,066,100	0.32
19	Lim Swee Yong	1,000,000	0.30
20	Yang Bo	1,000,000	0.30
		313,065,164	93.73

STATISTICS OF SHAREHOLDINGS

As at 18 June 2019

SUBSTANTIAL SHAREHOLDERS AS AT 18 JUNE 2019

NO.	NAME OF SHAREHOLDER	DIRECT INTEREST		INDIRECT/ DEEMED INTEREST	
			%		%
1.	Yeo Eng Pu, Charles	43,987,840	13.17	0	0.00
2.	Hong Wei Chien	38,082,400	11.40	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
5.	Lee Chun Fun	35,147,840	10.52	0	0.00

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** of the Company will be held at 1 Zubir Said Dr, #01-01 School of the Arts, Singapore 227968 on 29 July 2019 at 11:00 a.m. to consider and, if thought fit, to pass the following resolutions:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 and the Independent Auditor's Report thereon. Resolution 1
2. To re-elect Mr Hong Wei Chien, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company Resolution 2
3. To re-elect Mr Chang Long Jong, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company.

Mr Chang Long Jong shall, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee. Resolution 3
4. To re-elect Mr Er Song Ngueng, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company

Mr Er Song Ngueng shall, upon re-election as a Director of the Company, remain as as a member of the Audit Committee. Resolution 4
5. To re-elect Mr Wong Kim Soon Royson, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company.

Mr Wong Kim Soon Royson shall, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and the Nominating Committee, and as a member of the Remuneration Committee. Mr Wong Kim Soon Royson shall be considered independent for the purpose of Rule 704(7) of Catalist Rules. Resolution 5
6. To re-elect Dr Ho Choon Hou, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company.

Dr Ho Choon Hou shall, upon re-election as a Director of the Company, remain as Chairman of the 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. Resolution 6
7. To approve the payment of Directors' fees of \$60,500 for the year ended 31 March 2019. Resolution 7
8. 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 8

SPECIAL BUSINESS

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

9. Authority to allot and issue shares

"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:-

NOTICE OF ANNUAL GENERAL MEETING

- (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
- (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."

Resolution 9
[See Explanatory Note (i)]

10. Authority to grant Awards and to allot and issue Shares under the Vividthree Performance Share Plan

"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."

Resolution 10
[See Explanatory Note (ii)]

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

Explanatory Notes:

- (i) The Ordinary Resolution proposed in item 9, 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.

NOTICE OF ANNUAL GENERAL MEETING

- (ii) The Ordinary Resolution proposed in item 10, 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 2019

Notes:

- a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- b) If a proxy is to be appointed, the form must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 72 hours before the meeting.
- c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- d) In the case of joint shareholders, all holders must sign the form of proxy.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives 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) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**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), 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) 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.

VIVIDTHREE HOLDINGS LTD.

Registration No. 201811828R

(Incorporated in Singapore)

PROXY FORM

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We _____

of _____

being a member(s) of Vividthree Holdings Ltd. (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at 1 Zubir Said Dr, #01-01 School of the Arts, Singapore 227968 on Monday, 29 July 2019 at 11.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2019 and the Independent Auditor's Report thereon		
2.	To re-elect Mr Hong Wei Chien, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company		
3.	To re-elect Mr Chang Long Jong, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company		
4.	To re-elect Mr Er Song Ngueng, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company		
5.	To re-elect Mr Wong Kim Soon Royson, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company		
6.	To re-elect Dr Ho Choon Hou, who is retiring in accordance with Regulation 122 of the Company's Constitution, as a Director of the Company		
7.	To approve the payment of Directors' fees of \$60,500 for the year ended 31 March 2019		
SPECIAL BUSINESS			
8.	To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
9.	To authorise Directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50		
10.	To authorise the Directors to offer and grant awards and to issue shares in accordance with the Rules of the Vividthree Performance Share Plan (the "Vividthree PSP")		

Signed this _____ day of _____ 2019

Total number of shares held

--

Signature or Common Seal of shareholder**IMPORTANT:** Please read notes overleaf

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 81SF of the Securities and Futures Act, Chapter 289), 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.
3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:
 - (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
 - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 not less than 72 hours before the time appointed for the Annual General Meeting.
7. 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 a proxy or proxies. 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 a proxy or proxies 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 members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2019.

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vividthree

(Company Registration No. 201811828R)
(Incorporated in Singapore on 7 April 2018)

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