

**RESPONSE TO SHAREHOLDER AND SIAS QUERIES IN RELATION
TO THE COMPANY'S FY2024 ANNUAL REPORT**

The Board of Directors of Vividthree Holdings Ltd. (the "Company" and together with its subsidiaries, the "Group") refers to the questions from a Company's shareholder on 18 July 2024 and the Securities Investors Association (Singapore) (the "SIAS") on 19 July 2024.

Questions from a Shareholder

Q1. Page 11 - Elliot Communications Pte. Ltd. ("Elliot") is 30% owned by Vividthree Holdings Ltd ("Vividthree").

Is Elliot a subsidiary or an associated company?

From the accounts, it seems like it is fully consolidated into Vividthree book like a subsidiary. Page 96 indicated that Vividthree had fully management control over Elliot despite owning only 30%. Page 118 also stated that there is call option to acquire another 21%. As such it is treated as a subsidiary?

Company's response:

The Company has accounted Elliot Communications Pte. Ltd. and its subsidiaries (the "Elliot Group") as the Company's subsidiaries through the arrangement in a Shareholder Agreement entered between the Company and the Founder of Elliot Group. The management has assessed that the Company has established control over Elliot Group in accordance with SFRS(I) 10 Consolidated Financial Statements, which is based on (i) the power and ability to direct the board decision; (ii) the ability to direct the relevant activities by appointing key management personnel; and (iii) the ability to use power to affect the amount of the investor's return. The above judgements and details are disclosed in Note 2.5 (a) (Page 73), Note 3(a) (Page 86), Note 19 (Page 96), Note 22 (Page 102), Note 38 (Page 118) to the financial statements.

Q2. Page 9 - For the last few years, Vividthree had evolved and ventured into blockchain-related technologies, including non-fungible tokens (NFTs) and cryptocurrencies. The Group developed digital collectibles of the characters of its Silent Horror web comic for sale to NFT collectors and comic fans. It had also deepened its push into NFT gaming with an investment in Singapore-based GammaR, a platform that helps NFT game developers bring their innovations to market.

- (a) Are the income streams from the above ventures recorded under Digital Media & Live Experience Production segment which had jumped by \$2.24 million (393%) in FY 2024?
- (b) Are the IP assets (copyright, blockchain, NFTs, etc) recorded in Notes 23 and 24?
- (c) Is the company also into crypto-mining?

Company's response:

- (a) *There was no income recorded from any crypto activities in FY2024. The increase in the Digital Media & Live Production segment by \$2.24 million was mainly due to better performance from the Digital & Live Production business in FY2024.*
- (b) (i) *Note 23 Acquired Rights comprised of intellectual property rights, which are rights acquired by the Group for specific content, conceptual ideas or film titles. These details are also disclosed in Note 2.10 to the financial statements.*

- (ii) *Note 24 Intangible Assets comprised of (i) Content development costs; (ii) Customer relationship; (iii) Licenses; and (iv) software under development and completed. These details are also disclosed in Note 2.11 and Note 24 to the financial statements.*
- (c) *The Group did not engage any crypto activities during FY2024 and also for next financial years. However, we shall inform shareholders if there is any further development on this crypto when appropriate.*

Q3. Page 96 - Investment in Subsidiary

The acquisition of Elliot Communication Pte. Ltd.. Can the Board/Management share of the following:

- (a) What is the rationale of this acquisition?
- (b) Is there any synergy from the acquisition with the existing digital media/entertainment business?
- (c) Or is it just to diversify the revenue drivers of the company? i.e Public Relations is a new business segment.

Company's response:

(a), (b) & (c):

The details of the rationale of the acquisition of Elliot Group were discussed in our circular dated 25 April 2023 (the "Circular"), which was announced on 7 May 2023, under Note 2 and Note 3 to the Circular. This Circular has discussed the rationale in detail on the (i) Group's business diversification into the provision of public relations services (including brand building services, brand activation services and event management services) and (ii) the acquisition of Elliot Group.

Q4. Page 111, credit exposures of trade receivables

- (a) Elliot has a Indonesia subsidiary - is there no exposures in Indonesia? Is it accumulated under the others?
- (b) No more business in Japan in 2024FY?

Company's response:

(a) *There were no outstanding trade receivables recorded in our subsidiary in Indonesia, as at 31 March 2024. Hence, there was no credit exposure in FY2024.*

(b) *The revenue analysed by geographical regions based on the location of customers which includes Singapore, Malaysia, China and Japan as disclosed in Note 4 (Page 89) to the financial statements.*

Q5. The recent crackdown on gaming and tech companies in China, what is the impact on Vividthree if any?

Company's response:

We did not deal with any clients or vendors on gaming and tech companies in China.

Q6. From the news, Chairman Dr Ho Choun Hou is under investigation for his role in Cordlife. Does he have time to govern Vividthree going forward? Any comment from the other IDs, Mr Chang Long Jong and Mr Wong Kim Soon Royson.

Company's response:

As disclosed in our announcement made on 24 March 2024, the Group's Nominating Committee ("NC") and the board of directors ("Board") are of the opinion that Dr Ho is able to fulfil his duties professionally as an Independent Director of the Company. The NC and the Board will continue to monitor and assess the situation and will announce further material information as may be necessary and/or appropriate in compliance with the SGX-ST Catalist Rules.

Questions from the SIAS

- Q1.** For the financial year ended 31 March 2024, revenue from the Digital & live experience production segment increased by approximately \$2.24 million or 393%, from \$0.57 million in FY2023 to \$2.81 million in FY2024. This growth was primarily driven by higher demands for new immersive location-based entertainment, as all outdoor and event entertainment activities resumed in FY2024.

In the Digital media production segment, revenue decreased by 32% from \$2.34 million to \$1.60 million, mainly due to fewer projects completed during the financial year.



- (i) What were some of the notable projects completed by the group in Digital & Life experience segment? How strong and sustainable is the demand going forward?
- (ii) Considering the rapid advancements in artificial intelligence (“AI”) for image and video generation, how does the group assess the potential impact on its core businesses? What strategies are in place to mitigate any competitive threats from AI-driven content creation?

Company’s response

- (i) *Some of the notable projects completed by the Group’s Digital & Live Production Experience for MICE events were Chingay Show 2024, S.E.A Aquarium Discovery Vibransea, and AsiaTech x Singapore in FY2024. Other completed projects were also showcased on our URL page: www.vividthree.com. The Group anticipates a continuing upward trend in the next financial years, particularly in the MICE and digital entertainment sectors offering significant opportunities in upcoming years⁽¹⁾.*
- (ii) *The Group recognises the rapid advancements in AI and other evolving landscapes could impact our core businesses. As a result, the Group has made a strategic shift in FY2024 where the Group is targeting the growing regional MICE sector by exploiting the Group’s core strength and creative DNA to bring digital content and experiences to the family entertainment sector.*

⁽¹⁾ The article can be referenced to <https://www.straitstimes.com/singapore/singapore-gunning-for-spot-as-world-s-best-mice-events-destination-stb>

- Q1.1** As noted in the chairman’s statement, the group is making a strategic shift from a production service provider to a creator and owner of unique intellectual property (IP). The company signed significant MOUs to explore collaborations in digital family entertainment. These deals involve exploring opportunities in China’s booming immersive entertainment market and developing family arcade businesses across Singapore and Southeast Asia.

- (i) What risks has the board identified as the group pivots to creating and owning IP?
- (ii) What is the typical cycle of IP creation from concept to production to exhibition?
- (iii) Given the current financial resources of \$1.43 million in cash and cash equivalents, what specific financial strategies and plans does the group have to support the transition to its new business model focused on creating and owning IP? How capital-intensive is the new

focus of creating and owning IP?

- (iv) Separately, following the recent \$3.2 million issuance of new shares and convertible bonds, what additional capital raising strategies is the board considering to ensure sufficient funding for the group's strategic initiatives? How will these funds be allocated to maximise growth and shareholder value?

Company's response

- (i) *The Board has identified main risks in creating and owning an IP, namely infringement and financial risk. The Group will closely monitor the development as and when we are creating and/or owning an IP and seek legal advisors when appropriate.*
- (ii) *A typical cycle of IP creation is from scripting, pre-production, which includes planning and design, production, marketing and exhibiting.*
- (iii) *On 12 July 2024, the Group announced \$3.2 million gross proceeds (net proceeds will be \$3.05 million) to be raised through the issuance of new shares and convertible bonds ("Proposed Fundraising"). The Group's financial strategies and plans are utilising the net proceeds for new businesses and general corporate and working capital purposes. It is not capital-intensive in creating and owning an IP as it utilises our own existing core capabilities and internal resources*
- (iv) *The Proposed fundraising in July 2024 was the Group's very first round of fundraising for the new business expansion into Digital Family Entertainment, which includes arcades, immersive VR experiences and family karaoke. If any and any additional capital raising strategies will be announced when appropriate.*

- Q2.** On 1 February 2024, the company announced that it signed a non-binding term sheet with Metavision International Holdings Ltd, a company that specialises in location-based experiences through multimedia storytelling, event promotion, digital marketing and IP licensing, to explore a stock swap and an investment in Metavision's TMP Immersive Expedition Center in Chengdu, China.

Details of the proposed tie-up could be found here:

https://links.sgx.com/FileOpen/PressRelease_VV3_Chengdu_final_010224.ashx?App=Announcement&FileID=785617

- (i) How was management introduced to Metavision? What criteria were used to evaluate Metavision as a potential partner for the strategic collaboration?
- (ii) Since the signing of the non-binding term sheet, what specific milestones have been achieved in the partnership with Metavision? Can management provide a detailed update on the due diligence process, negotiations, and any preliminary agreements that have been reached?
- (iii) Was Metavision invited to participate in the recent round of share placement and bond subscription that the company announced on 12 July 2024?
- (iv) Can management share feedback from visitors of Metavision's TMP Immersive Expedition Center in Chengdu, China, which has been open to the public for almost 6 months since 2 February 2024?
- (v) What is the experience of management in due diligence, deal structuring and valuation?

Company's response

- (i) *Management was introduced to Metavision International ("Metavision") through a mutual business associate. No introducer fee or other fee was paid by the Company for such introduction. Metavision's CEO, Ethan Tang, who has vast experience in business development in China, including the acquisition of variety shows and awards for major TV channels in China. Hence, with his vast experience in the industry, we see Metavision as a potential partner for the strategic collaboration.*
- (ii) *The discussion between the Company and Metavision is still ongoing. No agreements have been*

reached at this moment, and we will inform the shareholders as and when appropriate.

- (iii) Metavision did not participate in our recent round of fundraising.
- (iv) Metavision's first launch of the TMP Immersive Expedition Centre in Chengdu, China, was successful. Subsequently, Metavision launched its second immersive expedition centre in Shanghai and then its third in Xi'an, China.
- (v) Provision of immersive entertainment is one of our core strengths, of which Vividthree has produced immersive experiences, such as the Train To Busan Tour in various territories and, recently, the Chingay Show 2024. Moreover, our recent successfully acquired the Elliot Group. Therefore, management has the appropriate experience in negotiating the deal with Metavision, including due diligence and valuation. Where necessary, the Group will hire external consultants, industry experts and professionals.

Q3. The acquisition of Elliot Communications Pte. Ltd. and its subsidiaries on 26 March 2023 boosted the consolidated revenue with contributions of \$2.68 million in the current financial year. Despite a 30% interest, the company has consolidated Elliot as the sale and purchase agreement included a call option to acquire an additional 21% equity interest in Elliot.

- (i) **Can the board explain how the acquisition of Elliot is aligned with the group's pivot to digital content creation and ownership of unique intellectual property?**
- (ii) **What are the synergies between Elliot and the group's digital media and live experience production businesses?**
- (iii) **What is the strategic plan for integrating Elliot Communications with the group? Will Elliot operate independently, or will there be a comprehensive integration to fully leverage its capabilities and align it with the group's broader goals?**

Company's response

- (i) & (ii) *The acquisition of Elliot Communications and its subsidiaries ("Elliot Group") allows the Group to provide a complete suite of services to its existing clients, which would in turn facilitate the Group's ability to attract new clients and retain existing clients. In addition, it would also enable the Group to leverage on the Elliot Group's existing client network and expertise to enter new markets and capitalise on emerging opportunities in Southeast Asia for digital content creation.*
- (iii) *Elliot Group has its own management team and the Chairman of Elliot Group is Vividthree's CEO, Charles Yeo. We are working closely with the founders of Elliot Group towards our strategic plan as mentioned above (i) & (ii)*

By Order of the Board

**Yeo Eng Pu, Charles
Chief Executive Officer
25 July 2024**

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the sponsor is Mr. Khong Choun Mun at 36 Robinson Road, #10-06 City House, Singapore 068877, Email: sponsor@rhtgoc.com.