

## VIVIDTHREE HOLDINGS LTD.

Registration No. 201811828R

(Incorporated in the Republic of Singapore)

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### PROPOSED INVESTMENT IN XMI GROUP PTE. LTD.

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#### 1. INTRODUCTION

- 1.1 The Board of Directors of Vividthree Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had on 25 June 2019 entered into a legally binding term sheet (“**Term Sheet**”) with XMI Group Pte. Ltd. (“**XMI**”), pursuant to which the Company has agreed to subscribe up to S\$1.5 million (“**Investment Amount**”) Convertible Notes (“**Notes**”) in XMI (“**Proposed Investment**”).
- 1.2 As the relative figures computed on the applicable bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) is less than 5%, the Proposed Investment is accordingly a non-disclosable transaction under Rule 1008 of the Catalist Rules.

#### 2. INFORMATION ON XMI

XMI, a company incorporated in Singapore and having its registered office at 11 Toa Payoh Lorong 3, Blk B, #01-16/17, Singapore 319579 is a professional portable audio company focused on bringing the very latest in portable audio innovation to the global market.

XMI is a multiple award-winning technology pioneer focused on product innovation. By incorporating online platform, artificial intelligence capabilities beyond voice and facial recognition and holographic technology, XMI seeks to create an Over The Top (“**OTT**”) Streaming platform for alternative content and music with gamified elements to provide an immersive experience for its users.

#### 3. INFORMATION ON THE PROPOSED INVESTMENT

- 3.1 Pursuant to the terms and conditions of the Term Sheet, XMI has agreed to issue, and the Company has agreed to subscribe for, an interest bearing Notes convertible into shares in the capital of XMI with a maturity date of 24 months from the date of the issuance of the Notes or upon the successful completion of a listing on the SGX-ST of XMI (“**Qualified Listing**”), or the successful completion of a sale transaction of at least 50% of XMI (“**Qualified Trade Sale**”), whichever is earlier (“**Maturity Date**”).

##### 3.2 Interest Rate

The Notes will bear interest on an annual basis and payable on the outstanding Investment Amount of the Notes:-

- a) In the case of the Maturity Date, 4% per annum from the disbursement of the Investment Amount by the Company to XMI.
- b) In the case of an extended Maturity Date of which the Company has the sole discretion to extend for further 12 months post Maturity Date (“**Extended Maturity Date**”), the interest rate will be revised to 8% per annum from Maturity Date.

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#### **3.3 Conversion of the Notes**

The Notes may be converted at the sole discretion, but not the obligation, of the Company into new ordinary shares in the capital of XMI at any time, from the date of disbursing the Investment Amount and up to the close of business on the day falling on the Maturity Date or the Extended Maturity Date.

The Notes will be converted into shares in the capital of XMI at a 30% discount to XMI's listing price or implied trade sale valuation; or 35% discount to XMI's listing price if converted on Extended Maturity Date.

The Notes must be converted in whole and shall have a conversion valuation cap of S\$30 million.

#### **3.4 Redemption of the Notes**

The Company shall be entitled to redeem the Notes with an additional interest payment of 10% interest rate per annum, compounded annually from the date of disbursement to XMI, payable within 30 days from the Maturity Date or the Extended Maturity Date.

The Company shall be entitled to redeem the Notes if XMI has not achieved a Qualified Listing or a Qualified Trade Sale on or before the Maturity Date or the Extended Maturity Date.

#### **3.5 Option**

The Company shall have the option to acquire up to 30% shares of XMI from the existing shareholders of XMI as at the date of the execution of the Term Sheet (the "**Option**") at a valuation representing the higher of:

- (i) 10 times earning multiple of XMI's audited net profit after tax (NPAT) for the financial year ending 31 December 2019; or
- (ii) 10 times earning multiple of XMI's audited NPAT for the 12 months period from 1 April 2019 to 31 March 2020; or
- (iii) S\$30 million.

### **4. RATIONALE FOR THE PROPOSED INVESTMENT**

Through Vividthree's investment into this content streaming company – XMI, it is envisioned that XMI's OTT Streaming platform will encourage the rise of virtual reality ("**VR**") entertainment at home, allowing Vividthree to consolidate its long-term interest in aggregating and distributing high-quality VR content to consumers worldwide.

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The investment is likely to prepare the Group for the arrival of 5G network, as it leverages on this technology breakthrough to create Nextertainment (Next Generation of Entertainment), fresh experiences in media consumption that allow consumers real time interaction with high quality immersive media with no latency, anywhere and anytime.

**5. FUNDING FOR THE PROPOSED INVESTMENT**

The Investment Amount will be funded using the Company's internal resources and is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company for the current financial year ending 31 March 2020.

**6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, have an interest, direct or indirect, in the Proposed Investment (other than arising from their shareholdings in the Company, if any).

By Order of the Board

Yeo Eng Pu, Charles  
Executive Director

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*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST.*

*This announcement 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person of 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) 6415 9886.*