



**Y VENTURES GROUP LTD.**  
(Company Registration No.: 201300274R)  
(Incorporated in the Republic of Singapore)

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**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION IN RELATION TO THE SUBSCRIPTION AND ACQUISITION OF SHARES IN TOYRRENTIAL PTE. LTD. AND LOAN TO TOYRRENTIAL PTE. LTD.**

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*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings in the Company's announcement dated 12 August 2021 (the "Announcement").*

The Board of Directors (the "**Board**") of Y Ventures Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Regulation ("**SGX RegCo**") on the Company's Announcement in relation to the Company's Investment in Toyrrential and the Company's responses are as follows:

**Query 1:**

Please provide more details on the Memorandum of Understanding ("**MOU**") between Century Fugu Pte Ltd and Tsuburaya Productions to produce and distribute Ultraman collectible soft vinyl figurines for next 3 years. Is this MOU binding? What are the key terms of the MOU, eg: is Century Fugu the sole distributor for such figurines, any sales target, the contract quantum, etc.

**Company's response:**

The MOU is a binding agreement between Tsuburaya Productions Co., Ltd. ("**Tsuburaya**") and Century Fugu Pte. Ltd. ("**Century Fugu**"). The key terms of the MOU are that: (i) Century Fugu shall provide a Minimum Guarantee of US\$30,000 royalty fees payable to Tsuburaya over 3 years being approximately six percent (6%) of the projected retail price of the collectible soft vinyl figurines for the next 3 years. This translates to a minimum sales target of US\$500,000, over 3 years; and (ii) Century Fugu shall have a license to produce and distribute Ultraman collectible soft vinyl figurines for the next 3 years from 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2024. Century Fugu is not a sole distributor of Ultraman collectible soft vinyl figurines

**Query 2:**

What is the revenue model of Toyrrential and Century Fugu (collectively, the "**Target Group**")? Is the Target Group only involved in the manufacturing and distributing of toys online? Apart from the MOU with Tsuburaya on Ultraman figurines, are there other distributorships that the Target Group has entered into?

**Company's response:**

The main revenue model of the Target Group is designing, manufacturing and distributing of premium collectible designer toys online, a product category that has shown good demand despite the COVID-19 pandemic. The Target Group launches limited edition collectible toys online through social media with products ranging from US\$150 to US\$550, with all items being sold out till date. Beside this, the Target Group has in-house content creation and product development capabilities, along with an online collectible marketplace platform that utilizes blockchain technology to trace the provenance of collectible designer toys

it distributes. Apart from the MOU, there are no other distributorships that have been entered into while the Target Group is currently in discussion with other global brands on licensing rights wherein the agreements are still in review stage.

**Query 3:**

As Toyrrential was only incorporated in Feb 2020 and has incurred losses for FY2020, what is Toyrrential's current order book?

**Company's response:**

Toyrrential's current order book is S\$150,000, while more collectibles are expected to be launched in the fourth quarter of 2021.

**Query 4:**

Who is responsible for running the business of the Target Group? What is the background and track record of Tey Beng Huan ("**TBH**") and Evolve Capital Management ("**ECM**") in this business of the Target Group?

**Company's response:**

Mr Tey Beng Huan was the former COO of STIKFAS Pte Ltd. He helped build STIKFAS™ – Singapore's first international toy brand, where he has amassed vast knowledge and experience from product development to branding strategies. Mr Jeran Singh, founder of Century Fugu, will oversee the general operations of the business. He incorporated Century Fugu in 2019 on the back of a successful first ever Godzilla Sofubi (soft vinyl toy) Exhibition in South East Asia. Being recognised for having one of the region's biggest Sofubi collections, he possesses in-depth knowledge of this collectible market. ECM's role is not running the business but bringing onboard corporate customers and global licenses through their network of business contacts.

**Query 5:**

Following completion of the Subscription and Acquisition, Y Ventures will become a 50.01% shareholder of Toyrrential. Further, the Company has the ability to exercise control in the Toyrrential's policy-making as 1 of the 2 directors shall be appointed by the Company. In this regard, please explain why is Toyrrential considered an associated company and not a subsidiary of Y Ventures?

**Company's response:**

Mr Tey Beng Huan, one of the two directors in Toyrrential, is responsible for running the business of the Target Group, along with Mr Jeran Singh. The Company has considered the percentage of its 50.01% stake, the Company's control and power over the management of Toyrrential, and the board seats in Toyrrential, in the Company's determination of whether Toyrrential is considered as a subsidiary of Y Ventures under FRS110 Consolidated Financial Statements. In view of the foregoing, the Company considers Toyrrential as an associated company for the time being until further discussion with our external auditors on the accounting treatment for the new Investment in Toyrrential.

**Query 6:**

Please elaborate on what the board considered in arriving at the Considerations.

**Company's response:**

The Considerations is based on what the Company will need to invest by itself to achieve the same traction the Target Group has achieved in last 2 years. The Board also looked at the size and potential of the collectible toy market, the attractive margins of Century Fugu and their premium collectible toys, the experience and track record of the management team, the sales channel and following that they have built up, and the present value of potential sales that ECM brings to the table.

**Query 7:**

What is the rationale for extending \$500,000 of loan facility to Toyrrential for the procurement of materials, supplies and production costs to enable Toyrrential to fulfil orders in its order book? Has Toyrrential explored other financing options? Do the other shareholders of Toyrrential, namely TBH and ECM, also provide similar loan facilities to Toyrrential?

**Company's response:**

We refer to our response to Query 8. The Loan will only be drawn down after Toyrrential has achieved a S\$3 million order book. While other shareholders do not provide similar loans to Toyrrential, the Company calculated that the value that the other shareholders bring after Toyrrential has achieved S\$3 million sales should equal or exceed the quantum of the capital and Loan which the Company provides. The Loan will help the Company's investment to grow, while the interest charged on the Loan is higher than the Group's cost of capital to protect shareholders' interest. Toyrrential also intends to explore other financing options with financial institutions once it has built up sales and profit track record.

**Query 8:**

It is announced that the Loan is conditional on Toyrrential achieving at least S\$3m work of orders in its order book within 12 months from Aug 2021. Does this mean that the Loan will only be drawn down after Toyrrential achieves at least S\$3m order book?

**Company's response:**

Yes.

**Query 9:**

It is stated that in the event of a shortfall in the projected orders in its order book (of S\$3m for first 12-month; and S\$6m for second 12-month), ECM will transfer its shares in Toyrrential to the Company based on an agreed formula.

- (a) What is the rationale for the Company to further increase its stake in Toyrrential if the latter is unable to meet the projected order book?
- (b) Please explain the Board's consideration in agreeing to such terms.
- (c) Please explain how this is in the best interest of the Company and its shareholders.

**Company's response:**

- (a) In the event of ECM not meeting the projected order book, there will still be other value in Toyrrential, such as its online marketplace and online sales revenue achieved by the management team apart from ECM, for example Ultraman collectible sales. The Target Group already has direct online retail sales channels, while ECM brings in additional corporate customers and partners.
- (b) The Board has looked at the value of what each shareholder could bring to the table. The shares which have been allotted previously to ECM is to incentivize them to open new doors for the Target Group, and if ECM fails to provide the target business opportunities, there is a clawback to protect the Company's interest.
- (c) If ECM achieve the target of S\$9 million sales, their value add should exceed the S\$250,001 which the Company invested. If ECM doesn't achieve the target, ECM will transfer its shares in Toyrrential to the Company to protect interest of Company and shareholders.

By Order of the Board

Lew Chern Yong  
Executive Chairman and Director  
17 August 2021

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assume 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.*

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