

**VIVIDTHREE HOLDINGS LTD.**

Registration No. 201811828R

(Incorporated in the Republic of Singapore)

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**ENTRY INTO EXCLUSIVE PARTNERSHIP AGREEMENT WITH JVS MANAGEMENT HOLDINGS PTE. LTD.**

- **AMENDMENT LETTER IN RELATION TO THE EXCLUSIVE PARTNERSHIP AGREEMENT**
  - **RESPONSES TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")**
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The board of directors ("**Board**") of Vividthree Holdings Ltd. (the "**Company**") refers to the Company's announcement on 20 January 2022 (the "**Announcement**") in relation to the Company's entry into the Exclusive Partnership Agreement.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Announcement.

**1. Amendment Letter to the Exclusive Partnership Agreement**

The Board wishes to announce that the Company, JVS, Lee Kwang Chee, Koh Huan Neng and Chew Kok Shang (collectively, the "**Parties**") have today entered into an Amendment Letter under which the terms of the Exclusive Partnership Agreement have been amended (the "**Amendment Letter**").

The Amendment Letter was entered into in order to clarify the commercial understanding of the Parties, namely that the Parties have no intention to procure JVS to raise capital through an equity financing. The effects of the Amendment Letter are as follows:-

- 1.1 The Parties are no longer obligated to undertake best endeavours to procure the raising of capital through an equity financing. Instead, the Parties agree to undertake best endeavours to procure fundraising, which is defined as transactions pursuant to which third parties agree to pledge or commit capital to JVS in return for a share of the cryptocurrencies (such as Filecoins) to be issued to JVS pursuant to the Digital Asset Project.
- 1.2 In relation to the Warrant, the determination of the Exercise Price no longer depends on whether or not an equity financing has closed. Instead, the Exercise Price shall be determined by mutual agreement of the Parties or failing which, as determined by an independent appraisal firm experienced in the valuation of shares jointly appointed by the Parties, subject always to a maximum valuation of S\$6,000,000. The costs of appointing such independent appraisal firm shall be borne equally by the Company and JVS.

Save for the above, all other terms of the Exclusive Partnership Agreement remain unchanged and in full force and effect.

A copy of the Amendment Letter is available for inspection at the Company's registered office at 1093 Lower Delta Road, #05-10, Singapore 169204 during normal business hours for three months from the date of this announcement.

## 2. Responses to the SGX-ST queries

The Company wishes to respond to the queries raised by the SGX-ST on 25 January 2022 in relation to the Announcement. The queries from the SGX-ST and the Company's responses are set out below.

**Question 1:** Please provide more details on the Digital Asset Project and the nature of the Development Costs to be incurred.

**Company's response:**

The Digital Asset Project comprises the operation of specialised computer equipment for the primary purpose of mining Filecoin, a blockchain based cryptocurrency and other blockchain-based cryptocurrencies, in Singapore.

It is expected that the Development Costs will comprise legal fees, the procurement of business systems software and other ancillary systems necessary for the development of the Digital Asset Project.

As disclosed in the Announcement, the Company will only be liable to pay for the Development Costs if the prior written consent of the Company was obtained prior to the incurrence of such Development Costs. In the event the Company does not consent to JVS's incurrence of any Development Costs, there is no obligation on the part of the Company to pay for such Development Costs.

**Question 2:** We note that, as part of the Partnership Agreement, Vividthree is required to reimburse JVS for all Development Costs.

- Is there an indicative % or quantum or a cap on the amount of Development Costs?
- Please explain the Board's rationale for agreeing with such terms, and how this is in the best interest of Vividthree and its shareholders.

**Company's response:**

The Company will only be liable to pay for the Development Costs (a) up to an aggregate of S\$200,000; **and** (b) if such costs were incurred with the prior written consent of the Company.

The Board believes that the terms agreed are in the best interest of shareholders, as the Company's consent must be obtained prior to the incurrence of any Development Costs. In the event the Company does not consent to JVS's incurrence of Development Costs, there is no obligation on the part of the Company to pay for such Development Costs.

**Question 3:** What is the expected output from the Digital Asset Project? What are the potential uses of such output? How would it benefit the Group?

**Company's response:**

The Digital Asset Project involves the mining of Filecoin (FIL), a blockchain-based cryptocurrency, the direct output of which would result in JVS being issued FIL. Filecoin is a blockchain-based cooperative digital storage and data and aims to store data in a decentralized manner. Users who wish to store data can bid on available storage offered by miners who offer disk-space on the Filecoin network. FIL is the Filecoin network's native currency.

In the event the Warrant is exercised, the Group may utilize the FIL to buy disk-space to store data on the Filecoin network. The Group may also sell FIL on specialized cryptocurrency exchanges, in exchange for other cryptocurrencies or cash.

**Question 4:** It is stated that JVS was incorporated on 6 June 2021 and has been dormant since.

- What is the experience and track record of JVS' shareholders cum directors, namely Lee Kwang Chee, Chew Kok Shang and Koh Huang Neng?
- Do they have experience in the blockchain based cryptocurrencies space?
- What due diligence has the board of Vividthree done, on JVS, its shareholders cum directors, as well as the blockchain and digital assets business?

**Company's response:**

Lee Kwang Chee is a Project Director and Co-founder of Shenzhen Congyuan Technology Co., Ltd. ("**Shenzhen Congyuan**"), a company incorporated in the People's Republic of China offering IT solutions such as mobile app development, data networking assistance and Customer Relationship Management (CRM) systems. He has been working in the blockchain industry since 2017, assisting clients in the development of blockchain-related platforms such as cryptocurrency exchanges and incentive gaming apps. He started mining cryptocurrencies in late 2019.

Koh Huan Neng has worked in the blockchain and financial industries since 2017 serving in various capacities, including as project adviser, and has experience in customizing, building, and implementing several cryptocurrency and blockchain projects.

Chew Kok Shang has been an active investor in the blockchain and cryptocurrency field since 2017, participating in many blockchain projects as an early adopter. He is an experienced cryptocurrency trader.

Prior to the entry into the Exclusive Partnership Agreement, the Company's management team had conducted due diligence interviews with each of Lee Kwang Chee, Koh Huan Neng and Chew Kok Shang and was satisfied with Lee Kwang Chee's, Koh Huan Neng and Chew Kok Shang's experience and expertise in blockchain and cryptocurrencies.

**Question 5:** It is stated that "the Company and JVS agree to undertake their respective best endeavours in order to raise capital through an equity financing, pursuant to which JVS would issue and sell shares at a fixed valuation".

- Please provide more details on the Company's plans to procure equity financing.
- Which party – Vividthree or JVS or both – will be overseeing the sourcing and negotiation of such equity financing? Will independent valuation be sought to value JVS, as part of the fund raising exercise?

**Company's response:**

Under the terms of the Exclusive Partnership Agreement, as amended by the Amendment Letter, the Parties are no longer obligated to undertake best endeavours to procure the raising of capital through an equity financing. Instead, the Parties agree to undertake best endeavours to procure fundraising, which is defined as transactions pursuant to which third parties agree to pledge or commit capital to JVS in return for a share of the cryptocurrencies to be issued to JVS pursuant to the Digital Asset Project.

The Company intends to leverage on its existing relationships with investors in Singapore and elsewhere in order to meet this obligation.

Given that the fundraising would not involve an issuance of new shares, there is no intention to seek an independent valuation to value JVS as part of the fund raising exercise.

**Question 6:** It is stated that “JVS has granted the Company a right to subscribe for such number of shares in JVS ("**Warrant**") that will result in the Company holding 51.0% of the total issued and paid up share capital of JVS. The Warrant may be exercised at the Company's discretion during the Term”.

- Please clarify if an independent valuation will be conducted in the event the Warrant is exercised prior to the close of an equity financing?
- Please confirm whether the Company will seek shareholders' approval prior to exercising the Warrant pursuant to Rule 1018(3).

**Company's response:**

Under the terms of the Exclusive Partnership Agreement, as amended by an Amendment Letter, the determination of the Exercise Price no longer depends on whether or not an equity financing has closed. Instead, the Exercise Price shall be determined by mutual agreement of the Parties or failing which, as determined by an independent appraisal firm experienced in the valuation of shares jointly appointed by the Parties, subject always to a maximum valuation of S\$6,000,000. The costs of appointing such independent appraisal firm shall be borne equally by the Company and JVS.

In the event shareholders' approval is required for the exercise of the Warrant, the Company will seek such shareholders' approval prior to the exercise of the Warrant, in accordance with Rule 1018(3). If required by the Catalist Rules or the terms of the Exclusive Partnership Agreement, the Company may, prior to the exercise of the Warrant, commission an independent valuation on JVS.

**Question 7:** Who introduced JVS and / or the new business to Vividthree?

**Company's response:**

Jonathan Zhang, the founder of GammaR Pte. Ltd. ("**GammaR**"), introduced JVS's business to the Company. As disclosed in the Company's announcement dated 5 January 2022, the Company entered into a Convertible Loan Note Agreement with GammaR on 5 January 2022.

**Question 8:** Will Vividthree be seeking shareholders' approval to diversify into this new business of blockchain and digital assets?

**Company's response:**

At present, the Company does not have any shareholding interest in companies in the business of blockchain and digital assets. Prior to the Company's acquisition of a shareholding interest in such companies (including the exercise of the Warrant and issue and allotment of conversion shares pursuant to the Convertible Loan Note Agreement with GammaR), the Company will assess the materiality such shareholding, and, if necessary, will seek shareholders' approval for a business diversification prior to acquiring such shares.

**Question 9:** Does Vividthree's Board and Management have the relevant experience and expertise in the blockchain and digital assets business?

**Company's response:**

The Board and Management have the relevant experience and expertise in the blockchain and digital assets business as the Company would be able to leverage on its existing expertise and capabilities in producing exhibitions-based virtual reality (VR) products in the blockchain and digital assets business.

The Company's management team has also conducted an in-depth study into the business opportunities in relation to the Digital Asset Project and believes that the Digital Asset Project has the potential to facilitate growth and allow the Company to maximize shareholder value, given the impact of COVID-19 on the Company's existing business.

In addition, the Company has appointed Mr Jonathan Zhang as a consultant in order to advise the Company on the blockchain and digital assets business. Mr Jonathan Zhang has been involved in the blockchain and digital assets business since 2017 in various capacities, including as founder of a digital assets exchange based in Singapore. He was previously a fund manager with a Registered Fund Management Company in Singapore. Mr Jonathan Zhang is not an "interested person" as defined in Rule 904 of the Catalist Rules.

**Question 10:** What kind of revenue stream / expense categories / assets / liabilities will the Group be expecting to record this new business in its books? How will they be accounted for in the Group's financial statements? How will the digital assets be valued? Has the Company consulted its auditors on these matters?

**Company's response:**

The Development Cost to be incurred shall be recognised as work in progress on the balance sheet until the Company exercises the Warrant in the future. Upon the exercise of the Warrant, the Company will then further access the acquisition in accordance with relevant Singapore accounting standards.

The Group is currently in discussions with its auditors in relation to the accounting treatment of digital assets to be held by JVS, and will ensure that such accounting treatment is determined prior to the exercise of the Warrant.

**Question 11:** It is stated that "none of the directors.... has any interest, direct or indirect, in JVS".

- Please confirm if any director or controlling shareholder has any interest, direct or indirect, in the transaction, and the nature of such interests.

**Company's response:**

None of the Directors or, to the best of the Company's knowledge, the substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in JVS, the Exclusive Partnership Agreement (as amended by the Amendment Letter) or the Warrant.

**Question 12:** What is the Board's plans for Vividthree's existing business?

**Company's response:**

The Board remains committed to the Company's existing business of post-production and content production for the entertainment industry and the creation of exhibitions-based virtual reality (VR) products for the Meetings, Incentives, Conferences & Exhibitions (MICE) industry, the latter which has been adversely affected by COVID-19. The Company's entry into the Exclusive Partnership Agreement is part of the Board's exploration of ancillary business opportunities that leverages on the Company's existing capabilities to maximize shareholder value, given the adverse impact of COVID-19.

**By Order of the Board**  
**Yeo Eng Pu, Charles**  
**Managing Director**  
**26 January 2022**

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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. ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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 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.

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