

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

1. Introduction

The Board of Directors (the "**Directors**") of Vividthree Holdings Ltd. (the "**Company**" and, together with its subsidiaries, the "**Group**") is pleased to announce that the Company had on 19 January 2022 entered into an Exclusive Partnership Agreement with JVS Management Holdings Pte. Ltd. ("**JVS**" and such agreement the "**Exclusive Partnership Agreement**"), and its shareholders, being Lee Kwang Chee, Chew Kok Shang and Koh Huan Neng.

2. Information on JVS and its shareholders

JVS is a company incorporated in Singapore in the business of operating specialised computer equipment for the primary purpose of mining Filecoin, a blockchain based cryptocurrency and other blockchain based cryptocurrencies, in Singapore (the "**Digital Asset Project**").

JVS is 34.0% owned as to Lee Kwang Chee, and 33.0% owned as to Chew Kok Shang and Koh Huang Neng (collectively the "**JVS Shareholders**"). The JVS Shareholders are also the Directors of JVS.

None of the JVS Shareholders are related to (a) the Directors, the Company's Chief Executive Officer, or its controlling shareholders; or (b) the associates the Directors, Chief Executive Officer, or controlling shareholders of the Company.

3. Rationale

The Board is of the view that the Exclusive Partnership Agreement would allow the Group an opportunity to participate in the growing interest in blockchain and digital assets and is financially and strategically beneficial for the Group and its stakeholders.

4. Principal terms of the Exclusive Partnership Agreement

4.1 Scope of collaboration

Under the terms of the Exclusive Partnership Agreement, the Company shall collaborate on the development of the Digital Asset Project on the following terms:-

4.1.1 the Company shall reimburse JVS all costs incurred by JVS in connection with the Digital Asset Project (the "**Development Costs**"), provided that:-

- (a) the prior written consent of the Company was obtained prior to the incurrence of such Development Costs; and

- (b) JVS shall submit to the Company all such documentary evidence as may be necessary in order for the Company to determine the purpose, amount and payee of the Development Costs;
- 4.1.2 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;
- 4.1.3 JVS will carry out the day-to-day administration of the Digital Asset Project, including acquiring, operating and maintaining the specialised computer equipment for the Digital Asset Project; and
- 4.1.4 the term of the collaboration is two years from the date the Exclusive Partnership Agreement is executed ("**Term**"). Upon the expiration of the Term, or upon the termination of the Exclusive Partnership Agreement, JVS shall repay to the Company all amounts paid by the Company for the Development Costs.

4.2 **Exclusivity**

Under the terms of the Exclusive Partnership Agreement, the Company, JVS and the JVS Shareholders undertake not to directly or indirectly, work with, cooperate, collaborate, deal or team up with any other person or parties on (a) Digital Asset Projects or (b) any other projects related to the mining of blockchain-based cryptocurrencies or data infrastructure.

4.3 **Warrant**

- 4.3.1 Under the Exclusive Partnership Agreement, JVS has granted the Company a right to subscribe for such number of shares in JVS that will result in the Company holding 51.0% of the total issued and paid up share capital of JVS (the "**Warrant**" and such shares the "**Warrant Shares**"). The Warrant may be exercised at the Company's discretion during the Term.
- 4.3.2 The exercise price of the Warrant (the "**Exercise Price**") is dependent on whether or not the parties have procured the close of an equity financing.
 - (a) In the event the Warrant is exercised on or after the close of an equity financing, and the valuation of JVS imputed in such equity financing is more than S\$6,000,000, the Exercise Price shall be based on a S\$6,000,000 valuation, such that the exercise of the Warrant would require the Company to pay an exercise price of S\$3,060,000 (being 51.0% of the valuation);
 - (b) in the event the Warrant is exercised on or after the close of an equity financing, and the valuation of JVS imputed in such equity financing is less than S\$6,000,000, the Exercise Price shall be equal to 51.0% of the valuation imputed by such equity financing; and
 - (c) in the event the Warrant is exercised prior to the close of an equity financing, the valuation of JVS shall be determined by mutual agreement of the Company and JVS or failing which, as determined by an independent appraisal firm experienced in the valuation of Shares subject to a maximum valuation of S\$6,000,000, and the exercise price in such a case be 51.0% of such valuation.

4.3.3 The Company would be entitled to deduct from the aggregate Exercise Price payable to JVS on the exercise of the Warrant all amounts paid to JVS as Development Costs.

JVS was incorporated on 6 June 2021, and has since incorporation been a dormant company.

5. Shareholders' approval

Under Rule 1018(3) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), if an option is exercisable at the discretion of the issuer and the exercise terms are not fixed, but are based on factors existing at the time of exercise, the issuer must obtain the approval of shareholders at the time of exercise of the option. The issuer must make an appropriate announcement at the time of the grant of the option.

6. Financial effects

The entry into the Exclusive Partnership Agreement and the exercise of the Warrant 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 2022.

7. Relative figures computed on the bases set out in Rule 1006 of the Catalist Rules

7.1 The relative figures of the exercise of the Warrant under Listing Rule 1006 of Catalist Rules based on the audited consolidated financial statements of the Group for FY2021 (being the latest announced consolidated accounts), are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	Not material ⁽²⁾
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	13.4% ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be acquired, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁵⁾

Notes:

(1) The exercise of the Warrant is not a disposal of assets.

- (2) The net profit / loss of JVS is not material as the company was incorporated on 6 June 2021 and since incorporation, the company has been a dormant company. The Group recorded a loss after tax for FY2021 of \$4,502,429.
- (3) Based on (a) S\$3,060,000, the highest theoretical price payable by the Company upon the exercise of the Warrant under the terms of the Exclusive Partnership Agreement; and (b) the Company's market capitalization of approximately S\$22,847,973 based on 371,511,764 issued shares of the Company ("**Shares**") and the volume weighted average price of the Shares of S\$0.0615 per Share on 18 January 2022 (being the last day on which the Shares were traded prior to the date of the Exclusive Partnership Agreement).
- (4) This basis is not applicable as no equity securities are to be issued as part of the consideration.
- (5) This basis is not applicable to an acquisition of assets.

As the relative figure under Rule 1006(c) above exceeds 5.0%, accordingly, the exercise of the Warrant would be a "discloseable transaction" as defined in Rule 1010 of the Catalist Rules which does not require the prior approval of the shareholders of the Company.

In the event at the time of exercise of the Warrant, the relative figures under Rule 1006(c) exceeds 75.0%, the Company will obtain shareholder approval prior to the exercise of the Warrant in accordance with Rule 1018(3).

8. Interests of the Directors and Substantial Shareholders

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.

9. Trading caution

Shareholders are advised to exercise caution in trading their shares in the Company. As at the date of this announcement, there is no certainty or assurance that the Warrant will be exercised or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

10. Directors' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Warrant and its exercise, and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. Further announcements

The Company will make further announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the exercise of the Warrant and other matters contemplated in this announcement.

12. Documents Available for Inspection

A copy of the Exclusive Partnership Agreement will be available for inspection at the Company's registered office at 1093 Lower Delta Road, #05-10, Singapore 169204, during normal business hours for a period of three (3) months from the date hereof.

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the COVID-19 outbreak, please contact the Company at 6270-0818 prior to making any visits to arrange for a suitable time slot of the inspection.

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

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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