

CIRCULAR DATED 25 APRIL 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the contents in relation to this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Vividthree Holdings Ltd. (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee.

If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, together with the Notice of EGM and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been made available on SGXNet and may be accessed on the Company's website at the following URL: <http://www.vividthree.com>. Printed copies of this Circular, the Notice of EGM and the accompanying Proxy Form will NOT be despatched to Shareholders.

This Circular 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 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 correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Mr Lay Shi Wei - Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com



VIVIDTHREE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201811828R)

CIRCULAR TO SHAREHOLDERS

EXTRAORDINARY GENERAL MEETING IN RELATION TO

- (1) THE PROPOSED DIVERSIFICATION OF THE BUSINESS SCOPE OF THE GROUP TO INCLUDE PUBLIC RELATIONS SERVICES**
- (2) THE PROPOSED ACQUISITION OF UP TO 51% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF ELLIOT COMMUNICATIONS PTE. LTD.**
- (3) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	7 May 2023 at 3.30 p.m.
Date and time of EGM	:	10 May 2023 at 3.30 p.m.
Place of EGM	:	The EGM will be held by way of electronic means

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:–

" Audit Committee "	The audit committee of the Company as at the date of this Circular, comprising the audit committee chairman Mr Wong Kim Soon, Royson, Dr Ho Choon Hou and Mr Er Song Ngueng
" Board "	The board of directors of the Company for the time being
" Call Option "	Has the meaning ascribed to it in section 3.5 of this Circular
" Call Option Period "	Has the meaning ascribed to it in section 3.5 of this Circular
" Catalist Rules "	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
" CDP " or " Depository "	The Central Depository (Pte) Limited
" Circular "	This circular dated 25 April 2023 issued by the Company
" Co-Founder "	Has the meaning ascribed to it in section 1.2 of this Circular
" Company "	Vividthree Holdings Ltd.
" Companies Act "	The Companies Act 1967 of Singapore, or any statutory modification or re-enactment thereof for the time being in force
" Completion Date "	Has the meaning ascribed to it in section 3.8 of this Circular
" Consideration "	Has the meaning ascribed to it in section 3.2 of this Circular
" Constitution "	The constitution of the Company, as amended or modified from time to time
" Controlling Shareholder "	Has the meaning ascribed to it in the Catalist Rules
" CPF "	The Central Provident Fund
" Directors "	The directors of the Company for the time being
" EGM "	The extraordinary general meeting to be convened and held on 10 May 2023 at 3.30 p.m.
" EPS "	Earnings per share
" First Major Transaction "	Has the meaning ascribed to it in section 2.3.4 of this Circular

DEFINITIONS

"First Side Letter"	The first side letter dated 30 March 2023 entered into between the Company, the Vendor and the Target Company in relation to the calculation of the Call Option Consideration
"FY"	Financial year ended or ending, as the case may be, 31 March of a particular year as stated
"Group"	The Company and its subsidiaries
"Independent Valuer"	Chay Corporate Advisory Pte. Ltd.
"Interested Persons"	Has the meaning ascribed to it in the Catalist Rules
"Latest Practicable Date"	31 March 2023
"Live Webcast"	Has the meaning ascribed to it in section 8 of this Circular
"Market Purchases"	Has the meaning ascribed to it in section 4.3(c)(i) of this Circular
"Maximum Price"	Has the meaning ascribed to it in section 4.3(d) of this Circular
"Meeting Orders"	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time)
"mm2 Asia"	The Company's Controlling Shareholder, mm2 Asia Ltd
"New Shares"	Has the meaning ascribed to it in section 1.2 of this Circular
"Notice of EGM"	The notice of the EGM set out on pages 46 to 50 of this Circular
"NTA"	Net tangible assets
"Off-Market Purchases"	Has the meaning ascribed to it in section 4.3(c)(ii) of this Circular
"Operating Company"	Has the meaning ascribed to it in section 1.2 of this Circular
"Ordinary Resolution"	A resolution passed in accordance with the Companies Act, being a resolution passed by a majority of not less than half of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a General Meeting of which not less than 14 days' written notice specifying the intention to propose the resolution as an ordinary resolution has been duly given

DEFINITIONS

"Proposed Acquisition"	Refers to the acquisition of up to 51% interest in the issued and paid-up share capital of Elliot Communications Pte. Ltd.
"Proposed Business Diversification"	Has the meaning ascribed to it in section 1.1 of this Circular
"Proposed Transactions"	Has the meaning ascribed to it in section 1 of this Circular
"Proxy Form"	The proxy form in respect of the EGM as attached to this Circular
"Questions Deadline"	Has the meaning ascribed to it in the Notice of EGM
"Registrar"	The Registrar of Companies
"Registration Deadline"	Has the meaning ascribed to it in section 8(a) of this Circular
"Relevant OC FY"	Has the meaning ascribed to it in section 3.5 in this Circular
"Second Side Letter"	The second side letter entered into between the Company, the Vendor and the Target Company on 25 April 2023 in relation to extending the long-stop date relating to the Proposed Acquisition to 31 May 2023, or such other date as the parties may agree
"SFA"	The Securities and Futures Act 2001 of Singapore or any statutory modification or re-enactment thereof for the time being in force
"Share Buyback Mandate"	General and unconditional mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with Ordinary Resolution 3 as set out in the Notice of EGM, as more particularly described in section 4 of this Letter and in accordance with the rules and regulations set forth in the Companies Act and the Catalist Rules.
"Share Registrar"	B.A.C.S Private Limited
"SGX-ST"	Singapore Exchange Securities Trading Limited
"SGXNet"	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
"Shareholders"	Registered holders of Shares, except that where the registered holder is CDP, the term " Shareholders " shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares

DEFINITIONS

"Shares"	Ordinary shares in the share capital of the Company
"SIC"	The Securities Industry Council of Singapore
"SPA"	The conditional sale and purchase agreement dated 26 March 2023 entered into between the Company, the Vendor and the C-Founder for the Proposed Acquisition, to be read with the First Side Letter and the Second Side Letter
"SRS"	Supplementary Retirement Scheme
"Substantial Shareholder"	Means a person (including a corporation) who holds directly or indirectly 5.0% or more of the issued share capital of the Company
"Target Company"	Elliot Communications Pte. Ltd.
"Target Group"	The Target Company together with its subsidiaries
"Temporary Measures Act"	the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020
"Tranche 1 Shares"	Has the meaning ascribed to it in section 1.2 of this Circular
"Valuation Summary Letter"	The summary of the Valuation Report which is set out in Appendix A to this Circular
"Valuation Report"	The valuation report dated 25 April 2023 issued by the Independent Valuer, in relation to the valuation of the Target Group
"Vendor"	Has the meaning ascribed to it in section 1.2 of this Circular
"VV3 EGM Website"	Has the meaning ascribed to it in section 8(a) of this Circular
"Warrantors"	Has the meaning ascribed to it in section 3.6(a) of this Circular
<u>Currencies, Units and Others</u>	
"S\$" and "cents"	Singapore dollars and cents respectively, being the currency of Singapore
"%" or "per cent."	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The term "**subsidiary**" shall have the meaning ascribed to it under Section 5 of the Companies Act.

DEFINITIONS

Words importing the similar shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the SFA, the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

VIVIDTHREE HOLDINGS LTD.
(Company Registration No.: 201811828R)
(Incorporated in the Republic of Singapore)

Directors:

Dr Ho Choon Hou, *Chairman and Independent Director*
Wong Kim Soon, Royson, *Independent Director*
Yeo Eng Pu, Charles, *Chief Creative Officer and Executive Director*
Zhang Weiquan, Jonathan, *Chief Executive Officer and Executive Director*
Chang Long Jong, *Non-Executive Director*
Er Song Ngueng, *Non-Executive Director*

Registered Office:

1093 Lower Delta Road,
#05-10, Singapore
169204

25 April 2023

To: The Shareholders of Vividthree Holdings Ltd.

Dear Sir/Madam

EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED BUSINESS DIVERSIFICATION OF THE BUSINESS SCOPE OF THE GROUP TO INCLUDE THE PUBLIC RELATIONS SERVICES**
- (2) THE PROPOSED ACQUISITION OF UP TO 51% INTEREST IN THE ISSUED AND PAID-UP SHARE CAPITAL OF ELLIOT COMMUNICATIONS PTE. LTD.**
- (3) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

1. INTRODUCTION

The Directors are convening an EGM to be held by way of electronic means on 10 May 2023 at 3.30 p.m. to seek the approval of the Shareholders for the following matters:

- (a) by way of an Ordinary Resolution, the proposed business diversification of the business scope of the Group;
- (b) by way of an Ordinary Resolution, the proposed acquisition of up to a 51% interest in the issued and paid-up share capital of Elliot Communications Pte. Ltd; and
- (c) by way of an Ordinary Resolution, the proposed adoption of the Share Buyback Mandate.

(collectively, the "**Proposed Transactions**").

LETTER TO SHAREHOLDERS

SHAREHOLDERS ARE ADVISED TO READ THIS CIRCULAR CAREFULLY AND IN ITS ENTIRETY BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE ORDINARY RESOLUTIONS SET OUT IN THE NOTICE OF EGM.

IN PARTICULAR, SHAREHOLDERS ARE TO NOTE THAT THERE IS NO ASSURANCE THAT THE COMPANY WILL UNDERTAKE THE PROPOSED BUSINESS DIVERSIFICATION, AND IN THE EVENT THE COMPANY UNDERTAKES THE PROPOSED BUSINESS DIVERSIFICATION, THERE IS NO GURANTEE THAT THE GROUP WOULD BE ABLE TO ACHIEVE ITS STATED OBJECTIVES.

1.1 The Proposed Business Diversification

Presently, the Group is a diversified entertainment company specialising in the production of immersive experiences with mixed technologies and intends to diversify into the provision of public relations services (including the provision of brand building services, brand activation services and event management services (the "**Proposed Business Diversification**")), which the Group believes would allow it to provide a more 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.

The Board also believes that the expansion of the Group's operating activities arising from any Proposed Business Diversification may materially change the risk profile of the Group. As such, the Company is seeking the approval of Shareholders for the Proposed Business Diversification at the forthcoming EGM.

Please refer to pages 8 to 17 of this Circular for further details in relation to the Proposed Business Diversification.

1.2 The Proposed Acquisition

The Company had on 26 March 2023 entered into a definitive conditional sale and purchase agreement (the "**SPA**") with Quin Yeo Chow In (the "**Co-Founder**") and Foo Jinzhong Jeremy (the "**Vendor**") for the investment by the Company into Elliot Communications Pte. Ltd. (the "**Target Company**", and, together with its subsidiaries, the "**Target Group**" and each of its subsidiaries an "**Operating Company**") through the acquisition of 1,000 ordinary shares from the Vendor (the "**Vendor Shares**") and 2,858 new ordinary shares in the Target Company (the "**New Shares**", and, together with the Vendor Shares the "**Tranche 1 Shares**") (the "**Proposed Acquisition**"). On 30 March 2023, the Vendor, the Company and the Target Company entered into a side letter to clarify their commercial understanding relating to the call option set out in the SPA (the "**First Side Letter**").

The Company is seeking the approval of Shareholders for the Proposed Acquisition as a major transaction under Chapter 10 of the Catalist Rules at the EGM.

Please refer to pages 17 to 24 of this Circular for further details in relation to the Proposed Acquisition.

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1.3 **Inter-conditionality of the Resolutions**

The Proposed Acquisition is conditional upon the Proposed Diversification and the attention of Shareholders is specifically drawn to the inter-conditionality nature of the Ordinary Resolutions to be passed as set out in the Notice of EGM in particular that Ordinary Resolution 2 relating to the Proposed Acquisition is conditional upon the passing of Ordinary Resolution 1 relating to the Proposed Business Diversification. This means that if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 would not be passed.

1.4 **The Share Buyback Mandate**

The Company proposes to seek Shareholders' approval for the proposed adoption of the Share Buyback Mandate to give Directors the flexibility to undertake Share Buybacks at any time when the circumstances permit, with the objective of increasing Shareholders' value and to improve, *inter alia*, the return of equity of the Group.

Please refer to pages 25 to 39 of this Circular for further details in relation to the Share Buyback Mandate.

1.5 **Purpose of this Circular**

The purpose of this Circular is to provide Shareholders with relevant information relating to and to seek Shareholders' approval for (i) the Proposed Business Diversification; (ii) the Proposed Acquisition; and (iii) the proposed adoption of the Share Buyback Mandate at the forthcoming EGM. Specifically, approval by way of Ordinary Resolution will be sought for each of the Proposed Transactions.

The notice of the EGM is set out in the section entitled "Notice of Extraordinary General Meeting" of this Circular.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons other than the Shareholders to whom this Circular is despatched to by the Company or for any other purpose.

1.6 **Legal Adviser**

TSMP Law Corporation has been appointed as the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions.

2. **THE PROPOSED BUSINESS DIVERSIFICATION**

2.1 **Introduction**

The Directors are seeking Shareholders' approval for the diversification of the Group's business to include public relations at the EGM to be convened as set out in the Notice of EGM. This section is intended to provide Shareholders with information relating to and explaining the rationale for the Group's diversification into the New Business.

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2.2 Existing business and the New Business

As at the date of this Circular, the Group is a diversified entertainment company specialising in the production of immersive experiences with mixed technologies.

To supplement the Group's existing business, the Board proposes to diversify the Group's into provision of public relations services (including brand building services, brand activation services and event management services) (the "**New Business**").

The New Business will not be restricted in application to any particular sector, industry or geographical area. The Group may also, in connection with the New Business and subject to the applicable provisions of the Catalist Rules, invest in, lease, purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any entity as required for the conduct of the New Business from time to time. The New Business shall upon approval of the Proposed Business Diversification by the Shareholders at the EGM, constitute part of the ordinary course of business of the Group.

The Group may also explore joint ventures and/or strategic alliances with third-parties who have the relevant expertise and resources to carry out the New Business as and when the opportunity arises. For instance, the Proposed Acquisition would result in the Group acquiring an interest in the Target Company, which is in the business of providing public relations services. Any decision on whether a project should be undertaken by the Group on its own or in collaboration with third-parties will be made by the Board after taking into consideration various factors, including but not limited to, the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the market, taking into account the opportunities available.

2.3 Rationale for the Proposed Business Diversification

The Board proposes to diversify into the New Business for the following reasons:

2.3.1 *Additional revenue streams with a view to achieving long-term growth*

The Board envisions that the Proposed Business Diversification will provide additional revenue streams for the Group, in addition to revenue streams arising from the Group's existing business of the production of immersive experiences with mixed technologies. Such additional revenue streams arising from the Proposed Business Diversification may include, amongst others, fees the Group may receive from the provision of brand building services, brand activation services and event management services.

2.3.2 *Complementary to existing businesses*

The New Business is complementary to the existing businesses of the Group. For example, the Company's existing clients who engage the Group for production services may, from time to time, require brand building, brand activation and event management services, which the Group will be able to provide after the Proposed Business Diversification. In addition, in providing such brand building, brand activation and event management services, the Group may leverage on its existing expertise of production services to

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produce even higher quality and more immersive events and brand experiences. As such, the Group will be able to leverage on the experience and knowledge of the Target Company to synergise the New Business with the Group's existing operations, and *vice versa*.

2.3.3 ***Diversity of business and income base, and reduced reliance on the Group's existing businesses***

The Proposed Business Diversification will be beneficial to the Group's efforts to sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group's existing businesses. The Proposed Business Diversification may provide the Group with a more diversified business and income base for future growth.

2.3.4 ***Flexibility to enter into transactions relating to the New Business in the ordinary course of business***

After Shareholders' approval for the Proposed Business Diversification has been obtained, the Group may, in the ordinary course of business, enter into transactions relating to the New Business without having to seek Shareholders' approval. This will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the New Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and may also substantially reduce the expenses associated with the convening of general meetings from time to time.

However, in accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding the Proposed Business Diversification, in respect of transactions:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;
- (b) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules;
- (c) the First Major Transaction of the last of the Aggregated Transactions will be made conditional upon Shareholders' approval, if applicable; and

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- (d) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

Chapter 1005 of the Catalist Rules states that the SGX-ST "may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction".

2.4 **Management and relevant expertise**

Although the New Business is different from the existing businesses of the Group, the Board recognises that the relevant experience and expertise can be acquired and developed internally or externally, by way of joint ventures or partnerships.

The strategic management of the New Business shall be managed by the Group's Chief Executive Officer, Mr Zhang Weiquan, Jonathan and the management executives of the New Business (whom the Company will appoint if required). Where necessary, the Group will hire external consultants, industry experts and professionals. The Group may also outsource certain functions where appropriate and in doing so, the Group will take into account the specific expertise and competencies necessary for the New Business.

2.5 **Licenses**

As and where necessary and if required, or where any research or marketing activities or any other matters carried out under the New Business requires any particular licenses, permits and/or approval, the Group will apply for the requisite licenses, permits and/or approvals for the New Business. Where it is not possible or practicable for the Group to obtain such required licenses, permits and/or approval, the Group intends to seek strategic partnerships or collaborations with entities which are in possession of such required licenses, permits and/or approval.

2.6 **Funding for the New Business**

The Company intends to fund the diversification into the New Business through a combination of internally generated funds and/or external funds, including bank borrowings. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of debt instruments.

2.7 **Risk factors associated with the New Business**

The diversification of the Group's business into the New Business involves a number of risks, some of which, including operational, legal and regulatory risks, could be material. To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the diversification of the Group's business into the New Business have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the New Businesses, this may have a material and adverse impact on the New Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted.

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The risks described below are not intended to be exhaustive. New risk factors may emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the New Businesses or the extent to which any factor, or combination of factors, may affect the New Businesses. There may also be other risks associated with the entry into the New Businesses which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

General Risk Factors associated with the Proposed Business Diversification

2.7.1 *The Group's performance in the New Business will be subject to exposure to macro-economic risks*

The New Business can be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

- (a) legal and regulatory changes;
- (b) government policies;
- (c) economic and political conditions;
- (d) level and volatility of liquidity and risk aversion;
- (e) concerns about natural disasters, terrorism and war;
- (f) the level and volatility of equity, debt, property, commodity and other financial markets;
- (g) the level and volatility of interest rates and foreign currency exchange rates;
- (h) concerns over inflation; and
- (i) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the performance of the New Business, which in turn may affect the Group's revenue, results of operations and/or financial condition.

2.7.2 *The Group may not be successful in implementing its strategies*

The Group's expansion strategy into the New Business will include a number of risks. Such risks include the risk that the expected results may not materialise, the new strategies may have certain conflict which may or may not be resolved in order for the strategies to materialise, detract from or compete against its existing businesses, or the processes, controls and procedures that the Group develop will prove insufficient or inadequate, among other risks. If the Group is not successful in implementing its expansion strategies in the event that conflicts are not resolved and ensuring that all the businesses of the Group do not adversely affect one another, there may be a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial condition.

LETTER TO SHAREHOLDERS

2.7.3 *The Group has no prior track record in the provision of public relation services and the New Business may not be viable or successful*

In addition to seeking Shareholder's approval for the Proposed Diversification, the Company is concurrently seeking Shareholders' approval for the Proposed Acquisition, which represents the Group's entry into the New Business. While the Vendor will continue to be an employee of the Target Company post-completion, the Company does not have a proven track record in providing public relation services. As such, the New Business may not be commercially viable or successful in the long run. For example, while the Target Company is profitable for FY2022, the Target Company may not be able to generate positive cash flows from such activities in the future. A cash flow deficit may have a negative impact on the working capital and the financial position of the Target Company and the Group.

2.7.4 *The Group's success in carrying out the New Business depends on the Group's ability to attract highly skilled personnel*

The Group's success to carry out the New Business will depend on its ability to attract, train, retain and motivate skilled employees and professionals in the relevant fields of expertise and with the relevant track record for the New Business. If the Group is unable to attract, retain and/or motivate the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. The Group's ability to attract, train, retain and motivate skilled employees and professionals is dependent on the Group's ability to offer attractive remuneration and incentives, among other benefits. Efforts to attract, train, retain and motivate such personnel may result in significant additional expenses, which could adversely affect the financial condition of the Group.

2.7.5 *The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance*

While the Group will, where appropriate, obtain insurance policies to cover losses for its New Business, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damages not covered by insurance policies in excess of the amount that is being insured would affect the Group's profitability. The Group may also have to commit additional resources to meet the uninsured losses which would also adversely affect the financial performance of the Group.

2.7.6 *The Group may be affected by the actions of its employees and/or the professionals it engages*

Whilst the Group intends to put in place internal policies and risk management guidelines, such precautions may not be effective in all cases. It may not always be possible to detect employee misconduct. Employee misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation. This may materially and adversely affect the Group's business operations and financial performance. In addition, the laws, rules and regulations applicable to the professionals engaged by the Group may also impose restrictions and/or penalties on the Group in the event such laws,

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rules or regulations are breached, or alleged to be breached by the professionals, and the Group's competitiveness and financial performance may consequently be materially and adversely affected.

2.7.7 *The Group will be dependent on certain key personnel for the success of the New Business*

The Group's success in the New Business will be highly reliant on the contributions and expertise of the Vendor. The success and growth in the New Business will also depend, to a large extent, on the Group's ability to retain and motivate other key management personnel in the business. As a condition precedent to completion of the New Business, the Vendor will enter into a service agreement with the Target Company and will continue to be an employee of the Target Company post-Completion. However, the loss of service of the Vendor or any of the other management staff without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on our prospects, operations and financial performance.

2.7.8 *The Group's investments, acquisitions, joint ventures or other arrangements may expose the Group to increased risks*

The Group may, from time to time, undertake investments, acquisitions, joint ventures or other arrangements to develop the New Business. Such potential investments, acquisitions, joint ventures and other arrangements may expose the Group to additional business and operating risks and uncertainties, including the possible diversion of management's attention from the Group's existing business operations and the loss of capital deployed in such investments, acquisitions, joint ventures, strategic alliances or other arrangements. Furthermore, the Group may fail to select appropriate investments, acquisition targets or joint venture partners, or may not be able to negotiate optimal arrangements, including arrangements to finance any acquisition. There is also a risk that if any of the partners or alliances is unable to deliver their obligations or commitments, or if any dispute arises between the counterparties, it may result in additional costs, such as legal cost, to the Group. In such events, the Group's operations, financial position and financial condition may be adversely affected.

2.7.9 *The Group may be exposed to litigation*

The New Business may subject the Group to a complex legal and regulatory environment in future. Any litigation brought against the Group in the future in relation to the New Business could have a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial performance.

2.7.10 *The Group may face events beyond the control of the Group*

In addition to the general macroeconomic conditions and business environment of various jurisdictions and sectors that may affect the New Business, diverse factors such as natural disasters, epidemics, pandemics or acts of terrorism and international disputes that affect economic and business conditions may disrupt the operations of the New Business. Consequently, the costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

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2.7.11 *The Company may be subject to risks arising from foreign exchange fluctuations*

The New Business has operations in Singapore, Malaysia, and Indonesia. As such, the Company may be exposed to adverse fluctuations in the currency exchange rates for Singapore Dollars, Malaysian Ringgit and Indonesian Rupiah which may be affected by various factors, including international political and economic conditions. Further, the countries in which the New Business operates may face significant budget deficits, limited foreign currency reserves, volatile exchange rates and less sophisticated banking sectors. Any significant unfavourable fluctuations in foreign currency exchange rates against the Company's functional currency may have an adverse effect on its operating results.

2.7.12 *The New Business is subject to general risks associated with operating businesses outside Singapore*

There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Company's overseas operations and consequently, its business, financial performance, financial condition and operating cash flow.

In addition, if the governments of countries in which the Company operates tighten or otherwise adversely change their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Company's overseas operations to repatriate profits to the Company and, accordingly, the cash flow of the Company will be adversely affected.

2.7.13 *The Group's business, financial condition, results of operations, profitability and prospects are subject to effects of global economic events*

In addition, on 24 February 2022, Russia launched a large-scale invasion of Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected and may continue to adversely affect the global demand and supply of the Group's services and products. This may lead to a decline in the general demand for the Group's services and products, and an erosion of their procurement or sale prices. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continues, the Group's business, financial condition and results of operations may be adversely affected.

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THE RISKS LISTED IN THIS SECTION ARE NOT EXHAUSTIVE. THESE RISKS AND OTHERS WHICH ARE NOT SPECIFICALLY MENTIONED MAY ADVERSELY AFFECT THE FINANCIAL PERFORMANCE OR OPERATIONS OF THE NEW BUSINESS, AND THEREFORE, IN TURN THE COMPANY.

2.8 Risk management measures and safeguards

The Group recognises that the New Business is different from its existing business. Before undertaking any investment in the New Business or transaction in relation to the New Business, management will prepare (and in the case of the Proposed Acquisition, has prepared) a proposal containing a cost-benefit analysis, credentials of the management of the New Business, joint venture partners or co-investor partners (if any) and will, if necessary, seek the advice of external consultants and experts. The Board will also assess and consider whether the Group has sufficient financial resources to invest in the project and the gearing ratios and liquidity of the Group as a result of such a project. Further, the Board will assess whether the management team has the relevant experience and expertise to manage such a project and, if not, whether any lack of such experience can be supplemented by professional advisors. In evaluating any new projects or investments based on the aforementioned factors, the Board is guided by the overarching consideration of whether the project will be able to generate revenue for the Group and optimise returns to Shareholders.

Investments and/or transactions above an internally-determined threshold (as approved by the Board) must be specifically approved by the Audit Committee. In addition, the Board and the Audit Committee, which review the risk exposure of the businesses of the Group at regular intervals, will review the risk exposure of the New Business at intervals of not less than once every year.

Before undertaking any investment activity into a new jurisdiction for any new project or investment under the New Business, the Group will conduct market research and analysis and carry out due diligence. As and where necessary and if required, the Group will apply for the requisite licenses and/or permits required in relation to any project or investment under the New Business.

The risk management and internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. As such, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

As at the Latest Practicable Date, the Audit Committee comprises Wong Kim Soon Royson, Ho Choon Hou and Er Song Ngueng.

2.9 Disclosure of financial results of the New Business

The New Business will be accounted for as a new business segment in the Group's financial statements in line with the Singapore Financial Reporting Standards (International) and accordingly, the Group will disclose the financial results of the New Business with the Group's financial statements. The financial results of the New Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of

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the Rules. In these periodic announcements, the Group may provide segmented financial results relating to the New Business where appropriate or if required under any applicable accounting standards.

3. THE PROPOSED ACQUISITION AS A MAJOR TRANSACTION

3.1 Information on the Target Company and the Vendor

The Target Company is a company incorporated in Singapore and is the holding company of the following Operating Companies:

- (a) Prospr Communications Pte. Ltd.
- (b) Prospr Consulting Pte. Ltd.
- (c) Prospr Consulting Sdn. Bhd.
- (d) PT Prospr Consulting Indonesia.

The Target Group is in the principal business of providing public relations services. The Vendor, who is part of an emerging wave of young, innovative founders in the local public relations scene, established the Target Group in 2017 with the Co-Founder. Since then, the Target Company has gone on to serve over 1,000 clients, including the likes of Capitaland, Diageo and Singapura Finance, and has been recognised in leading industry publications, most notably, as one of the top 40 PR agencies in the Asia Pacific region by PRWeek in 2021. The Vendor is supported by a team of diverse and experienced communications professionals based in Singapore, Malaysia and Indonesia. The Target Group rebranded in 2020 and operates under the trade name "Elliot & Co".

3.2 Consideration

The consideration payable for the Vendor Shares is S\$308,000 and for the New Shares, S\$467,393 (the "**Consideration**"). The Consideration was arrived at after arm's length negotiations with the Vendor on a willing-buyer willing-seller basis, and is based on valuing the Operating Companies at a 6x multiple of the aggregate net profit recorded by each Operating Company in its unaudited financial statements for the financial year ended 31 December 2021, which was in turn arrived at after taking into consideration (i) valuations achieved by comparable companies in the same industry; and (ii) the Vendor's experience and expertise in the communications industry.

The parties have agreed on a payment schedule in relation to the Company's payment of the consideration:

No.	Date	Event
1.	No later than the 14 th day after Completion Date (the " First Payment Date ")	The Company shall pay to the Vendor S\$154,000 in cash via telegraphic transfer.

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No.	Date	Event
2.	No later than the date falling 1 month after the date of the First Payment Date	The Company shall pay to the Vendor S\$154,000 in cash via telegraphic transfer.
3.	No later than the date falling 2 months after the date of the First Payment Date	The Company shall pay to the Target Company S\$77,898 in cash via telegraphic transfer.
4.	No later than the date falling 3 months after the date of the First Payment Date	The Company shall pay to the Target Company S\$77,898 in cash via telegraphic transfer.
5.	No later than the date falling 4 months after the date of the First Payment Date	The Company shall pay to the Target Company S\$77,898 in cash via telegraphic transfer.
6.	No later than the date falling 5 months after the date of the First Payment Date	The Company shall pay to the Target Company S\$77,898 in cash via telegraphic transfer.
7.	No later than the date falling 6 months after the date of the First Payment Date	The Company shall pay to the Target Company S\$77,898 in cash via telegraphic transfer.
8.	No later than the date falling 7 months after the date of the First Payment Date	The Company shall pay to the Target Company S\$77,903 in cash via telegraphic transfer.

The Company intends to fund the Proposed Acquisition through internally generated funds and/or external funds, including bank borrowings.

3.3 Independent Valuation of the Target Group

In connection with the Proposed Acquisition, the Company has commissioned Chay Corporate Advisory Pte. Ltd. (the "**Independent Valuer**"), as a competent and independent valuer to perform a valuation of the Target Group.

Based on the Valuation Report, the range of implied equity values of the Target Group is between S\$3.5 million and S\$4.1 million, with a base value of S\$3.7 million. The Consideration therefore represents a 21% to 32% discount to the valuation of the Target Group. In determining the market value of the Target Group, the Independent Valuer took into consideration the values implied by a combination of discounted cash flow and comparable companies analysis. The valuation was conducted in accordance with the International Valuation Standards published by the International Valuation Standards Council.

Shareholders are advised to read and consider the Valuation Summary Letter issued by the Independent Valuer in respect of the valuation of the Target Group carefully. The Valuation Summary Letter is set out in Appendix A to this Circular.

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3.4 Rationale for the Proposed Acquisition

It has been a part of the Company's growth strategy to increase the Company's footprint across multiple industries that are synergistic and complementary to the Company's core business. The Board believes that the Target Group's business complements the Company's core business of digital content and post-production as the companies would be able to collaborate to create more comprehensive and effective marketing and communications strategies.

The Proposed Acquisition, if approved by Shareholders, would also allow the Group to provide a more 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 Target Company's existing client network and expertise to enter new markets and capitalise on emerging opportunities in Southeast Asia.

3.5 Call Option

Under the terms of the SPA, the Vendor and the Target Company have also granted the Company the option to acquire an additional 21% stake in the issued and paid-up share capital of the Target Company (the "**Call Option**") through:

- (a) the Company's purchase of 1,000 existing ordinary shares from the Vendor for a consideration of S\$918,000; and
- (b) the Company's subscription for 3,469 new ordinary shares in the Target Company for a consideration of the Call Option Consideration (as defined below) less S\$918,000.

Upon the exercise of the Call Option, the Company will have an interest in 51.0% of the issued and paid-up share capital of the Target Company.

The consideration payable by the Company upon the exercise of the call option (the "**Call Option Consideration**") is determined by the formula below:

$$\text{Call Option Consideration} = \left(51.0\% \times \frac{\text{six}}{(6)} \times \begin{array}{l} \text{the aggregate net profit} \\ \text{recorded by each} \\ \text{Operating Company in} \\ \text{the Relevant OC FY} \\ \text{after adjusting for the} \\ \text{Special Dividend (as} \\ \text{defined herein) (if} \\ \text{applicable)} \end{array} \right) - \text{S\$775,393}$$

The Call Option may only be exercised at the option of the Company in the event the Operating Companies achieve an aggregate profit after tax of not less than S\$900,000 for any financial year between the financial year ending 31 December 2023 and the financial year ending 31 December 2025 (each financial year a "**Relevant OC FY**"). The Company shall exercise the Call Option by notice in writing to the Vendor and the Target Company during the sixty-day period after a Relevant OC FY (the "**Call Option Period**").

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Upon the exercise of the Call Option, the Target Company shall pay to the Vendor an amount equal to the aggregate net profit recorded by the Operating Companies for any Relevant OC FY less S\$1,000,000 whether by way of special dividend or otherwise Provided That the aggregate net profit recorded by the Operating Companies is not less than S\$1,000,000 (the "**Special Dividend**").

As disclosed by the Company in its announcement dated 30 March 2023, the Call Option Consideration is not fixed and is based on the above formula, which seeks to determine the additional amount that the Company should pay to increase its stake in the Target Group based on the valuation used to value the Tranche 1 Shares, i.e. in valuing the 51.0% stake in the Target Group, the formula applies a 6x multiple to the aggregate net profit recorded by each Operating Company in the Relevant OC FY less the amounts already paid by the Company for the Tranche 1 Shares.

The Special Dividend has the effect of setting a cap on the maximum future valuation of the Target Group at S\$3.06 million (the "**Valuation Cap**"). This benefits the Company as (i) in the event the Company elects to exercise the Call Option, the Call Option Consideration payable by the Company would also be capped to a maximum of S\$2.28 million (i.e. reflective of the Valuation Cap), even if the net profit of the business exceeds expectations; and (ii) the Vendor would be motivated to grow the business beyond the Valuation Cap as he would be entitled to extract the excess value via the Special Dividend in connection with the Company's exercise of the Call Option.

The Call Option shall be terminated upon the occurrence of the following:

- (a) in the event the Company is becomes entitled to exercise the Call Option and the Call option is not exercised during the Call Option Period; or
- (b) a change in the identity of the Company's nominee director on the board of directors of the Target Company to a person that is not an existing member of the Company's management team without the consent of the Vendor prior to the exercise of the Call Option,

in which case the Vendor shall be entitled by notice in writing to rescind the Agreement, upon which (a) the Vendor shall have the right to acquire from the Company the Vendor Shares at the consideration paid by the Company to the Vendor; and (b) the parties agree to procure that the Target Company shall, to the extent permissible under applicable laws, effect a buy back or a selective capital reduction with the result of returning the subscription monies paid by the Company for, and cancelling, the New Shares, and the parties agree that the unwinding of this Agreement shall be completed no later than 90 calendar days from the end of the Call Option Period.

3.6 **Conditions Precedent**

Completion of the Proposed Acquisition is conditional upon, inter alia, the satisfaction of certain conditions precedent, including:-

- (a) the Vendor and the Co-Founder (the "**Warrantors**") having restructured the Operating Companies, on such terms as may be acceptable to the Company, such that they are all owned legally and beneficially as to 100% by the Target Company, which will in turn be legally and beneficially owned as to 100% by the Vendor. As at the date of this Announcement, this restructuring has been completed;

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- (b) the approval of Shareholders having been obtained for the entry into the SPA and the transactions contemplated herein;
- (c) the Vendor and the Target Company having entered into the shareholders' agreement between the Company, the Vendor and the Target Company;
- (d) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group and the provision by the Company to the Warrantors confirming the same;
- (e) the warranties in the SPA being true, complete and accurate in all respects as at the Completion Date;
- (f) there having been no material adverse change (as determined by the Company) in respect of:-
 - (i) the prospects, operations and/or financial condition of the Target Group (or any member thereof);
 - (ii) the economic, political and investment environment in Singapore and/or the other countries in which the Target Group carries on business;
- (g) the Vendor having entered into a service agreement with the Target Company on terms mutually acceptable; and
- (h) all necessary governmental or regulatory filings, permits or approvals (including from the SGX-ST) having been made or obtained in connection with the SPA and the transactions contemplated herein.

3.7 Pre-completion dividend

Under the terms of the SPA, the parties have agreed that prior to Completion, the Target Company shall declare and pay a one-time dividend such that the Target Company's cash position as at Completion shall be no less than the amount owed by the Target Company to its financiers (excluding interest) as at Completion (the "**Pre-completion Dividend**").

The Company had agreed to the Pre-completion Dividend as the agreed valuation of the Target Group did not take into consideration the cash of the Target Group and assumes that the Target Group did not have any debt. For the avoidance of doubt, this assumption was only relied on for the agreed valuation used for the determination of the Consideration and the debts of the Target Company will not be paid prior to Completion. The Company has not decided on the capital structure of the Target Group and may choose to retain the debt for the most optimal capital structure.

3.8 Completion

Pursuant to the Second Side Letter, Completion shall now take place no later than 31 May 2023.

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3.9 Financial Effects

The proforma financial effects of the Proposed Acquisition on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on the audited consolidated financial results of the Group for financial year ended 31 March 2022 ("**FY2022**") (being the most recently announced consolidated full-year financial statements of the Group), Target Group's unaudited financial statements for financial year ended 31 December 2022 (being 12 months period ended) and the assumptions below. The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after the Proposed Acquisition has been fully completed.

- (a) that the Target Group's unaudited net assets and net tangible assets are approximately S\$885,014 and S\$885,014 respectively for the financial year ended 31 December 2022;
- (b) that the Target Group will declare and pay a Pre-completion Dividend amounting to S\$500,000 prior to Completion, being an estimate of the aggregate cash position of the Operating Companies as at Completion in excess of the amounts that will be owed by the Operating Companies to its financiers (excluding interest) as at Completion;
- (c) the exercise of Call Option by the Company following the Operating Companies achieving the aggregated net profits of not less than \$900,000 in the Relevant OC FY;
- (d) the total consideration payable by the Group for the Proposed Transaction (including the exercise of Call Option by Company) is S\$2,754,000;
- (e) no fair value adjustments on the Target Group would be required under the Singapore Financial Reporting Standards International (SFRS(I)), if any; and
- (f) the Target Company was incorporated on 1 January 2022.

3.9.1 **NTA**

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the Group's NTA per share, assuming that the Proposed Acquisition (including the Call Option) had been completed on 31 March 2022, being the end of the most recently completed financial year, are set out below:

	Before the Proposed Acquisition	After the Proposed Acquisition (including the Call Option)
Current assets (S\$)	7,323,805	8,301,746 ⁽¹⁾
Non-current assets (S\$)	16,451,225	18,256,497
Current liabilities (S\$)	4,157,399	4,624,117
Non-current liabilities (S\$)	3,117,830	4,496,948 ⁽¹⁾
Net assets (S\$)	16,499,801	17,437,178
Less: goodwill & intangible assets (S\$)	(3,580,670)	(5,359,033)
NTA (S\$)	12,919,131	12,078,145

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Number of issued shares	371,511,764	371,511,764
NTA per share (cents)	3.48	3.25

Notes:

- (1) The Company, the Vendor and the Target Company have entered into a shareholders agreement on 26 March 2023 which will become effective upon Completion. Under the terms of such shareholders agreement, control over the Target Company vests with the Company and as a result, the Company is required under the applicable accounting standards to consolidate the Target Company's income statement and balance sheet, and make other relevant consolidation adjustments, upon Completion. As a result, since the Company has not decided on the capital structure of the Target Group and may choose to retain the debt of the Target Group for the most optimal capital structure, the Group's total assets and total liabilities will increase upon completion of the Proposed Acquisition, whether or not the Call Option is exercised.

3.9.2 *Earnings per Share*

For illustrative purposes only, the proforma financial effects of the Proposed Acquisition on the consolidated earnings of the Group, assuming that the Proposed Acquisition (including the Call Option) had been completed on 1 April 2022, being the beginning of the most recently completed financial year, are set out below:

	Before the Proposed Acquisition	After the Proposed Acquisition (including the Call Option)
Net (loss)/profit attributable to shareholders (S\$)	(5,838,015)	(5,576,545)
Net (loss)/profit attributable to non-controlling interest (S\$)	4,890	256,107
Total (loss)/profit after tax (S\$) of the Group	(5,833,125)	(5,320,438)
Weighted average number of shares	345,004,915	345,004,915
EPS (cents) ⁽¹⁾	(1.69)	(1.62)

Notes:

- (1) EPS is Net (loss)/profit attributable to shareholders divided by weighted average number of shares

3.10 **Relative Figures**

Based on the latest announced unaudited consolidated financial statements of the Group (being the consolidated financial statements for 12-month period from 1 October 2021 to 30 September 2022) the relative figures for the Proposed Acquisition computed on the bases set out in Rules 1006 (a) to (e) of the Catalist Rules are as follows:

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Rule 1006	Bases of calculation	Relative figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets	Not applicable ⁽¹⁾
(b)	The net profit attributable to the assets acquired, compared with the Group's net loss ⁽²⁾	-10.4% ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	20.6% ⁽⁴⁾
(d)	The 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 ⁽⁵⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable ⁽⁶⁾

Notes

- (1) This basis is not applicable to an acquisition of assets.
- (2) Pursuant to Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profits/(loss) before income tax, minority interest and extraordinary items.
- (3) The Group recorded a net loss of S\$5,413,316 for the financial year ended 30 September 2022. The net profit attributable to the Operating Companies for the twelve-month period ended 31 December 2022 is S\$564,652.
- (4) The aggregate consideration payable by the Group (assuming (i) the Company's exercise of the Call Option; and (ii) the Operating Companies achieving an aggregate net profit of not less than S\$900,000 in the Relevant OC FY) is approximately S\$2,754,000. The market capitalisation of the Company is approximately S\$13,374,424 as at 24 March 2023 (based on 371,511,764 ordinary shares in issue and excluding treasury shares).
- (5) The Proposed Transaction does not involve the Company issuing any equity securities as consideration.
- (6) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company. The Company is not a mineral, oil and gas company.

As indicated above, the applicable relative figures calculated in accordance with Rules 1006(b) and 1006(c) of the Catalist Rules exceed 5.0% but are less than 75.0%. However, as the Proposed Acquisition involves a loss-making issuer, pursuant to paragraph 4.3(b) of the Practice Note 10A of the Catalist Rules, as the absolute relative figure under Rule 1006(c) exceeds 5% and the net profit attributable to the asset to be acquired amounts to more than 5% of the consolidated net loss of the issuer (taking into account only the absolute value), Rule 1014 shall apply to the Proposed Acquisition and the Proposed Acquisition will constitute a "major transaction" as defined in Chapter

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10 of the Catalyst Rules. As such, the Company is seeking the approval of its Shareholders for the Proposed Acquisition as a major transaction under Chapter 10 of the Catalyst Rules at the EGM.

4. PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

4.1 The Proposed Adoption of the Share Buyback Mandate

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the Company proposes to adopt the Share Buyback Mandate, subject to Shareholders' approval at the EGM, to enable the Directors to exercise all powers of the Company to purchase or otherwise acquire the Shares on the terms of the Share Buyback Mandate.

The Company proposes to adopt the Share Buyback Mandate for the Company to make market and off-market buybacks of Shares from time to time of up to 10% of the total number of Shares (excluding treasury shares and subsidiary holdings) in accordance with the terms set out below. It is presently intended that the Share Buyback Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

4.2 Rationale

The approval of the adoption of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the 10% limit described in section 4.3(a) below at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) in managing the business of the Group, the management team strives to increase shareholder value by improving, inter alia, the return on equity of the Group. A Share purchase is one of the ways in which the return on equity of the Group may be enhanced; and
- (b) the Share Buyback Mandate is an expedient, effective and cost-efficient way for the Company to return to Shareholders surplus cash/funds which is/are over and above its ordinary capital requirements and in excess of the financial and possible investment needs of the Group, if any. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, inter alia, the Company's share capital structure.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in section 4.3(b) below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial condition of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the

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number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

4.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

(a) *Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares as at the date of the EGM (excluding treasury shares and subsidiary holdings) at which the adoption of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the Court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the Court, as the case may be. Any Shares which are held as treasury shares or subsidiary holdings will be disregarded for the purposes of computing the 10% limit.

For illustrative purposes only, based on the general rule in the foregoing paragraph, on the basis of 371,511,764 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, and that the Company does not reduce its share capital, not more than 37,151,176 Shares (representing not more than 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the Relevant Period.

(b) *Duration of Authority*

Purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the EGM at which the Share Buyback Mandate is approved, up to:

- (i) the date on which the next annual general meeting is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting; or
- (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

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The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in any general meeting of the Company, such as at the next annual general meeting or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next annual general meeting. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

(c) *Manner of Purchase or Acquisition*

Purchases or acquisitions of Shares may be made by way of:

- (i) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose, in accordance with Section 76E of the Companies Act;
- (ii) off-market purchases ("**Off-Market Purchases**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act; and/or
- (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

(d) *Maximum Price*

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses ("**related expenses**")) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105% of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**"), in either case, excluding related expenses.

For the above purposes:

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"Average Closing Price" means the average of the closing market prices of the Shares traded on the SGX-ST over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4.4 **Status of Purchased or Acquired Shares**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time. The total number of issued Shares will be diminished by the number of issued Shares purchased or acquired by the Company which are not held as treasury shares. It is presently intended by the Company that all or a significant portion of the Shares which are purchased or acquired by the Company under the Share Buyback Mandate will be cancelled.

All Shares purchased or acquired by the Company (unless held as treasury shares by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

4.5 **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum Holdings*

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) *Voting and Other Rights*

The Company cannot exercise any rights in respect of treasury shares and any purported exercise of such right is void. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act the Company shall

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be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully-paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed if the total value of the treasury shares after the subdivision or consolidation, is the same as the total value of the treasury shares before the subdivision or consolidation, as the case may be.

(c) *Disposal and Cancellation*

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, Directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

4.6 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Directors shall lodge a copy of such resolution with the Registrar.

The Directors shall notify the Registrar within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition including the date of the purchase or acquisition, the number of Shares purchased or acquired

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by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or the capital of the Company, and such other information as required by the Companies Act.

The Catalist Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

4.7 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share

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Buyback Mandate. The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group.

4.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA per Share and EPS as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchase or acquisition and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The Company's total number of issued Shares will be diminished by the total number of Shares purchased by the Company and which are not held as treasury shares. The NTA of the Group will be reduced by the aggregate purchase price (including any expenses such as brokerage and commission) paid by the Company for the Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

The purchase or acquisition of Shares will only be effected by the Company after the Directors have considered relevant factors such as the working capital requirements, the availability of financial resources and the expansion and investment plans of the Group, and the prevailing market conditions.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Company and the Group, based on the audited financial statements of the Group for the financial year ended 31 March 2022 are based on the assumptions set out below:

- (a) based on 371,511,764 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued and no reduction of share capital of the Company takes place, not more than 37,151,176 Shares (representing 10% of the total number of issued Shares as at the date of the EGM (excluding treasury shares and subsidiary holdings)) may be purchased by the Company pursuant to the Share Buyback Mandate (if adopted);
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 37,151,176 Shares at the Maximum Price of \$0.038 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 37,151,176 Shares (excluding related expenses) is approximately \$1,411,745; and

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- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 37,151,176 Shares at the Maximum Price of \$0.043 for one Share (being the price equivalent to 20% above the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 37,151,176 Shares (excluding related expenses) is approximately \$1,597,501.

For illustrative purposes only, and based on the assumptions set out in sub-paragraphs (a), (b) and (c) above and assuming that:

- (i) such purchase or acquisition of Shares is made entirely out of capital and financed solely by internal sources of funds;
- (ii) the Share Buyback Mandate had been effective on 1 April 2022;
- (iii) the Company had purchased or acquired 5,000,000 Shares on 1 April 2022 for the purpose of computing the financial effects on the EPS of the Group, and the purchase or acquisition of 5,000,000 Shares had taken place on 31 March 2022 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group;
- (iv) related expenses incurred directly in the purchases or acquisitions by the Company of the Shares at the relevant time are not taken into account,

the financial effects of:

- (1) the purchase or acquisition of 5,000,000 Shares by the Company in a Market Purchase or Off-Market Purchase, where such Shares are held as treasury shares; and
- (2) the purchase or acquisition of 5,000,000 Shares by the Company in a Market Purchase or Off-Market Purchase, where such Shares are cancelled,

on the audited financial statements of the Group and the Company for FY2022 pursuant to the Share Buyback Mandate, are summarised in the following tables:

In the event the Share Buyback Mandate is exercised in full, the Company may purchase or acquire up to 37,151,176 Shares. The Company views the above assumptions (including the assumption of the Company purchasing or acquiring 5,000,000 Shares) as reasonable, as based on the cash position of the Company as at 31 March 2022, purchasing or acquiring any Shares in excess of 5,000,000 Shares would cause the Company to be in a negative cash position. The Company may, in future and prior to the expiration of the duration of authority of the Share Buyback Mandate, undertake fundraising exercises which may impact on its cash position and consequently allow it to acquire more than 5,000,000 Shares. As such, the Company is seeking the authority of the Shareholders for a Company to purchase up to 10% of the total number of issued Shares as at the date of the EGM (excluding treasury shares and subsidiary holdings) (excluding treasury shares and subsidiary holdings).

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(A) Market Purchase or Off-Market Purchase of 5,000,000 Shares and 5,000,000 Shares are held as treasury shares

As at 31 March 2022	Group			Company		
	Before Share Purchase	After Market Purchase	After Off-Market Purchase	Before Share Purchase	After Market Purchase	After Off-Market Purchase
Share capital (S\$)	15,959,231	15,959,231	15,959,231	15,959,231	15,959,231	15,959,231
Merger and translation reserves (S\$)	2,923,352	2,923,352	2,923,352	-	-	-
Treasury shares (S\$)	-	(190,000)	(215,000)	-	(190,000)	(215,000)
Accumulated losses (S\$)	(2,388,810)	(2,388,810)	(2,388,810)	(2,071,307)	(2,071,307)	(2,071,307)
Shareholders' fund (S\$)	16,493,773	16,303,773	16,278,773	13,887,924	13,697,924	13,672,924
Non-controlling interest (S\$)	6,028	6,028	6,028	-	-	-
Total equity (S\$)	16,499,801	16,309,801	16,284,801	13,887,924	13,697,924	13,672,924
NTA (S\$) ⁽¹⁾	12,918,193	12,728,193	12,703,193	13,887,924	13,697,924	13,672,924
NAV (S\$) ⁽²⁾	16,499,801	16,309,801	16,284,801	13,887,924	13,697,924	13,672,924
Current assets (S\$)	7,323,805	7,133,805	7,108,805	13,276,270	13,086,270	13,061,270
Current liabilities (S\$)	4,157,399	4,157,399	4,157,399	740,246	740,246	740,246
Total borrowings (S\$) ⁽³⁾	5,604,701	5,604,701	5,604,701	-	-	-
Cash and cash equivalents (S\$)	893,525	703,525	678,525	404,150	214,150	189,150
Profit/(loss) after tax (S\$) ⁽⁴⁾	(5,838,015)	(5,838,015)	(5,838,015)	(514,532)	(514,532)	(514,532)
Number of Shares (excluding treasury shares)	371,511,764	366,511,764	366,511,764	371,511,764	366,511,764	366,511,764
Treasury shares	-	5,000,000	5,000,000	-	5,000,000	5,000,000
Financial ratios						
NTA per Share (cents)	3.48	3.47	3.47	3.74	3.74	3.73
NAV per Share (cents)	4.44	4.45	4.44	3.74	3.74	3.73
EPS (cents) ⁽⁵⁾	(1.69)	(1.69)	(1.69)	(0.15)	(0.15)	(0.15)
Current ratio (times) ⁽⁶⁾	1.76	1.72	1.71	17.93	17.68	17.64
Net gearing ratio (%) ⁽⁷⁾	0.29	0.30	0.30	(0.03)	(0.02)	(0.01)

Notes:

- (1) NTA is computed based on total assets less total liabilities and less intangible assets and goodwill.
- (2) NAV is Net Assets Value
- (3) Assuming the purchase of the Shares by the Company will be funded by internal sources.
- (4) Profit/(Loss) of tax equals profit or loss after tax attributable to the Shareholders
- (5) For illustrative purposes, EPS is computed based on profit after tax attributable to the Shareholders and the number of Shares as shown in the corresponding row in the table above.
- (6) Current ratio equals current assets divided by current liabilities.

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(7) Net gearing ratio equals total debts net of cash and cash equivalents, divided by total equity.

(B) Market Purchase or Off-Market Purchase of 5,000,000 Shares and 5,000,000 Shares are cancelled

As at 31 March 2022	Group			Company		
	Before Share Purchase	After Market Purchase	After Off-Market Purchase	Before Share Purchase	After Market Purchase	After Off-Market Purchase
Share capital (S\$)	15,959,231	15,769,231	15,744,231	15,959,231	15,769,231	15,744,231
Merger and translation reserves (S\$)	2,923,352	2,923,352	2,923,352	-	-	-
Treasury shares (S\$)	-	-	-	-	-	-
Accumulated losses (S\$)	(2,388,810)	(2,388,810)	(2,388,810)	(2,071,307)	(2,071,307)	(2,071,307)
Shareholders' fund (S\$)	16,493,773	16,303,773	16,278,773	13,887,924	13,697,924	13,672,924
Non-controlling interest (S\$)	6,028	6,028	6,028	-	-	-
Total equity (S\$)	16,499,801	16,309,801	16,284,801	13,887,924	13,697,924	13,672,924
NTA (S\$) ⁽¹⁾	12,918,193	12,728,193	12,703,193	13,887,924	13,697,924	13,672,924
NAV (S\$) ⁽²⁾	16,499,801	16,309,801	16,284,801	13,887,924	13,697,924	13,672,924
Current assets (S\$)	7,323,805	7,133,805	7,108,805	13,276,270	13,086,270	13,061,270
Current liabilities (S\$)	4,157,399	4,157,399	4,157,399	740,246	740,246	740,246
Total borrowings (S\$) ⁽³⁾	5,604,701	5,604,701	5,604,701	-	-	-
Cash and cash equivalents (S\$)	893,525	703,525	678,525	404,150	214,150	189,150
Profit/(loss) after tax (S\$) ⁽⁴⁾	(5,838,015)	(5,838,015)	(5,838,015)	(514,532)	(514,532)	(514,532)
Number of Shares (excluding treasury shares)	371,511,764	366,511,764	366,511,764	371,511,764	366,511,764	366,511,764
Treasury shares	-	-	-	-	-	-
Financial ratios						
NTA per Share (cents)	3.48	3.47	3.47	3.74	3.74	3.73
NAV per Share (cents)	4.44	4.45	4.44	3.74	3.74	3.73
EPS (cents) ⁽⁵⁾	(1.69)	(1.69)	(1.69)	(0.15)	(0.15)	(0.15)
Current ratio (times) ⁽⁶⁾	1.76	1.72	1.71	17.93	17.68	17.64
Net gearing ratio (%) ⁽⁷⁾	0.29	0.30	0.30	(0.03)	(0.02)	(0.01)

Notes:

- (1) NTA is computed based on total assets less total liabilities and less intangible assets and goodwill.
- (2) NAV is Net Assets Value
- (3) Assuming the purchase of the Shares by the Company will be funded by internal sources.
- (4) Profit/(Loss) of tax equals profit or loss after tax attributable to the Shareholders
- (5) For illustrative purposes, EPS is computed based on profit after tax attributable to the Shareholders and the number of Shares as shown in the corresponding row in the table above.
- (6) Current ratio equals current assets divided by current liabilities.

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(7) Net gearing ratio equals total debts net of cash and cash equivalents, divided by total equity.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and based on the abovementioned assumptions. In particular, it is important to note that the above pro-forma financial analysis is based on the audited historical numbers for FY2022 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate (if adopted) would authorise the Company to purchase up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as determined in accordance with the applicable provisions of the Companies Act, the Company may not necessarily purchase or be able to purchase the entire 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the purchased Shares or hold all or part of the purchased Shares in treasury.

Shareholders who are in doubt as to their tax positions or any tax implications in their respective jurisdictions should consult their own professional tax advisers.

4.9 Take-over Implications

Appendix 2 to the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) *Obligations to Make a Take-over Offer*

If, as a result of any purchase or acquisition by the Company of the Shares, the percentage of voting rights in the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) *Person Acting in Concert*

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

- (i) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

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- (ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of the individual, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and their concert parties respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Take-over Code.

(c) *Effect of Rule 14 and Appendix 2 to the Take-over Code*

In general terms, the effect of Rule 14 and Appendix 2 to the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 to the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares,

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the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

(d) *mm2 Asia Ltd and parties acting in concert with them*

As disclosed in the Company's offer document dated 17 September 2018, the Company's Controlling Shareholder, mm2 Asia, and the Company's founders (the "**Founders**"), being the Company's Chief Creative Officer and Executive Director, Yeo Eng Pu, Charles, Hong Wei Chien and Lee Hoon Hwee, have entered into a voting agreement dated 11 September 2018. Under the terms of the voting agreement, each of the Founders have agreed with mm2 Asia to vote all the Shares held by each of them at the relevant time, and any other voting securities of the Company whenever acquired, which are owned directly or indirectly by each of them, in the same manner and in the same proportions as mm2 Asia for as long as, amongst others, Mr Melvin Ang remains as the largest shareholder of mm2 Asia. Consequently, during the term of the voting agreement, mm2 Asia and the Founders will vote in the same manner in respect of all shareholders' resolutions of the Company, save for where any of them are required to abstain from voting. Where any of the Founders is required to abstain from voting on any shareholders' resolution relating to any matter (including interested person transactions), all the Founders and mm2 Asia will abstain from voting on such shareholders' resolution. Where mm2 Asia is required to abstain from voting on any shareholders' resolution relating to any matter (including interested person transactions), the Founders will also abstain from voting on such shareholders' resolution.

As at the Latest Practicable Date, mm2 Asia and the Founders are the registered and beneficial owner of 219,933,660 Shares in aggregate representing 59.20% of the issued share capital of 371,511,764 Shares (excluding treasury shares) of the Company and Mr Melvin Ang has an interest in 22.03% of the issued share capital of mm2 Asia, and Melvin Ang remains as mm2 Asia's largest shareholder.

For **illustrative purposes**, assuming that:

- (1) the Company exercises the power under the Share Buyback Mandate in full and purchases 37,151,176 Shares (based on the issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of 371,511,764 Shares); and
- (2) there is no change in the number of Shares held or deemed to be held by mm2 Asia at the Latest Practicable Date,

the interest in voting rights of mm2 Asia and the Founders in the Company would increase from 59.20% to 65.78%.

Based on the foregoing and the substantial shareholding notifications received by the Company under Part VII of the Securities and Futures Act as at the Latest Practicable Date, none of the Substantial Shareholders would become obliged to make a mandatory offer for the Company under Rule 14 of the Take-over Code as a result of the purchase or

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acquisition by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council of Singapore and/or their professional advisers at the earliest opportunity.

4.10 **Catalist Rules**

While the Catalist Rules do not expressly prohibit purchases or acquisitions of shares by a listed company during any particular time or times, the Company, in line with Rule 1204(19)(c) of the Catalist Rules, will not purchase or acquire any Shares through Market Purchases during the following periods:

- (a) if the Company announces its quarterly financial statements, whether required by the SGX-ST or otherwise, two weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements; or
- (b) if the Company does not announce its quarterly financial statements, one month immediately preceding the announcement of the Company's half year and full year financial statement.

The Company's decision to purchase or acquire Shares would only be made with an arrangement that could reasonably be expected to ensure that information that is not generally available would not be communicated or informed to the person within the Company who makes the decision to transact.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of its listed securities (excluding treasury shares, preference shares and convertible equity securities) are in the hands of the public. The "public", as defined in the Catalist Rules, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, 151,578,104 Shares, representing 40.80% of the total number of issued Shares (excluding treasury shares), are held in the hands of the public. Assuming that the Company purchases the aggregate of 37,151,176 Shares through Market Purchases, being the full 10% limit pursuant to the Share Buyback Mandate from the public (as defined in the Catalist Rules), the number of Shares in the hands of the public would be reduced to 114,426,928 Shares, representing approximately 30.80% of the issued Shares of the Company (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Buyback Mandate (if adopted) without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

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In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.11 Previous Share Buybacks

The Company has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

5.1 Directors' Interests

The interest of the Directors in the Shares as record in the Register of Directors' Shareholdings of the Company as at the date of this circular are set out below:

	Direct Interest		Indirect Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Yeo Eng Pu, Charles	43,987,840	11.84	-	-	43,987,840	11.84
Chang Long Jong	200,000	0.05	-	-	200,000	0.05
Ho Choon Hou ⁽²⁾	-	-	11,090,400	2.99	11,090,400	2.99

Notes:

- (1) The percentage of shareholdings set out above is calculated based on 371,511,764 issued shares.
- (2) Ho Choon Hou is deemed to have interest in the Company's ordinary shares by virtue of his shareholdings in Lionsgate Ltd.

5.2 Interests of Substantial Shareholders

The interest of the Substantial Shareholders in the Shares as record in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest		Indirect Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Yeo Eng Pu, Charles	43,987,840	11.84	-	-	43,987,840	11.84

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Hong Chien Wei	28,082,400	7.56	-		28,082,400	7.56
mm2 Asia	138,720,000	37.34	-		138,720,000	37.34
Melvin Ang ⁽²⁾	-	-	138,720,000	37.34	138,720,000	37.34

Notes:

- (1) The percentage of shareholdings set out above is calculated based on 371,511,764 issued shares.
- (2) Mr Melvin Ang holds 22.03% of the shares in mm2 Asia; and is deemed interested in the 138,720,000 ordinary shares in the Company held by mm2 Asia.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 45 to 50 of this Circular, will be held by electronic means on 10 May 2023 at 3.30 p.m. for the purpose of considering and if thought fit, passing, with or without any modification to the Proposed Transactions set out in the Notice of EGM.

7. DIRECTORS' RECOMMENDATION

7.1 The Proposed Business Diversification

None of the Directors has any interest, direct or indirect, in the Proposed Business Diversification.

Having considered the rationale for and the benefits of the Proposed Business Diversification, the Board is of the view that the Proposed Business Diversification is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to the Proposed Business Diversification to be proposed at the EGM.

7.2 The Proposed Acquisition

None of the Directors has any interest, direct or indirect, in the Proposed Acquisition.

Having reviewed and considered, among other things, the terms and conditions of the SPA and the rationale for and benefits of the Proposed Acquisition, the Board is of the view that the Proposed Acquisition is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to the Proposed Acquisition to be proposed at the EGM.

7.3 The Proposed Share Buyback Mandate

The Board is of the opinion that the adoption of the Share Buyback Mandate is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolution relating to the Proposed Share Buyback Mandate.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

In view of the uncertainty and potential health risks associated with large gatherings during the COVID-19 pandemic, Shareholders will NOT be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM

LETTER TO SHAREHOLDERS

through a "live" webcast or "live" audio feed ("**Live Webcast**") pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

(a) Participation in the EGM via the Live Webcast

Shareholders must pre-register at the pre-registration website at the URL: <https://conveneagm.com/sg/vividthree2023egm> ("**VV3 EGM Website**") from the date of this Circular till 7 May 2023 at 3.30 p.m. ("**Registration Deadline**") to enable the Company to verify their status as Shareholders.

Following authentication of his/her/its status as a Shareholder, such Shareholder will receive an email confirming the authentication of his/her/its status and will be able to access the Live Webcast using the account created.

Shareholders who have registered by the Registration Deadline in accordance with this section 8(a) but do not receive an email response by 3.30 p.m. on 9 May 2023 may contact the Company for assistance at the following email address: support@conveneagm.com, with the following details included: (1) the Shareholder's full name; and (2) his/her/its identification/registration number.

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Non-SRS holders whose Shares are registered under Depository Agents must contact their respective Depository Agents to indicate their interest in order for their respective Depository Agents to make the necessary arrangements for them to participate in the Live Webcast of the EGM proceedings.

(b) Submission of Questions

All Shareholders can submit questions relating to the business of the EGM up till 2 May 2023 at 3.30 p.m. either:

(a) via post to B.A.C.S. Private Limited, the Share Registrar, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or

(b) via electronic mail to B.A.C.S. Private Limited at main@zicoholdings.com

Shareholders who submit questions in advance of the EGM should provide their full name, address, contact number, email and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited ("**CDP**"); otherwise, please state if you hold your Shares through CPF or SRS or other Relevant Intermediary), for our verification purposes.

The Company will respond to substantial and relevant questions so received by 4 May 2023 at 3.30 p.m. (being more than 48 hours prior to the closing date and time for the

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lodgement of the proxy forms), via an announcement on SGXNet and the Company's website.

Alternatively, Shareholders and proxies will be able to ask questions "live" during the EGM via a "chatbox" which would be made available to the Shareholders to type in their questions during the webcast.

Save as in the manner set out in this section 8(b), Shareholders will NOT be able to ask questions during the Live Webcast of the EGM proceedings to avoid any technical disruption and interference to the Live Webcast. Therefore, it is important for Shareholders to submit their questions in advance of the Live Webcast or participate in the Live Webcast to ask their questions.

(c) Voting

Shareholders who wish to exercise their voting rights at the EGM may:

- (a) (where the Shareholder is an individual) attend and vote "live" at the EGM; or
- (b) (where the Shareholder is an individual or a corporate) appoint the Chairman as proxy to vote on their behalf.

"Live" voting will be conducted during the EGM / Live Webcast. **It is important for Shareholders and proxies to have their own web-browser enabled devices ready for voting during the EGM. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.**

Shareholders may cast their votes at the EGM using the login credentials provided during pre-registration. Shareholders should therefore have their confirmation email containing their unique user credentials on-hand for reference. Instructions will be provided at the start of the EGM on how to vote. For the avoidance of doubt, "live" voting is not permissible by the audio-only feed.

Shareholders may only exercise their voting rights at the EGM via proxy voting. The accompanying Proxy Form for the EGM may be accessed via the VV3 EGM Website, the Company's corporate website <https://www.vividthreeholdings.com>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Shareholders may also exercise their voting rights at the EGM via proxy voting. The accompanying proxy form for the EGM ("**Proxy Form**") may be accessed via the VV3 EGM Website, the Company's corporate website <https://www.vividthreeholdings.com>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/companyannouncements>.

Shareholders (including Relevant Intermediaries, as defined in Section 181 of the Companies Act 1967 of Singapore) who wish to vote on any or all of the resolutions at the EGM via proxy must submit a Proxy Form to appoint the Chairman of the EGM as their proxy to do so on their behalf.

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The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:

- (a) in the electronic format accessible on the VV3 EGM Website;
- (b) if submitted by post, be lodged at the office of the Company's registered office at 1093 Lower Delta Road, #05-10, Singapore 169204; or
- (c) if submitted electronically, be submitted via email to B.A.C.S. Private Limited at main@zicoholdings.com,

in either case **by no later than 3.30 p.m. on 7 May 2023, being 72 hours before the time appointed for the EGM.**

In the case of submission of the Proxy Form other than via the VV3 EGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

In the case of submission of the Proxy Form other than via the VV3 EGM Website, the instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.

An investor who holds shares under the Supplementary Retirement Scheme ("**SRS**") and wishes to vote, should approach their respective SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least 7 working days before the EGM.

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from

LETTER TO SHAREHOLDERS

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 Circular in its proper form and context.

10. CONSENT

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the inclusion of the Valuation Summary Letter in Appendix A of this Circular and to act in such capacity in relation to this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 1093 Lower Delta Road, #05-10, Singapore 169204 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the SPA;
- (b) the First Side Letter;
- (c) the Second Side Letter;
- (d) the Valuation Report;
- (e) the Constitution of the Company; and
- (f) the Annual Report of the Company for FY2022.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of **Vividthree Holdings Ltd** ("**Company**") will be held by way of electronic means on 10 May 2023 at 3.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions herein under:

Unless otherwise defined, all terms defined in this Notice of EGM shall have the same meanings as those defined or construed in the circular to the shareholders dated 25 April 2023 issued by the Company to the Shareholders.

ORDINARY RESOLUTION 1

Proposed Business Diversification

That:

- (a) approval be and is hereby given, for the Company to diversify its Business to include public relations services with include brand building, brand activation and event management, and for all necessary steps to be taken to obtain the necessary approval for the Proposed Business Diversification; and
- (b) the Directors of the Company and any one of them be and are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to this resolution.

Note:

Shareholders should note that Ordinary Resolution 1 and Ordinary Resolution 2 are interconditional upon each other. Accordingly, in the event that this Ordinary Resolution 1 is not approved, Ordinary Resolution 2 would not be passed.

ORDINARY RESOLUTION 2

Proposed Acquisition

That:

- (a) approval be and is hereby given, for the purpose of Chapter 10 of the Catalist Rules for the Proposed Acquisition of the Target Company, for a consideration of S\$308,00 for the Vendor Shares and S\$467,393 for the New Shares, on the terms and subject to the conditions of the SPA; and
- (b) the Directors of the Company and any one of them be and are hereby authorised to complete and do all such acts and things (including without limitation, execution of all such documents as may be required) as they and/or he may consider desirable, expedient or necessary or in the interest of the Company to give effect to this resolution.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Note:

Shareholders should note that Ordinary Resolution 1 and Ordinary Resolution 2 are interconditional upon each other. Accordingly, in the event that this Ordinary Resolution 1 is not approved, Ordinary Resolution 2 would not be passed.

ORDINARY RESOLUTION 3

Proposed Share Buyback Mandate

That approval be and is hereby given, for the adoption of the Share Buyback Mandate details of which are set out in the Circular.

By Order of the Board

Zhang Weiquan, Jonathan
Chief Executive Officer
25 April 2023

Notes:

- (1) Pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 ("**Temporary Measures Act**") and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time) ("**Meeting Orders**"), issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The Meeting Orders has been extended beyond 30 June 2021 and amendments to the Temporary Measures Act come into force on 29 September 2020. A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020, 1 October 2020 and 9 April 2021, by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. In view of these developments, general meetings can be held via electronic means, and are encouraged to do so, until it is revoked or amended by the Ministry of Law. This will help keep physical interactions and COVID-19 transmission risks to a minimum, which remain important in the long term, even as safe distancing regulations are gradually and cautiously relaxed. As such, the EGM will be held by electronic means and shareholders of the Company ("**Shareholders**") will NOT be allowed to attend the EGM in person. Printed copies of this Notice will not be sent to Shareholders. Instead, this Notice will be sent to Shareholders by electronic means via publication on the Company's corporate website <https://www.vividthreeholdings.com> and the following URL: <https://conveneagm.com/sq/vividthree2023egm>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Alternative arrangements are instead put in place to allow Shareholders to participate in the EGM by:

- (a) watching or listening to the EGM proceedings via a "live" webcast or "live" audio feed as set out below ("**Live Webcast**"). Shareholders who wish to participate as such will have to pre-register in the manner outlined in sections 2 to 6 below;
- (b) submitting questions ahead of the Live Webcast. Please refer to sections 7 to 8 below for further details; and
- (c) live voting and voting by proxy at the EGM. Please refer to sections 9 to 16 below for further details.

Participation in the EGM via the Live Webcast

- (2) Shareholders must pre-register at the pre-registration website at the URL: <https://conveneagm.com/sg/vividthree2023egm> ("**VV3 EGM Website**") from the date of the Circular till 7 May 2023 at 3.30 p.m. ("**Registration Deadline**") to enable the Company to verify their status as Shareholders.
- (3) Following authentication of his/her/its status as a Shareholder, such Shareholder will receive an email confirming the authentication of his/her/its status and will be able to access the Live Webcast using the account created.
- (4) Shareholders who have registered by the Registration Deadline in accordance with section 2 above but do not receive an email response by 3.30 p.m. on 9 May 2023 may contact the Company for assistance at the following email address: support@conveneagm.com, with the following details included: (1) the Shareholder's full name; and (2) his/her/its identification/registration number.
- (5) Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the EGM. This is also to avoid any technical disruptions or overload to the Live Webcast.
- (6) Non-SRS holders whose shares are registered under Depository Agents must contact their respective Depository Agents to indicate their interest in order for their respective Depository Agents to make the necessary arrangements for them to participate in the Live Webcast of the EGM proceedings.

Submission of Questions

- (7) All Shareholders can submit questions relating to the business of the EGM up till 2 May 2023 at 3.30 p.m. ("**Questions Deadline**") either:
 - (a) via post to B.A.C.S Private Limited, the Share Registrar, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or
 - (b) via electronic mail to B.A.C.S. Private Limited at main@zicoholdings.com.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Shareholders who submit questions in advance of the EGM should provide their full name, address, contact number, email and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited (“CDP”); otherwise, please state if you hold your Shares through CPF or SRS or other Relevant Intermediary), for our verification purposes.

The Company will respond to substantial and relevant questions so received by 4 May 2023 at 3.30 p.m. (being more than 48 hours prior to the closing date and time for the lodgement of the proxy forms), via an announcement on SGXNet and the Company’s website.

Alternatively, Shareholders and proxies will be able to ask questions “live” during the EGM via a “chatbox” which would be made available to the Shareholders to type in their questions during the webcast.

- (8) Save as in the manner set out in paragraph 7 above, Shareholders will NOT be able to ask questions during the Live Webcast of the EGM proceedings to avoid any technical disruption and interference to the Live Webcast. Therefore, it is important for Shareholders to submit their questions in advance of the Live Webcast or participate in the Live Webcast to ask their questions.

Voting

- (9) Shareholders who wish to exercise their voting rights at the EGM may:
- (a) (where the Shareholder is an individual) attend and vote “live” at the EGM; or
 - (b) (where the Shareholder is an individual or a corporate) appoint the Chairman as proxy to vote on their behalf.

“Live” voting will be conducted during the EGM / Live Webcast. **It is important for Shareholders and proxies to have their own web-browser enabled devices ready for voting during the EGM. Examples of web-browser enabled devices include mobile smartphones, laptops, tablets or desktop computers with internet capabilities.**

Shareholders and proxies may cast their votes at the EGM using the login credentials provided during pre-registration. Shareholders and proxies should therefore have their confirmation email containing their unique user credentials on-hand for reference. Instructions will be provided at the start of the EGM on how to vote. For the avoidance of doubt, “live” voting is not permissible by the audio-only feed.

- (10) Shareholders may also exercise their voting rights at the EGM via proxy voting. The accompanying proxy form for the EGM (“**Proxy Form**”) may be accessed via the VV3 EGM Website, the Company’s corporate website <https://www.vividthreeholdings.com>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/companyannouncements>.
- (11) Shareholders (including Relevant Intermediaries, as defined in Section 181 of the Companies Act 1967 of Singapore) who wish to vote on any or all of the resolutions at the EGM via proxy must submit a Proxy Form to appoint the Chairman of the EGM as their proxy to do so on their behalf.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (12) The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
- (a) in the electronic format accessible on the VV3 EGM Website;
 - (b) if submitted by post, be lodged at the office of the Company's registered office at 1093 Lower Delta Road, #05-10, Singapore 169204; or
 - (c) if submitted electronically, be submitted via email to B.A.C.S. Private Limited at main@zicoholdings.com,

in either case **by no later than 3.30 p.m. on 7 May 2023, being 72 hours before the time appointed for the EGM.**

In the case of submission of the Proxy Form other than via the VV3 EGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures, which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

- (13) In the case of submission of the Proxy Form other than via the VV3 EGM Website, the instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
- (14) An investor who holds shares under the Supplementary Retirement Scheme ("**SRS**") and wishes to vote, should approach their respective SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least 7 working days before the EGM.
- (15) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.

Voting Results

- (16) An independent scrutineer will be appointed by the Company to direct and supervise the counting and validation of all valid votes cast through "live" voting and through Proxy Forms received as of the above-mentioned deadline. The voting results will be announced during the EGM (and displayed on-screen for the Live Webcast) in respect of the resolutions put to the vote at the EGM. The Company will also issue an announcement on SGXNet on the results of the resolutions put to vote at the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

Proxy Form
VIVIDTHREE HOLDINGS LTD
(Company Registration No.: 201811828R)

IMPORTANT:

1. The Extraordinary General Meeting ("**EGM**") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of EGM will not be sent to Shareholders. Instead, the Notice of EGM will be sent to Shareholders by electronic means via publication on the Company's website at the URL <http://www.vividthree.com> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the EGM, addressing of substantial and relevant questions in advance of the EGM, "live" voting and voting by appointing the Chairman of the EGM as proxy at the EGM) are set out in the Notice of EGM, the announcement by the Company dated 25 April 2023 and the Circular to Shareholders dated 25 April 2023 ("**Circular**"). The Circular may be accessed at the Company's website at the URL <http://www.vividthree.com> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

3. **As a precautionary measure due to the current COVID-19 situation in Singapore, a Shareholder will not be able to attend the EGM in person. A Shareholder of the Company may: (i) (where the Shareholder is an individual) attend and vote "live" at the EGM; or (ii) (whether individual or corporate) appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.**

4. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 3.30 p.m. on 30 April 2023.

5. By submitting an instrument appointing the Chairman of the EGM as proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 25 April 2023.

6. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

EXTRAORDINARY GENERAL MEETING PROXY FORM

I/We _____ (Name), NRIC/Passport No. _____ of _____ (Address) being a member/members of Vividthree Holdings Ltd (the "**Company**") hereby appoint:

PROXY FORM

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	(%)

or failing whom the Chairman of the Extraordinary General Meeting (the "**Meeting**") as my/our proxy/proxies to attend, speak and vote for me/us* on my/our* behalf at the EGM of the Company to be held by electronic means on 10 May 2023 at 3.30 p.m. and at any adjournment thereof in the following manner.

I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Ordinary Resolution	For	Against
1	THAT the Company's Business be diversified to include public relations services which include brand building, brand activation and event management, and for all necessary steps to be taken to obtain the necessary approval for the Proposed Business Diversification;	<input type="checkbox"/>	<input type="checkbox"/>
2	THAT shareholder approval be obtained for the Proposed Acquisition of up to 51% interest in the issued and paid-up capital of Elliot Communications Pte. Ltd.;	<input type="checkbox"/>	<input type="checkbox"/>
3	THAT approval be obtained for the adoption of the Share Buyback Mandate details of which are set out in the Circular.	<input type="checkbox"/>	<input type="checkbox"/>

* If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2023

Total Number of Shares in	Number of Shares
(a) CDP Register	<input type="text"/>
(b) Register of Members	<input type="text"/>

Signature(s) of Shareholder(s)/
Common Seal of Corporate shareholder

PROXY FORM

Notes:

Due to the fast-evolving COVID-19 situation in Singapore, the Company may be required to change its EGM arrangements at short notice. The Company is taking the relevant steps in accordance with the Part 4 of the COVID-19 (Temporary Measures) Act 2020.

1. Please insert the total number of shares in the issued share capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **In light of the current COVID-19 measures in Singapore, Shareholders will not be able to attend the EGM in person. A Shareholder (including a Relevant Intermediary) must appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM if such Shareholder wishes to exercise his/her/its voting rights at the EGM.**
3. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
 - (a) via the following URL: <http://www.vividthree.com> ("**VV3 EGM Website**") in the electronic format accessible on the VV3 EGM Website;
 - (b) if submitted by post, be lodged at the Company's registered office at 1093 Lower Delta Road, #05-10, Singapore 169204; or
 - (c) if submitted electronically, be submitted via email to B.A.C.S. Private Limited at main@zicoholdings.com,

in either case by no later than 3.30 p.m. on 7 May 2023, being 72 hours before the time appointed for the EGM.

In the case of submission of the Proxy Form other than via the VV3 EGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed Proxy Forms by post, Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

4. In the case of submission of the Proxy Form other than via the VV3 EGM Website, the instrument appointing the Chairman of the EGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf

PROXY FORM

by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the Chairman of the EGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
6. An investor who holds shares under the Supplementary Retirement Scheme and wishes to vote, should approach their respective SRS Operators to submit their votes to appoint the Chairman of the EGM as their proxy, at least 7 working days before the EGM.

"**Relevant Intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the EGM as proxy lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 25 April 2023.

APPENDIX A – VALUATION SUMMARY LETTER



Valuation Summary Letter

25 April 2023

The Board of Directors

Vividthree Holdings Ltd.

1093 Lower Delta Road #05-10

Singapore 169204

Indicative Corporate Valuation of Elliot Communications Pte. Ltd. and its Subsidiaries

Dear Sirs,

Introduction

Chay Corporate Advisory Pte Ltd (“CCA”) has been appointed by Vividthree Holdings Ltd. (“Vividthree”) to perform a business valuation to determine the market value of Elliot Communications Pte. Ltd. and its subsidiaries (“Elliot” or the “Target”) as at 31 December 2022 (“Valuation Date”) for the purposes of Vividthree’s proposed acquisition of the Target (“Proposed Acquisition”).

The letter is a summary containing information from our valuation report dated 25 2023 (the “Valuation Report”). Accordingly, this letter and its contents should be read in conjunction with the full text in the full Valuation Report.

Terms of reference

- i) The objective of the Valuation Report is to provide an independent view of the market value of the Target as at 31 December 2022 in accordance with the International Valuation Standards (“IVS”) as prescribed by the International Valuation Standards Council (“IVSC”).
- ii) We have not undertaken any due diligence or audit of the financial information provided to us. The accuracy of such information is the sole responsibility of the management of the Target (“Management”).

APPENDIX A – VALUATION SUMMARY LETTER

- iii) Our estimation of the indicative valuation of the Target is based on its existing operations and likely future expansion plans only, and does not take into account of any fundamentally different business that Management may pursue in the foreseeable future.
- iv) We are not expressing an opinion on the commercial merits and structure on the transaction of the Target and accordingly, this valuation report does not purport to contain all the information that may be necessary to fully evaluate the commercial or investment merits of the transaction of the Target. The assessment of the commercial and investment merits of this transaction is solely the responsibility of both Vividthree and the Management. In addition, our work should not be constructed as an investment advice to the current or prospective shareholders/ investors of the Target.
- v) We have not conducted a comprehensive review of the business, operation or financial conditions of the Target nor any work in relation to the feasibility or tax efficiency of the Target's business operation, and accordingly our Valuation Report will not make any representation or warranty, expressed or implied in this regard.
- vi) Our scope in this engagement does not require us to express, and we do not express a view on the future prospects of the Target, or any views on the future trading process of the shares or the financial condition of the Target.
- vii) Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters made available to us if the Target has obtained specialist advice, and where we will consider, and where appropriate, relied upon such advice.
- viii) The information used by us in preparing the Valuation Report has been obtained from a variety of sources as indicated within the Valuation Report. While our work has involved an analysis of the financial information and accounting records, it has not included an audit in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representation with respect to the accuracy or completeness of any information provided to us by and on the behalf of the Target.
- ix) Budgets / forecasts / projections relate to future events and are based on assumptions which may not remain valid for the whole of the relevant period. Consequently, they cannot be relied upon to the same extent as information derived from audited accounts for completed accounting periods. For these reasons, we express no opinion as to how closely the actual results achieved will correspond to those budgeted / forecasted / projected. Instead, our work is in nature of a review of the information provided to us, and discussions with members of the Management.

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Use of Valuation Report and Valuation Summary Letter

Our work will be carried out solely for the use of Vividthree. This valuation report resulting from our work may not be used for any other purpose or by any other person, referred to in any document or made available to any party (other than your professional advisors acting in that capacity) without our prior written consent (including without limitation, the shareholders of Vividthree), except for the purpose of any matter relating to the Proposed Acquisition (including making references to and reproduction in the shareholders' circular and being made available for inspection). Any recommendation made by the Directors to the shareholders of Vividthree shall remain the responsibility of such Directors.

Reliance on available information and representation from the Management

In the course of our work, we have held discussions with the Management. We have also examined and relied on information provided by the Target, and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance, but have made such reasonable enquiries and used our judgment as we deemed necessary on the reasonable use of such information and have no reason to doubt the accuracy or reliability of the information.

However, we have a duty to exercise reasonable professional skill and care in performing our work in accordance with the terms of this engagement and have made reasonable enquires and exercised our judgment on the reasonable use of such information. Our work will, where appropriate, be conducted in accordance with applicable professional guidance.

The Management have confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute full and true disclosure, in all material respects and facts relating to the Target as required for the purposes of our valuation.

In no circumstances shall we be liable, other than in the event of our bad faith, willful default for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Management and the Directors, employees or staffs of the Target or any other person of whom we have made inquiries of during the course of our work.

APPENDIX A – VALUATION SUMMARY LETTER

Valuation methodology

The basis of the valuation will be made by reference to the market value. Market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. Market value, as defined above, is a concept of value which may or may not equal the “purchase / sale price” that could be obtained if the shares were sold to a special purchaser in an actual transaction in the open market.

Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following acquisition, or any other synergies which may be enjoyed by the purchaser. Our valuation will not be premised on the existence of a special purchase.

The indicative valuation of the Target has taken into consideration of the values implied by a combination of discounted cash flow (“DCF”) and comparable companies (“CC”) analysis.

The discounted cash flow analysis is premised on the principle that the value of a company, division, business, or collection of assets can be derived based on the present value of its projected free cash flow, while the CC analysis determines the value of a company’s business by referencing to available market information, such as trading multiples of comparable publicly listed companies.

In valuing the Target, we have adopted the DCF approach as the primary valuation methodology for the following reasons:

- i) The DCF approach reflects the future plans and growth of the Target. This approach is less influenced by volatile external factors because it is an inward-looking process which relies more heavily on the fundamental expectations of the business and explicit estimates of the value drivers;
- ii) The asset-based approach does not take into account of the future changes in sales or income; and
- iii) The scarcity of information available on precedent transactions performed in the recent past of firms with similar characteristics as the Target.

APPENDIX A – VALUATION SUMMARY LETTER

Under this approach and methodology, we have discounted the projected free cash flows of Target with discount rates having considered, amongst all relevant risk factors, such as business size, business environment, cost of debt, riskiness of cash flows. The free cash flow of the Target has been projected starting from the financial year (“FY”) 2023 to FY 2025. We have considered the EV/EBITDA multiple of comparable companies as a reference cross-check to ensure reasonableness of the derived valuation results from the DCF analysis.

Our valuation is based on various assumptions with respect to the Target, including their respective present and future financial conditions, business strategies and the environment in which they operate. These assumptions are based on the information that we have been provided and discussions with the Target and Management reflecting current expectations on current and future events.

Among other assumptions that are stated in the Valuation Report, the key assumptions are as follows:

- i) The Target’s forecast starting from FY 2023 to FY 2025 as prepared by the Management and the trend of the industry as disclosed in the circular have been considered.
- ii) The Target will continue as a going concern without any changes in its Management subsequent to the Proposed Acquisition;
- iii) The future operations of the Target will not be adversely affected by changes to its key personnel, Management team, notwithstanding the new reverse takeover shareholding structure arising from the Proposed Acquisition;
- iv) All contracts entered into by the Target will continue to be in effect for the foreseeable future;
- v) The information provided to us by the Management reflects the financial positions of the Target for the respective financial years/period;
- vi) The Target has the legal titles to all assets as mentioned in the financial information provided to us by the Management. All assets, which are physically in existence, are in good working condition.
- vii) There are no risks that any of these assets will be subject to compulsory acquisition by any third party or government body;
- viii) There will be no major changes in the corporate taxation basis or rates applicable to the Target which is based on Singapore’s corporate tax rate of 17%.

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- ix) Related party transactions, if any, are carried out on an arm's length basis and will continue to be so for the foreseeable future even if there are any changes in the shareholding structure;
- x) There are no subsequent events after the date of the report which will have material effect on the unaudited management accounts of the Target for the financial year ended 31 December 2022;
- xi) Projected revenue is recognised by reference to the stage of progress of providing the advertising, marketing and public relations contract activity at the end of each projected reporting period when the outcome of the service contract can be estimated reliably;
- xii) Projected revenue growth for FY 2023 of 72.43% is estimated by Management to correspond to the average historical revenue growth from FY 2021 to FY 2022 of approximately 72.20%;
- xiii) Projected revenue growth of 22.53% and 16.25% for the subsequent financial years of FY 2024 and FY 2025 respectively is estimated based on Management's expectation that the Target's growth will revert almost to the industry's CAGR of 15.3% by FY 2025;
- xiv) Other income consists mainly of government grants;
- xv) Operating expenses consists mainly of staff cost and professional fees;
- xvi) Projected profit margin of between 12.74% and 20.44% for the subsequent financial years from FY 2023 to FY 2025 is estimated based on Management's intention to incur greater staff cost to achieve revenue scalability for FY 2023 and FY 2024, and subsequently revert to 20.44% by FY 2025, being slightly higher than the historical profit margin of 18.07% and 18.08% for FY 2021 and FY 2022 respectively;
- xvii) Projected EBITDA margin of between 14.20% and 22.78% for the subsequent financial years from FY 2023 to FY 2025 is estimated based on Management's intention to incur greater staff cost to achieve revenue scalability for FY 2023 and FY 2024, and subsequently revert to 22.78% by FY 2025, being slightly higher than the historical profit margin of between 20.69% and 18.07% for FY 2021 and FY 2022 respectively;
- xviii) Projected depreciation and capital expenditure from FY 2023 to FY 2025 is estimated to be negligible as the Target is not expected to invest heavily in plant and equipment; and
- xix) Corporate income tax is expected to be based on Singapore's corporate tax rate of 17%.

Notwithstanding that no independent assessment of the assumptions was conducted, as part of the terms of reference, CCA has made such reasonable enquiries and used judgment as would have been deemed necessary on the reasonable use of such information and/or representations provided by the Management and have no reason to doubt its accuracy or reliability.

APPENDIX A – VALUATION SUMMARY LETTER

Conclusion

In summary and as detailed in the Valuation Report, the range of market value corresponding to the implied equity values for the Target of between SGD 3.5 million and SGD 4.1 million, with a base value of SGD 3.7 million as at the Valuation Date.

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of this letter and the Valuation Report. Such conditions may change significantly over a relatively short period and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Valuation Report.

Yours faithfully,

A handwritten signature in blue ink that reads "Chay Corporate Advisory Pte Ltd". The signature is written in a cursive, flowing style.

Chay Corporate Advisory Pte. Ltd.