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

RESPONSES TO QUESTIONS FROM A SHAREHOLDER AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors (the "**Board**") of Vividthree Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to questions received from a shareholder and the Securities Investors Association (Singapore) ("**SIAS**") in relation to the Company's annual report for financial year ended 31 March 2026 ("**FY2026**") ("**Annual Report 2026**") announced on 14 September 2026. The Board wishes to provide the Company's responses to the questions received as set out below.

QUESTIONS FROM A SHAREHOLDER

Question 1:

How does the Board and Management intend to resolve the Audit Disclaimer arising from the Going Concern issue?

Company's Response:

The Board and Management recognise the need to improve the Group's liquidity, operating cash flows and balance sheet position and are taking measures to address the underlying conditions which gave rise to the going concern uncertainty. As disclosed in the Annual Report 2026, subsequent to the financial year end, the Company completed two fundraising exercises through the issuance of S$1.0 million convertible bonds each to China Music International Limited and One and One Global Co., Ltd., raising aggregate gross proceeds of S$2.0 million for general working capital. The Group has also continued to rationalise manpower, streamline costs and implement cash-preservation measures.

In addition, the Group is developing the Livehouse Venue and Music Studio Venue at *SCAPE as potential sources of recurring revenue and cash flow. The Music Studio Venue has commenced operations, while the Livehouse Venue is expected to commence operations in the fourth quarter of calendar year 2026. The Group also continues to engage its financial institutions and creditors and evaluate additional funding opportunities, where appropriate, to support the Group's working capital and operating requirements.

Question 2:

Page 5 - there is some business binding with mm2 Asia - a suspended company. Do we have a lot of businesses with mm2 Asia? What are our credit exposures to mm2 Asia? Did the Audit Committee or CFO look into Credit Risk exposures?

Company's Response:

As disclosed in the Annual Report 2026, on 3 August 2026 the Company entered into a binding term sheet with mm2 Asia Ltd. ("**mm2 Asia**") in relation to the operation by the Company's wholly-owned subsidiary, Vividthree Productions Pte. Ltd., of the Livehouse Venue and Music Studio Venue at *SCAPE. Shareholders may refer to the Company's announcement dated 3 August 2026 for further details.

As at 31 March 2026, the Group had gross outstanding receivables of approximately S$80,834 relating to post-production services provided to mm2 Asia and related companies. The Group has made a full impairment allowance against these receivables and, accordingly, their net carrying amount as at 31 March 2026 was nil.

Save as disclosed above, the Group does not have other material business arrangements or credit exposure with mm2 Asia.

Management, including the CFO, reviews the relevant counterparty and receivable exposures as part of the Group's credit-risk and working-capital management processes. The Audit Committee ("**AC**") also reviews the Group's key financial risk areas and financial statements as part of its oversight responsibilities. The Group will continue to monitor its exposure and take appropriate measures to manage counterparty and collection risks.

Question 3:

Lastly, is the company leveraging the use of AI especially Agentic AI to lower costs as well as product development?

Company's Response:

The Group is assessing the use of AI-enabled tools including agentic AI, to improve productivity, automation and efficiency in its operations, including administrative workflows and other business processes. The Group will consider adopting such solutions where there is a clear commercial and operational benefit, taking into account implementation cost, data security, quality control and appropriate human oversight.

<u>QUESTIONS FROM SIAS</u>

Question 1:

Revenue for the year declined significantly to $1.87 million while gross profit improved to $0.98 million. The group reported a loss of $(9.37) million and negative EBITDA of approximately $1.41 million.

Despite management's focus on cost-streamlining measures, manpower rationalisation and ongoing cost controls, consolidated revenue for the year was lower than its administrative expenses, raising questions about the group's viability.

(i) Has management also undertaken a review of its corporate overheads, and which costs can be further reduced without impairing its ability to restore the group's growth trajectory and profitability?

Company's Response:

The Group continuously reviews its corporate overheads and cost structure while preserving its ability to execute its business strategy. During FY2026, Management implemented manpower rationalisation and tighter cost controls, resulting in a decrease in administrative expenses of approximately 37%, from approximately S$3.52 million in FY2025 to S$2.20 million in FY2026. Going forward, Management will continue to review its cost structure while ensuring that sufficient resources and capabilities are retained to support the Group's operational requirements and future growth.

(ii) Given the focus on higher-margin projects, what are the major growth opportunities in digital media production that the group is currently pursuing, and what is the expected revenue contribution and path to profitability from these opportunities?

Company's Response:

The Group is focusing on higher-value creative, production and post-production work, while being more selective in taking on projects and improving production efficiency through appropriate use of technology for its Digital Media Production business. The Group is also broadening its revenue base through its consumer and out-of-home entertainment activities as operator of Livehouse Venue and Music Studio Venue at *SCAPE. As these initiatives are at various stages of development, the Company considers it premature to provide specific revenue or profitability forecasts.

(iii) With regard to the group's pivot to family entertainment services, what competitive advantage does the group possess and what relevant experience and track record does the management team have in operating consumer and out-of-home entertainment businesses profitably? What level of operating performance is required for Livehouse Venue and Music Studio Venue at *SCAPE to generate positive free cash flow and an acceptable return on the capital invested?

Company's Response:

The Group's move into consumer and out-of-home entertainment builds on its existing capabilities and industry network in content production, entertainment and creative services. While the operation of the *SCAPE venues represents a developing area of the Group's business, the Livehouse and Music Studio provide physical platforms through which these existing capabilities and relationships can be applied to venue-based entertainment and related activities.

Management will monitor the performance of the venues based on utilisation, revenue, contribution margin, operating cash flow and capital expenditure requirements. As the venues are still being developed and ramped up, the Company considers it premature to provide specific free-cash-flow or return-on-investment targets.

Question 2:

The group reported a loss of $(9.37) million in FY2026, mainly attributable to a fair value loss of approximately $(7.25) million on its investments in films and entertainment events following a reassessment of the expected recoverable amounts.

While both the chairman and CEO have described this significant fair value loss as "non-cash" in nature, the underlying investments involved actual cash outflows made in prior years. For instance, in FY2024, the group placed a $3.5 million deposit to "secure a potential investment", which management stated was expected to be fully recovered within 12 months. The deposit was subsequently reclassified as additional investments in FY2025 and fully impaired in FY2026.

(i) Given that management has stated that all the projects have now been discontinued, what is the board's assessment of the prospects for any recovery from these investments?

Company's Response:

The investments are accounted for as financial assets at fair value through profit or loss (FVPL) and are remeasured at fair value at each reporting date in accordance with the applicable accounting standards. As disclosed in Note 17 to the Annual Report 2026, the fair values of the investments are determined using an income approach, specifically the discounted cash flow (DCF) method, and are classified within Level 3 of the fair value hierarchy.

As at 31 March 2026, Management reassessed the investments based on the latest available information relating to the respective projects. Based on this assessment, the expected future cash flows previously supporting the valuations were no longer supportable and the fair value of the investments was determined to be nil.

Based on the information presently available, the Group has not assumed any recovery from these investments for accounting purposes. Notwithstanding the nil fair value recognised for accounting purposes, the Group continues to preserve and pursue its legal and contractual rights under the respective agreements where appropriate.

(ii) Can management provide greater clarity on the specific projects and counterparties involved, the nature and structure of the investments, and the investment criteria and due diligence undertaken by management and the board before approving them?

Company's Response:

The investments comprised investments in various film and entertainment projects entered into with third-party project owners/producers under separate contractual arrangements. Under these arrangements, the Group was generally entitled to participate in a specified percentage of the net receipts generated from the relevant projects. Further information on the nature and accounting treatment of these investments is set out in Note 17 to the Annual Report 2026.

At the time the investments were made, Management and the Board considered the respective investment proposals and their commercial rationale, including the nature of the projects, proposed production and commercialisation arrangements, contractual rights, expected sources of revenue and potential returns to the Group, based on the information available at the relevant time.

(iii): How has the board assessed management's accountability for the $7.25 million impairment and the eventual discontinuation of all the projects?

Company's Response:

The Board has considered the circumstances leading to the fair value losses and the subsequent discontinuation of the projects, including the information available to Management at the relevant times and subsequent developments affecting the projects. As part of the Group's financial reporting process, Management reviews and analyses the valuation results, which are presented to the AC and the Board for review and approval. The AC also reviews the annual financial statements, including major areas of judgement and significant adjustments arising from the audit, before their submission to the Board for approval. Based on the information available as at 31 March 2026, the fair value of the investments was determined to be nil and the corresponding fair value loss was recognised in FY2026. The Board will continue to exercise oversight and monitor the performance of material investments as part of its governance and risk management processes.

(iv): Given the eventual discontinuation and full impairment of the investments, does the board believe that the investment approval process and the level of scrutiny applied were sufficiently robust? In particular, did the independent directors have the relevant industry knowledge and experience to challenge management's assumptions on the commercial viability and recoverability of the investments, and if there were gaps in expertise, how were these addressed before approval was granted?

Company's Response:

The Board notes the concerns arising from the subsequent discontinuation and impairment of the investments. The investments were subject to the Group's investment assessment and approval processes applicable at the relevant time, based on the information available at that time. The Board considers that it had the relevant collective experience and expertise to assess the investment proposals, including experience in the media and entertainment industry, as well as in investment, finance and business. The Board (including the Independent Directors) considered the investment proposals and relevant factors (as elaborated in response (ii) above) as part of the assessment and approval process. The subsequent discontinuation and impairment of the investments reflected developments affecting the respective projects after the investments were made.

Question 3:

The company has outsourced its internal audit function to BDO Advisory Pte. Ltd., which conducts internal audits in accordance with the International Professional Practices Framework established by the Institute of

Internal Auditors. The company has also stated that the annual internal audit plan is submitted to the audit committee (AC) for approval prior to the commencement of the internal audit work.

(i) Can the AC explain how it contributed to the development of the internal audit plan, beyond reviewing and approving the internal auditors' proposal? Specifically, what additional risks, audit priorities or changes did the AC identify and require to be incorporated before approving the final plan?

Company's Response:

The AC reviewed the internal audit plan proposed by the internal auditor with reference to the Group's business, operational and financial risks, as well as changes in the Group's activities, before approving the scope.

The AC also reviews the findings and recommendations arising from the internal audit and monitors Management's follow-up actions. As the Group develops its new business activities, the AC will continue to consider changes in the Group's operations and risk profile when determining the appropriate areas of focus for future internal audits.

(ii) What was the scope of the internal audit for FY2026?

Company's Response:

For FY2026, the internal audit covered key business processes including general controls and period-end closing, revenue and receivables, procurement and payments, cash and bank management and fixed asset management. Previous internal audit issues were also followed up to check that audit recommendations had been implemented.

(iii) What were the key findings arising from the internal audit?

Company's Response:

The internal audit identified certain areas where internal controls and documentation could be strengthened, including processes and documentation relating to revenue and collections, procurement and payments, receivables monitoring, bank reconciliations, vendor management, conflict-of-interest declarations and credit-term monitoring. There were no high-risk findings identified.

BY ORDER OF THE BOARD

Yeo Eng Pu, Charles
Executive Director and Chief Executive Officer
23 September 2026
