

IMMEDIATE RELEASE

Vividthree Holdings Reports Positive Growth in 4Q2019

- 4Q2019 Revenue rose 121.6% y-o-y to S\$4.0 million
- Net Profit surged more than twentyfold to S\$1.5 million in 4Q2019
- Gross Profit margin jumped by 29.9% to 68.6% in 4Q2019 due to better margin yielded by its Content Production segment
- Train To Busan Virtual Reality (“TTB VR”) tour show extends to another province in China, Xiamen, with 1-year exclusive territorial rights granted to the local promoter

Singapore, 27 May 2019 - Vividthree Holdings Ltd. (SGX: OMK), a virtual reality, visual effects and computer-generated imagery production studio (“Vividthree”, the “Company” or the “Group”) today announced its financial results for its three months ended 31 March 2019 (“4Q2019”) and full year ended 31 March 2019 (“FY2019”).

Financial Highlights

<i>S\$' million</i>	4Q2019	4Q2018	Y-o-Y change (%)	FY2019	FY2018	Y-o-Y change (%)
<i>Revenue</i>	4.0	1.8	121.6	9.3	7.1	31.6
<i>Gross profit</i>	2.8	0.7	293.2	6.5	4.6	40.8
<i>Gross profit margin (%)</i>	68.6	38.7	29.9	69.8	65.2	4.6
<i>Net profit</i>	1.5	0.06	2404.6	3.3	2.7	20.6
<i>Net profit margin (%)</i>	38.0	3.4	34.6	35.2	38.4	(3.2)

Robust Revenue and Profit Growth

During 4Q2019, the Group's revenue rose by S\$2.2 million or 121.6% to S\$4.0 million from S\$1.8 million in its corresponding quarter. The revenue increase was mainly attributable to higher revenue in its Content Production services from sales of territorial rights. The completion of a higher number of projects in its Post-Production services has also led to the increase in revenue.

The Group's revenue was up by S\$2.2 million or 31.6% to S\$9.3 million in FY2019 from S\$7.1 million in the last fiscal year. This increase was primarily due to higher revenue contribution from its Content Production services; the Group delivered its first TTB VR tour show in China, Beijing and sales of territorial rights to different countries during the year.

In tandem with the increase in revenue, the Group's gross profit for 4Q2019 and FY2019 surged by 293.2% and 40.8% to S\$2.8 million and S\$6.5 million respectively. The Group's gross profit margin for 4Q2019 and FY2019 improved by 29.9% and 4.6% to 68.6% and 69.8% respectively, due to better margin yielded by its Content Production segment.

The Group's administrative expenses for 4Q2019 and FY2019 increased by 98.7% and 96.4% to S\$0.8 million and S\$2.8 million respectively. The increase in administrative expenses in 4Q2019 and FY2019 was mainly due to increase in staff costs, professional fees for listing compliance purposes and rental expenses in Singapore and Malaysia offices, as well as the expansion of business operations.

As a consequence of the aforementioned, the Group's net profit surged 2404.6%, more than twentyfold from S\$0.06 million in 4Q2018 to S\$1.5 million in 4Q2019. As a result, the Group's net profit grew 20.6% to S\$3.3 million in FY2019 from S\$2.7 million in FY2018.

Looking Forward to FY2020

Global growth is expected to remain at approximately 3.0 per cent in 2019 and 2020.¹ However, the global economy masks an increase in downside risks such as escalation of trade disputes and abrupt tightening of global financial conditions that could potentially exacerbate development challenges in many parts of the world. In view of the challenging macro landscape, the Group will continue to review its strategies to help weather itself through this market sentiment.

¹ <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-2019/>

Looking ahead, the Group remains focused on strengthening their presence in Asia as a digital content producer. Following the completion of its flagship TTB VR tour show in Beijing, the tour show will subsequently travel to another province in China, Xiamen, where the Group has engaged a local promoter by granting them a 1-year exclusive territorial rights to host the tour show in the particular province. The Group will also be tapping on the worldwide success of the Korean blockbuster, TTB, which will soon have a sequel slated for release in 2020. As a result, the Group has received warm responses from several promoters in the region, and it is currently in negotiations to take the TTB VR tour show to other parts of the world.

Managing Director of Vividthree, Mr Charles Yeo commented, ***“This set of results marked a good finale to the fiscal year 2019. We are just at the beginning, the tip of the iceberg. As we gained positive traction in our Content Production business, particularly the Train To Busan Virtual Reality tour show, we are proud to unravel it to more vibrant provinces in China, such as Xiamen while exploring more opportunities across the globe. We will keep up our continued momentum in actively seeking more evergreen intellectual property products and constantly aim to maximise shareholders’ returns in the longer term.”***

Riding on the fast-growing experience economy, the Group is also looking into the use of VR technology to improve the experience of an escape game (a room filled with puzzles and scenario games), which has become a worldwide craze in recent years. The Group will continue to look for merger and acquisition opportunities, as well as new intellectual property products to expand its Post-Production and Content Production businesses.

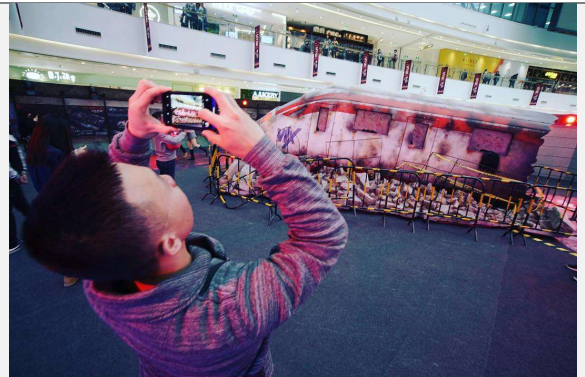
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People queuing up for the exhibition



On the train ride to Busan

Life-size train crash at exhibition



AR photobooth



4.5 star ratings on Chinese rating websites, Meituan and Dianping



About Vividthree Holdings Ltd.

Established in 2006, Vividthree is a virtual reality (VR), visual effects (VFX) and computer-generated imagery studio that develops and creates digital intellectual property assets that primarily consists of storylines with accompanying characters and visual elements. Vividthree develops and/or acquires digital intellectual property assets to produce virtual reality products such as thematic tour shows, such as the recently announced Train to Busan.

Vividthree has a network presence in Singapore and Malaysia, focusing primarily on two business segments, namely, Post-Production and Content Production.

In 2015, Vividthree Productions Pte. Ltd., which is now a subsidiary of the Company, was acquired by mm2 Asia Ltd., a Singapore based, SGX Mainboard-listed producer of films, TV and online content.

<https://www.vividthreeholdings.com/>

This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

This document has not been examined or approved by the SGX-ST and SGX-ST assume no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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Disclaimer

The information in this news release is substantially based on information found in the offer document dated 17 September 2018 ("**Offer Document**") that has been lodged with and registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.

This news release does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the full text of the Offer Document, including but not limited to the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" sections of the Offer Document.

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