

SINGAPORE MYANMAR INVESTCO LIMITED
(Incorporated in Singapore)
(Company Registration No. 200505764Z)

SUBSCRIPTION AND OPTION FOR UP TO 44,333,333 NEW SHARES OF THE COMPANY BY THE9 LIMITED FOR AN AGGREGATE CONSIDERATION OF UP TO S\$1,330,000

1. INTRODUCTION

The Board of Directors (“**Board**”) of Singapore Myanmar Investco Limited (“**Company**” and together with its subsidiaries, “**Group**”) wishes to announce that the Company had on 21 June 2021, entered into a subscription agreement (“**Subscription Agreement**”) with The9 Limited (“**Subscriber**”) for:

- (a) the subscription of 11,083,333 new ordinary shares in the capital of the Company (“**Shares**”) by the Subscriber, credited as fully-paid up (“**Subscription Shares**”), at the issue price of S\$0.030 for each Subscription Share (“**Issue Price**”), in consideration for a cash investment of S\$332,500 (“**Subscription Proceeds**”) by the Subscriber in the Company (“**Subscription**”); and
- (b) the grant by the Company to the Subscriber for an option to subscribe for up to an additional aggregate of 33,250,000 new Shares (“**Option Shares**”), in consideration for the sum of up to S\$997,500 (“**Option Proceeds**”), at the Issue Price for each Option Share, to be paid by the Subscriber to the Company in consideration for the allotment and issuance of the Option Shares by the Company to the Subscriber (“**Option**”). Under the terms of the Subscription Agreement, the Subscriber shall be entitled to exercise the Option for all or any of the Option Shares by serving a notice in writing on the Company (“**Exercise**”) any time prior to the date falling 90 consecutive calendar days from the date of the Subscription Agreement (“**Maturity Date**”).

2. THE SUBSCRIPTION AND OPTION

- 2.1 **Subscriber.** The Subscriber is a diversified high-technology internet company incorporated in the Cayman Islands and headquartered in the People’s Republic of China, whose shares are listed and traded on the NASDAQ. The Subscriber wishes to be a strategic investor in the Company and agreed to subscribe for the Subscription Shares and (upon and subject to the Exercise) the Option Shares as part of its business strategy to explore business opportunities in Southeast Asia.

The Subscriber, its directors, and its substantial shareholders have no prior connections (including any business relationship) with the Company, the Directors, or the Company’s substantial shareholders. As at the date of this announcement, the Subscriber and/or the Introducer (as defined below) do not hold, directly or indirectly, any Shares. The Subscriber and the Introducer are not interested persons as defined under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Listing Rules**”) and do not fall under the class of restricted persons as specified in Rule 812 (1) of the Listing Rules.

- 2.2 **Introducer.** No placement agent was appointed by the Company for the purposes of the Subscription and the Option. The Subscriber was introduced to the Company through Blackrun Partners (“**Introducer**”). The Introducer is a global investment firm headquartered in Singapore. Under the terms of the Subscription Agreement, the Company will allot and issue to the Introducer, up to 4,000,000 new Shares at the Issue Price, amounting in value of up to S\$120,000, as finder’s fees due to the Introducer (“**Introducer Shares**”) in the following manner:

- (a) 2,000,000 Introducer Shares upon completion of the allotment and issuance of the Subscription Shares to the Subscriber; and
- (b) up to 2,000,000 Introducer Shares upon completion of the allotment and issuance of the Option Shares to the Subscriber, *pro rata* to the number of Option Shares Exercised by the Subscriber.

- 2.3 **Securities and Futures Act (Cap 289) of Singapore (“SFA”).** The Subscription Agreement and the transactions thereunder, including the allotment and issuance of the Subscription Shares, Introducer Shares and Option Shares (collectively, “**New Shares**”), were entered into pursuant to the ‘safe harbour’

exemptions for a private placement under section 272B of the SFA and in compliance with the conditions of these exemptions in the SFA, and the Subscriber and Introducer are not accepting the Company's offer of the New Shares respectively with a view to such offer being subsequently offered to another person in Singapore, where such subsequent offer is contrary to the provisions of the SFA. No prospectus, offer information statement or offer document will be issued by the Company or registered with the Monetary Authority of Singapore in connection with the Subscription and Option.

2.4 **Principal Terms.** The principal terms of the Subscription Agreement are summarised as follows:

- The Subscription** : Subject to the terms and conditions of the Subscription Agreement, the Company shall allot and issue to the Subscriber, and the Subscriber shall subscribe for the 11,083,333 Subscription Shares at the Issue Price of S\$0.030 for each Subscription Share, fractional entitlements to be disregarded, in consideration for the aggregate Subscription Proceeds of S\$332,500.
- The Option** : Subject to the terms and conditions of the Subscription Agreement, the Company grants to the Subscriber, the option to subscribe from the Company upon Exercise by the Subscriber on or prior to the Maturity Date, all or any of the 33,250,000 Option Shares at the Issue Price of S\$0.030 for each Option Share, fractional entitlements to be disregarded, in consideration for the Option Proceeds of **up to** S\$997,500.
- Issue Price** : The Issue Price represents a 39.5% premium to the volume weighted average price of the Shares traded on the main board ("**Mainboard**") of the SGX-ST on 21 June 2021 of S\$0.0215 ("**VWAP**"), being the last full market day on which the Shares were traded on the Mainboard prior to the signing of the Subscription Agreement.
- Subscription Shares** : **11,083,333** new Shares (constituting approximately 3.45% of the Company's entire existing equity share capital as at the date of this announcement and 3.31% of the Company's entire enlarged equity share capital (including the Subscription Shares and 2,000,000 Introducer Shares)), to be allotted and issued by the Company to the Subscriber, and listed and quoted on the Mainboard.
- Option Shares** : Upon Exercise by the Subscriber, **up to 33,250,000** new Shares (constituting approximately 10.34% of the Company's entire existing equity share capital as at the date of this announcement and 8.99% of the Company's entire enlarged equity share capital (including the Subscription Shares, all the Introducer Shares and Option Shares)), to be allotted and issued by the Company to the Subscriber, and listed and quoted on the Mainboard.
- Status** : The New Shares shall be allotted and issued (a) free from all encumbrances, (b) ranking *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, accruing on a record date which falls on or before the completion of the Subscription or Option (as the case may be), and (c) not subject to any rights of pre-emption or first refusal or any restriction on disposal placed by any party or by contractual undertaking or otherwise or under any restrictions by any law or authority restricting the sale and transfer of the New Shares, and (d) in reliance by the Company on the Subscriber's representations, warranties and undertakings in the Subscription Agreement.
- No Other Entitlements** : Save pursuant to the express terms and conditions of the Subscription Agreement, the Subscription and Option do not confer on the Subscriber and/or the Introducer, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.
- Additional Listing Application** : The Company will cause to be submitted to the SGX-ST, an additional listing application ("**ALA**") for the listing and quotation of the New Shares on the Mainboard.

2.5 **Authority.** The New Shares will be allotted and issued pursuant to the general mandate obtained from the shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company held

on 27 October 2020 (“**2020 General Mandate**”) to allot and issue new Shares whether by way of rights, bonus or otherwise, at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company (“**Directors**”) may in their absolute discretion deem fit provided always that the aggregate number of Shares to be issued pursuant to the 2020 General Mandate (including Shares to be issued in pursuance of instruments or granted pursuant to the 2020 General Mandate) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares (including shares to be issued in pursuance of instruments made or granted pursuant to the 2020 General Mandate) to be issued other than on a *pro rata* basis to Shareholders does not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Upon completion of the Subscription and after Exercise of the Option (assuming all and not some of the Option Shares are Exercised), the Subscriber’s aggregate interest in the Company will be 44,333,000 Shares representing 11.99% of the Company’s entire enlarged equity share capital. No transfer of controlling interest (as defined in the Listing Rules) will arise from the Subscription and the Option.

2.6 **Conditions Precedent.** The Subscription and Option are subject to, *inter alia*, certain conditions precedent, including the following (“**Conditions Precedent**”):

- (a) the 2020 General Mandate being in full force and effect, not revoked by the Shareholders and being sufficient to authorise the Directors to allot and issue the New Shares;
- (b) the approval-in-principle of the SGX-ST for, *inter alia*, the listing and quotation of the New Shares on the Mainboard;
- (c) the Shares not being suspended by the SGX-ST from trading on the Mainboard other than in relation to trading halts not exceeding three (3) market days pending announcements of the Company;
- (d) all licenses, consents, permits, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant regulators, entitled third-parties, counterparties, financing or facility providers of the Company and the Subscriber as may be required for or in connection with the transactions under the Subscription Agreement and such other transactions in connection therewith and incidental thereto having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the Company and the Subscriber and are fulfilled on or before the respective closing dates for the Subscription and the Option in accordance with the terms of the Subscription Agreement (“**Closing Date**”), and all other actions having been taken by or on behalf of the Company and the Subscriber to comply with all applicable legal and other requirements necessary to ensure that the allotment and issuance of the New Shares by the Company is in accordance with, and do not infringe any existing law, statute, regulation, decision, ruling, judgment, award, code, practice, direction, decree, order, contract or agreement, including without limitation the approval-in-principle of the SGX-ST for, *inter alia*, the listing and quotation of the New Shares on the Mainboard;
- (e) No relevant regulator taking, instituting, implementing or threatening to take, institute or implement any action, enforcement, proceeding, suit, investigation, inquiry, reference or decision, and no law, statute, regulation, decision, ruling, award, direction, practice, judgment, decree or order having been made, proposed, enacted or implemented, and no steps having been taken, and there not continuing to be in effect or outstanding any law, statute, regulation, decision, ruling, award, direction, practice, judgment, decree or order which would or might:
 - (i) make any transaction contemplated in the Subscription Agreement or any other transactions in connection herewith and incidental hereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or
 - (ii) render the Subscriber unable to be allotted and issued all or any of the Subscription Shares and (upon Exercise) the Option Shares in the manner set out in the Subscription Agreement.

2.7 **Representations and Warranties of the Subscriber.** The Subscriber has represented and warranted to the Company, *inter alia*, that:

- (a) the Subscriber acknowledges that its subscription for the Subscription Shares and (upon Exercise) the Option Shares is made pursuant to the Company's reliance on the 'safe harbour' exemptions for a private placement under section 272B of the SFA and in compliance with all the conditions of these exemptions in the SFA therein;
- (b) the Subscriber is subscribing for the Subscription Shares and (upon Exercise) the Option Shares as a principal for its own benefit and will not be holding their respective Shares on trust or for the benefit of other parties;
- (c) the Subscriber shall comply with all the conditions of the 'safe harbour' exemptions for a private placement under section 272B of the SFA and is not accepting the Company's offer of the Subscription Shares and the Option Shares with a view to such offer being subsequently offered to another person in Singapore, where such subsequent offer is contrary to the provisions of the SFA;
- (d) the Subscriber is duly incorporated and validly existing in the Cayman Islands, and has full power and capacity to enter into and perform the Subscription Agreement, which when executed, will constitute valid and legally binding obligations enforceable against the Subscriber in accordance with the terms therein;
- (e) the Subscriber, its directors and its substantial shareholders have no connections (including any business relationships) with the Company, the Directors, or the substantial shareholders of the Company and is not an associate (as defined in the Listing Manual) of and not a person acting in concert (as defined in the Singapore Code on Take-overs and Mergers) with any (i.) Director of the Company, (ii.) other Shareholder and/or (iii.) the Introducer, and
- (f) the Subscriber's shares are listed and traded on the NASDAQ and not suspended by from trading on the NASDAQ other than in relation to trading halts not exceeding 3 market days pending announcements of the Subscriber.

2.8 **Rationale and Use of Proceeds.** The aggregate Subscription Proceeds and Option Proceeds (collectively, "**Proceeds**") of S\$1,330,000 will be used by the Company for the following:

- (a) 50% for business investments, and
- (b) 50% to meet the Group's anticipated general working capital requirement for the purposes of meeting general overheads and other operating expenses of the Group (such as rent, salaries, administrative expenses and professional fees), as well as the expenses of approximately S\$12,000 incurred by the Company for the Subscription and the Option.

Pending deployment of the Proceeds, they may be placed as deposits with financial institutions in short term money markets or debt instruments or for any other purposes on a short term basis, but in accordance with the terms of the Subscription Agreement, as the Directors may, in their absolute discretion, deem fit.

The Board is of the view that the Subscription and Option are beneficial to and in the interests of the Company and in line with the Board's continuing efforts to search for new businesses and investment opportunities, as they will assist to bolster the Company's working capital and fund the Company's operating expenses while the Company explores new business opportunities and activities. The Subscription and Option are also a show of confidence by the Subscriber in the future plans, viability and anticipated performance of the Group.

The Board is of the opinion that after taking into consideration:

- (a) the present financial position of the Group, including its banking facilities, its bank and cash balances, the working capital available to the Group is sufficient to meet its present requirements, and
- (b) the present bank facilities and the Subscription Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make periodic announcement(s) on the utilization of the Proceeds as and when such funds are materially disbursed and provide a status report on the use of the Proceeds in the Company's half and full year financial statements issued under Rule 705 of the Listing Rules and in its annual report.

Where the Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how they been applied in the Company's announcements and annual reports. Where there is any material deviation from the stated use of the Proceeds, the Company will announce the reasons for such deviations.

2.9 **Financial Effects.** As at the date of this announcement, the issued and paid-up share capital of the Group is S\$88,204,275, comprising 321,496,792 Shares. For illustration only, the *pro forma* effects on the share capital and the financial effects of the Subscription and Option are set out below and are prepared based on the following bases and assumptions:

- (a) the effects on the share capital are computed as at the date of this announcement;
- (b) the Subscriber Exercises the Option in respect of all and not some of the Option Shares;
- (c) the financial effects on the net tangible assets ("NTA") and gearing are computed based on the latest announced consolidated financial results of the Group for FY2020 and the assumption that the Subscription and Option had been effected on 31 March 2020; and
- (d) the financial effects on the loss per share ("LPS") are computed based on the latest announced consolidated financial results of the Group for FY2020 and the assumption that the Subscription and Option had been effected on 1 April 2019; and
- (e) an exchange rate of US\$1.00:S\$1.33.

Share Capital

	Before the Subscription	After the Subscription	After Exercise of the Option
No. of Shares	321,496,792	334,580,125	369,830,125
Paid-up capital (S\$)	88,204,275	88,596,775	89,654,275

NTA

	Before the Subscription	After the Subscription	After Exercise of the Option
NTA (US\$'000)	14,364	14,614	15,364
No. of Shares	321,496,792	334,580,125	369,830,125
NTA per Share (US cents)	4.47	4.37	4.15
NTA per Share (Singapore cents)	5.94	5.81	5.53

LPS

	Before the Subscription	After the Subscription	After Exercise of the Option
Loss attributable to owners of the Company (US\$'000)	(10,335)	(10,335)	(10,335)
Basic weighted average number of Shares	315,314,161	331,582,186	350,272,433 ⁽¹⁾

	Before the Subscription	After the Subscription	After Exercise of the Option
LPS (US cents)	(3.28)	(3.12)	(2.91)
LPS (Singapore cents)	(4.36)	(4.15)	(3.87)

Gearing

	Before the Subscription	After the Subscription	After Exercise of the Option
Total borrowings (US\$'000)	12,738 ⁽⁴⁾	12,738	12,738
Total equity attributable to owners of the Company (US\$'000)	14,856	15,106	15,856
Debt-to-equity ratio ⁽²⁾ (times)	0.86	0.84	0.80
Total assets (US\$'000)	41,505	41,755	42,505
Debt ratio ⁽³⁾ (times)	0.31	0.31	0.30

Notes:

- (1) The Option is assumed to be Exercised 90 days after the date of the signing of the Subscription Agreement.
- (2) Debt-to-equity ratio is computed using total borrowings divided by total equity attributable to owners of the Company.
- (3) Debt ratio is computed using total borrowings divided by total assets.
- (4) With the inclusion of an additional US\$200,000 loan extended by Mark Bedingham to the Company in April and May 2021.

3. ALA

The Company will submit an application to SGX-ST for the listing and quotation of the New Shares on the Mainboard.

4. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholding interests in the Company (as the case may be), none of the Directors, controlling Shareholders or substantial shareholders, or their respective associates has any interest, direct or indirect, in the Subscription Agreement, the Subscription, the Option or the New Shares.

	Before the Subscription				After the Subscription ⁽¹⁾		After Exercise of the Option ⁽²⁾	
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (No. of Shares)	Voting Rights (%) ⁽³⁾	After the Subscription (No. of Shares)	Voting Rights (%) ⁽⁴⁾	After the Option (No. of Shares)	Voting Rights (%) ⁽⁵⁾
Director								
Ho Kwok Wai ⁽⁶⁾	–	164,749,871	164,749,871	51.24	164,749,871	49.24%	164,749,871	44.55%
Mark Francis Bedingham ⁽⁷⁾	–	43,008,321	43,008,321	13.38	43,008,321	12.85%	43,008,321	11.63%
Fong Sing Chak Jack ⁽⁸⁾	–	1,000,000	1,000,000	0.31	1,000,000	0.30%	1,000,000	0.27%
Wong Yen Siang	–	–	–	–	–	–	–	–
Wee Sung Leng	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)								
Jet Palace Holdings Limited ⁽⁹⁾	–	33,400,000	33,400,000	10.39	33,400,000	9.98%	33,400,000	9.03%
Taipan Grand Investments Limited ⁽¹⁰⁾	–	77,933,000	77,933,000	24.24	77,933,000	23.29%	77,933,000	21.07%
The9 Limited	–	–	–	–	11,083,333	3.31%	44,333,000 ⁽¹¹⁾	11.99%

Notes:

- (1) Following the Subscription, the free float of Shares in the hands of the public will increase to 37.61% (above the minimum 10% prescribed under Rule 723 of the Listing Rules).
- (2) Following the Exercise of the Option, assuming the allotment and issuance of all and not some of the Option Shares to the Subscriber and all the Introducer Shares to the Introducer, the free float of Shares in the hands of the public will decrease to 31.57% (above the minimum 10% prescribed under Rule 723 of the Listing Rules).
- (3) Percentage is calculated based on 321,496,792 Shares as at the date of this application.
- (4) Percentage is calculated based on 334,580,125 Shares as adjusted for the Subscription and the allotment and issuance of 2,000,000 Introducer Shares to the Introducer.
- (5) Percentage is calculated based on 369,830,125 Shares as adjusted for (upon Exercise by the Subscriber) the allotment and issuance of all the Option Shares to the Subscriber and all of the remaining 2,000,000 Introducer Shares to the Introducer.
- (6) Mr Ho Kwok Wai is deemed to be interested in the Shares held by Jet Palace Holdings Limited (33,400,000 Shares), Taipan Grand Investments Limited (77,933,000 Shares) and EFG Bank AG (53,416,871 Shares).
- (7) Mr Mark Francis Bedingham is deemed to be interested in 35,508,321 Shares held by Bank Julius Baer.
- (8) Mr Fong Sing Chak Jack's 1,000,000 Shares are registered in the name of a nominee account.
- (9) Jet Palace Holdings Limited's 33,400,000 Shares are registered in the name of a nominee account.
- (10) Taipan Grand Investments Limited's 77,933,000 Shares are registered in the name of a nominee account.
- (11) The number of Shares held by the Subscriber assumes the allotment and issuance (upon and subject to the Exercise) of all and not some of the Option Shares to the Subscriber.

5. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents will be available for inspection during normal business hours at the Company's registered office at 300 Beach Road, the Concourse #31-03, Singapore 199555 for a period of three (3) months from the date of this announcement:

- (a) the Constitution of the Company;
- (b) the Subscription Agreement; and
- (c) the Annual Report of the Company for FY2020.

Shareholders who wish to inspect these documents at the registered office of the Company are required to send an email request to enquiries@sin-mi.com to make an appointment in advance. The Company will arrange a date when each Shareholder can come to the registered office to inspect the documents accordingly. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one point in time and such arrangements are subject to the prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

7. FURTHER ANNOUNCEMENTS

The Company will make further and other announcements at the relevant time as and when there are material developments in relation to the Subscription and Option, in particular, when the approval-in-principle of the SGX-ST for the listing and quotation of the New Shares on the Mainboard, is received. The listing and quotation notice to be given by the SGX-ST in respect of the New Shares is not an indication of the merits of the Subscription, the Option, the Subscriber, the Group and/or the Shares.

8. CAUTION IN TRADING

As at the date of this announcement, Shareholders should be cautioned that the Subscription Agreement and the Subscription and Option are subject to, *inter alia*, fulfilment of the Conditions Precedent, including the approval of the SGX-ST for the listing and quotation of the New Shares on the Mainboard, and there is no assurance that the Subscription and Option will proceed or proceed on the present terms.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their Shares which may be prejudicial to their interests, and to exercise caution when dealing in their Shares. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Mark Bedingham
President & CEO
21 June 2021