

SMI VANTAGE LIMITED
(Incorporated in Singapore)
(Company Registration No. 200505764Z)

SGX Queries dated 24 November 2021

Responses from the Company are in Blue

1. We refer to the Company's SGXNet announcement of 17 November 2021 titled:- "SMI Vantage signs an MOU to explore developing an NFT publishing business".
2. We will appreciate it if you can let us have the Company's response to the following clarifications via SGXNet by Monday, 29 November 2021:-

(a) Please clarify the specific roles of the Company and The9 Limited in respect of the MOU to explore developing an NFT publishing business. What is the estimated investment amount in developing the NFT publishing business? Does the Group currently possess the requisite skills, experience and expertise in engaging in the NFT publishing business? If not, please disclose the estimated timeline and plans to acquire the requisite skills, experience, and expertise.

The9 has invited SMI to be a partner as they have started to make a significant investment in the NFT business and have recently announced many deals with international sports celebrities such as Neymar Jr, Giannis Antetokounmpo, Son Heung-Min, Luis Figo, and Christian McCaffrey. The CEO of SMI has extensive experience in content creation for international events, personalities, and celebrities during his 20 years with the LVMH group. SMI has been in contact with content creators in Singapore and London who are interested in collaboration. SMI is also tapping into its network in the fashion world as SMI has previously tied up with more than 30 international fashion brands, and the CEO has an extensive network as well as connections also in the sports and music worlds, with the expectation that this would lead to generation of opportunities for NFT development linked to content creation (NFT publishing).

In view of the growing interests in NFTs globally, this potential NFT collaboration seeks to build on the strengths of the respective collaboration parties to be early movers in this region. At this juncture, no planned capital investment is envisaged in this business as the intention is to proceed cautiously. There will be some operational expenditure for working with content providers and creatives. As this business opportunity evolves, SMI will look to bring in a small number of specialists in 2022 who will be working with The9 and other partners in this new developmental field.

(b) Please disclose the salient terms of the MOU with The9 Limited.

The9 will introduce and assist SMI to become an invited NFT publisher on an established NFT platform. Both parties will strive to enter into a definitive agreement within 30 days to finalise the terms relating to profit/cost sharing and the duration and extension of the partnership.

Upon the signing of the definitive agreement, The9 Limited and SMI Vantage would work together to source for content creators, with the intention to sign commercial agreements for SMI to have the rights to tokenise, mint and auction NFTs on NFT platforms for the content. More details will be provided upon the formalisation of such definitive agreements.

(c) Please elaborate what is meant by “SMI Vantage would serve as a publisher and sign agreements with selected contributors and would handle auctioning and trading the completed work on NFT platforms.” Please explain the mechanism of the NFT platforms.

NFT Platforms are online marketplaces that allow NFTs to be put on auction and sold. SMI Vantage is applying to be an invited NFT publisher on an established NFT platform which requires publishers to be invited or go through a selection process to be licensed.

The images or creative can be generated in several ways, one of which is through well-known personalities or celebrities where related creative content will be developed. The content is backed by blockchain technology which authenticates as well as confirms the uniqueness of the NFT at the point of creation. Other methods of generating content include digital and non-digital artists/musicians and other forms of the creative arts whose owners will seek to put their unique creations onto the marketplace in the NFT platform. The content will also be similarly backed by blockchain technology as described above. As the established NFT platforms require publishers to be licensed, content creators may need to collaborate with these invited/licensed publishers to create and post their NFT for sale on the platform.

Once the creative has been placed on the platform, the platform is able to accept bids and confirm transactions. Each successful transaction will provide revenue to the publisher and as publisher, SMI Vantage will then distribute a portion of the revenue to the content providers as agreed in the commercial agreements signed between SMI Vantage and content creators.

By Order of the Board

Mark Francis Bedingham
Executive Director, President and CEO
26 November 2021