

SMI VANTAGE LIMITED

(Company Registration No. 200505764Z)

(Incorporated in the Republic of Singapore)

(“**Company**” and together with its subsidiaries, the “**Group**”)

PROPOSED APPOINTMENT OF PKF-CAP LLP AS AUDITORS OF THE GROUP

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of the Company wishes to announce the Company’s intention to appoint PKF-CAP LLP (“**PKF**”) as auditors of the Group for the current financial year ending 31 March 2022 (“**Proposed Appointment of Auditors**”).

The proposal to appoint PKF as the auditors of the Company and the Group will be subject to the approval of the Company’s shareholders (“**Shareholders**”) at an extraordinary general meeting of the Company to be convened in due course (“**EGM**”).

2. PROPOSED APPOINTMENT OF AUDITORS

RSM Chio Lim LLP (“**RSM**”) have been the independent auditors of the Company since 24 June 2005 and were last re-appointed as the Company’s auditors at the annual general meeting (“**AGM**”) of the Company held on 12 October 2020, to hold office until the conclusion of the 2021 AGM held on 15 December 2021 (“**2021 AGM**”). As part of the Company’s ongoing efforts to manage its overall business in the current challenging climate and in view of the new technology focused businesses that the Company is proposing to pivot to, including a proposed cryptocurrency mining business, the Company’s Audit Committee (“**AC**”) and the Board are of the view that it would be appropriate and timely to appoint new auditors for the Group. The AC and the Board believe that the appointment of new auditors will enable the Group to benefit from the fresh perspectives and views of another professional audit firm, thereby enhance the value of the audit. It was mutually agreed between the Board and RSM that RSM would not be re-appointed as the Company’s auditors at the 2021 AGM. Accordingly, the Board has received an email from RSM dated 12 October 2021 indicating their intention not to seek re-appointment as the auditors of the Company at the 2021 AGM. Accordingly, RSM has retired as the Company’s auditors at the conclusion of the 2021 AGM.

In the light of the foregoing, PKF was shortlisted as a candidate for the AC to consider and evaluate. The AC, in its evaluation process, took into consideration the Audit Quality Indicators Disclosure Framework introduced by the Accounting and Corporate Regulatory Authority (“**ACRA**”), and the criteria for the evaluation and selection of the external auditors contained in the Guidebook for AC in Singapore and the Audit Committee Guide issued by the Singapore Institute of Directors, including factors such as the adequacy of the resources and experiences of the audit firm to be selected and the audit engagement partner to be assigned to the audit, that the audit engagement partner has not been subjected to ACRA’s Practice Monitoring Programme review, audit approach, transition plan, the number and experience of supervisory and professional staff to be assigned and the proposed audit fees.

After evaluation, the AC recommended that PKF be selected for the proposed appointment on the basis that they best suit the current business and operational needs of the Group, taking into consideration PKF’s confirmation that they have the required functional expertise to audit the proposed new businesses that the Group may embark on, including businesses related to cryptocurrency mining as well as the capabilities and capacity to audit the Company’s existing business. The Directors have taken into account the AC’s recommendation, including the factors considered in their evaluation, and are satisfied that PKF will be able to meet the audit requirements of the Group.

The quality and scope of audit services to be provided by PKF will be comparable to those previously provided by RSM and the audit fees proposed by PKF are competitive and also in the region of that previously charged to the Company by RSM.

In this regard,

- (a) PKF had, on 22 December 2021, given its written consent to be appointed as the Company's auditors, subject to Shareholders' approval being obtained at the EGM, and
- (b) the Board wishes to express their appreciation for the past services rendered by RSM.

Pursuant to Rule 712(3) of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the appointment of PKF as the Company's new auditors must be specifically approved by the Shareholders at a general meeting. The appointment of PKF would therefore take effect upon the approval of the Shareholders at the EGM and, if appointed, PKF will hold office until the conclusion of the next AGM, in 2022.

In accordance with Rule 1203(5) of the Listing Manual:

- (a) the Company has received a copy of RSM's professional clearance letter dated 22 December 2021 to PKF, confirming that RSM is not aware of any professional reasons why PKF should not accept appointment as the Company's auditors;
- (b) the Company confirms that there were no disagreements with RSM on accounting treatments within the last twelve (12) months up to the date of this announcement;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Appointment of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;
- (d) the Company confirms that the specific reasons for the Proposed Appointment of Auditors are as disclosed above. The Proposed Appointment of Auditors is due to RSM's retirement as the Company's auditors at the 2021 AGM and not due to the dismissal of RSM;
- (e) the Company confirms that it is or will be in compliance with Rule 712 and 715 of the Listing Manual in relation to the proposed appointment of PKF as the Company's auditors, and
- (f) the Proposed Appointment of Auditors is not in relation to Rule 712(2A) of the Listing Manual.

3. CIRCULAR TO SHAREHOLDERS

A circular containing, *inter alia*, the notice of the EGM and the details the Proposed Appointment of Auditors ("**Circular**") will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Mark Francis Bedingham
Executive Director, President and CEO
23 December 2021