

**CIRCULAR DATED 28 MARCH 2022
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Circular is issued by SMI Vantage Limited ("**Company**"). If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your Shares held through CDP, you need not forward this Circular, the notice of EGM and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular, the notice of EGM and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not held through CDP, please forward this Circular, the notice of EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Your attention is drawn to pages 43 to 45 of this Circular in respect of actions to be taken if you wish to participate at the EGM.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

This Circular has been made available on SGXNet and the Company's website and may be accessed at the URL: <http://sin-mi.listedcompany.com/newsroom.html>. A printed copy of this Circular, the notice of EGM and the Proxy Form will NOT be despatched to Shareholders.

Pursuant to the **COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020**, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via live webcast or listening to the EGM proceedings via live audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.



SMI VANTAGE LIMITED

(Company Registration Number: 200505764Z)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:

- (I.) PROPOSED BUSINESS DIVERSIFICATION;**
- (II.) PROPOSED ALLOTMENT AND ISSUANCE OF NEW SHARES TO THE9 IN CONSIDERATION FOR THE PURCHASE OF 3,000 CRYPTOCURRENCY MINING MACHINES, AND**
- (III.) PROPOSED ALLOTMENT AND ISSUANCE OF NEW SHARES TO WEE SUNG LENG AND WONG YEN SIANG IN LIEU OF PAYMENT OF UNPAID DIRECTORS' FEES**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 17 April 2022 at 2.00 pm
Date and time of EGM : 19 April 2022 at 2.00 pm
Place of EGM : The EGM will be held by way of electronic means.

Please refer to page 42 of this Circular for further details.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Ho Kwok Wai Mark Francis Bedingham Sam Chong Keen Fong Sing Chak Jack Wee Sung Leng	<i>(Non-Executive Chairman and Non-Executive Director)</i> <i>(Executive Director, President and CEO)</i> <i>(Lead Independent Director)</i> <i>(Independent Director)</i> <i>(Independent Director)</i>
COMPANY SECRETARIES	:	Lee Wei Hsiung Liew Chiew Yee	
REGISTERED OFFICE	:	300 Beach Road #31-03 The Concourse Singapore 199555	
LEGAL ADVISER TO THE COMPANY ON SINGAPORE LAW	:	Altum Law Corporation 160 Robinson Road #26-06 SBF Center Singapore 068914	

DEFINITIONS

The following definitions apply throughout this Circular unless otherwise stated or the context otherwise requires:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Act”	:	The Companies Act 1967 of Singapore, as amended or modified from time to time
“Advisory Board”	:	Has the meaning defined in Section 2.5 of this Circular
“Aggregated Transactions”	:	Has the meaning defined in Section 2.3 of this Circular
“AGM”	:	The annual general meeting of the Company
“AI”	:	Means artificial intelligence which is a branch of computer science concerned with building smart machines capable of mimicking problem-solving and decision-making capabilities typically associated with humans
“AIP”	:	Has the meaning defined in Section 5.2
“Associate”	:	<p>In relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more <p>In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
“Board”	:	The board of Directors
“Business Day”	:	A day (other than Saturday, Sunday and gazetted public holidays) on which banks are open for business in Singapore
“Business Plan”	:	Has the meaning defined in Section 2.4 of this Circular
“CDP”	:	The Central Depository (Pte) Limited
“CEO”	:	Chief Executive Officer
“Chairman of the Meeting”	:	The Chairman of the EGM
“Circular”	:	This circular to Shareholders dated 28 March 2022
“Company”	:	SMI Vantage Limited (Company Registration No.: 200505764Z), a public company limited by shares incorporated in Singapore, with

DEFINITIONS

	its registered office at 300 Beach Road, #31-03 The Concourse, Singapore 199555
“Constitution”	: The constitution of the Company.
“Controlling Shareholder”	: A person who: (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or (b) in fact exercises control over the Company
“Conversion Price”	: Has the meaning defined in Section 4.1 of this Circular
“Conversion Shares”	: Has the meaning defined in Section 4.1 of this Circular
“COVID-19”	: Coronavirus Disease 2019
“CSA”	: Has the meaning defined in Section 2.4 of this Circular
“Current Core Business”	: Has the meaning defined in Section 2.1 of this Circular
“Directors”	: The directors of the Company
“EGM”	: The extraordinary general meeting of the Company to be held on 19 April 2022 at 2.00 pm by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS), notice of which is set out on page N-1 of this Circular
“Enlarged Share Capital”	: The enlarged share capital of the Company being 522,097,216 Shares upon completion of the allotment and issuance of the The9 Consideration Shares and the Conversion Shares
“Executive Director”	: An executive Director of the Company
“Existing Share Capital”	: The existing entire equity share capital of the Company as at LPD, being 513,535,187 Shares
“F&B”	: Food and beverage
“First Major Transaction”	: Has the meaning defined in Section 2.3 of this Circular
“FY”	: Financial year of the Company ended or ending 31 March (as the case may be)
“Group”	: The Company and its subsidiaries
“Hatten Edge”	: Has the meaning defined in Section 2.4 of this Circular
“Hosting Agreement”	: Has the meaning defined in Section 2.4 of this Circular
“Independent Directors”	: The independent and non-executive Directors of the Company
“Listing Rules”	: The listing manual of the SGX-ST, as amended or modified from time to time
“LPD”	: 23 March 2022, being the latest practicable date prior to the date of

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	: this Circular
“LPS”	: Loss per Share
“Mainboard”	: The main board of the SGX-ST
“Management”	: The management of the Company being the President & CEO, General Manager and Group Financial Controller
“MOU”	: The non-binding memorandum of understanding signed between the Company and Hatten Technology (S) Pte. Ltd., a subsidiary of Catalyst-listed Hatten Land Limited on 19 September 2021
“NBTC”	: NBTC Limited (Company Registration No. 13246763), a company incorporated in Hong Kong SAR with its registered office at Room 1502, 15/F, Harcourt House No. 39 Gloucester Road, Wanchai, Hong Kong, and wholly-owned subsidiary of The9
“New Businesses Transactions”	: Has the meaning defined in Section 2.4 of this Circular
“NFT”	: Non-fungible tokens
“NFT MOU”	: The non-binding memorandum of understanding signed with The9 to develop the Proposed NFT Collaboration Business as announced on 17 November 2021
“NHASH”	: Hang Zhou Suan Li Technology Co Ltd (Tax No. 91330104MA2GPJQ762), a cryptocurrency cloud mining software-as-a-service company incorporated in Room 3003-115, Dicara Ginza, Jianggan District, Hangzhou City, Zhejiang Province, People’s Republic of China, Postal Code 310020
“NTA”	: Net tangible assets
“Ordinary Resolution”	: A resolution to be passed by not less than 50% in value of Shareholders present and voting by proxy at the EGM
“Outstanding Directors’ Fees”	: Has the meaning defined in Section 4.1 of this Circular
“Proposed Allotment and Issuance of The9 Consideration Shares”	: Has the meaning defined in Section 3.1 of this Circular
“Proposed Business Diversification”	: The proposed diversification of the Current Core Business to include the Proposed New Businesses
“Proposed Capitalisation of Directors’ Fees”	: Has the meaning defined in Section 4.1 of this Circular
“Proposed Cryptocurrency Business”	: Has the meaning defined in Section 2.2 of this Circular
“Proposed NFT Collaboration Business”	: Has the meaning defined in Section 2.2 of this Circular

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“Proposed New Businesses”	:	Has the meaning defined in Section 2.2 of this Circular
“Proposed Robotics Business”	:	Has the meaning defined in Section 2.2 of this Circular
“Proposed SaaS Business”	:	Has the meaning defined in Section 2.2 of this Circular
“Proposed Transactions”	:	Means, collectively, the Proposed Business Diversification, the Proposed Capitalisation of Directors’ Fees and the Proposed Allotment and Issuance of The9 Consideration Shares.
“Purchase Consideration”	:	Has the meaning defined in Section 2.4 of this Circular
“Purchase Order”	:	Has the meaning defined in Section 2.4 of this Circular
“Regulator”	:	Means any central bank or provincial, state, federal, national, government, semi-government, administrative, supervisory, regulatory, statutory, fiscal or judicial agency, ministry, authority, body, commission, department, tribunal, entity or recognised stock exchange (including but not limited to the Monetary Authority of Singapore, Securities Industry Council and/or SGX-ST)
“Securities Account”	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share(s)”	:	Ordinary share(s) in the issued and paid-up share capital of the Company
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“SMI CS”	:	SMI CS Pte. Ltd. (Company Registration No. 201400700Z), a private company limited by shares incorporated in Singapore, with its registered address at 300 Beach Road #31-03 The Concourse Singapore 199555, a wholly-owned subsidiary of the Company
“SMI Retail”	:	SMI Retail Pte. Ltd. (Company Registration No. 201501449E), a private company limited by shares incorporated in Singapore, with its registered address at 300 Beach Road #31-03 The Concourse Singapore 199555, a wholly-owned subsidiary of the Company
“SMI Senko”	:	SMI-Senko Logistics Pte. Ltd. (Company Registration No. 201605654C), a private company limited by shares incorporated in Singapore, with its registered address at 300 Beach Road #31-03 The Concourse Singapore 199555, the Company’s 50% joint-venture

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“SMIV ESOS”	:	The SMI Vantage Employee Share Option Scheme (formerly known as the Singapore Myanmar Investco Limited Employee Share Option Scheme) approved by Shareholders at the extraordinary general meeting of the Company on 10 July 2017
“SMIV PSP”	:	The SMI Vantage Performance Share Plan (formerly known as the SWH Performance Share Plan) approved and adopted by Shareholders at the extraordinary general meeting of the Company on 30 July 2014
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued and paid-up share capital in the Company
“The9”	:	The9 Limited, a company incorporated in the Cayman Islands on 22 December 1999 as an exempted company limited by shares under the name “GameNow.net Limited” and was renamed “The9 Limited” in February 2020 and listed on the Nasdaq
“The9 Consideration Shares”	:	Has the meaning defined in Section 3.1
“VWAP”	:	Volume weighted average price of the Shares traded on the Mainboard

Currencies, Units and Others

“S\$” and “cents”	:	Singapore dollars and cents, the lawful currency of Singapore
“US\$” and “US cents”	:	United States dollars and cents, the lawful currency of the United States of America
“%” or “per cent”	:	Per centum or percentage

The terms “*Depositor*”, “*Depository Agent*” and “*Depository Register*” shall have the same meanings defined for them, respectively, in section 81SF of the SFA. The term “*Direct Account Holder*” shall have the same meaning defined for the term “account holder” in section 81SF of the SFA.

The term “*subsidiary*” shall have the meaning ascribed to it in section 5 of the Act.

The terms “*entity at risk*”, “*interested person*” and “*interested person transaction*” shall have the meanings defined for them, respectively, in Rule 904 of the Listing Rules.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing one gender shall, where applicable, include all other and neuter genders. References to natural persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA, Listing Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meanings ascribed to it under the Act, the SFA, Listing Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SMI VANTAGE LIMITED

(Company Registration Number: 200505764Z)
(Incorporated in the Republic of Singapore)

Board of Directors

Mr Ho Kwok Wai	<i>(Non-Executive Chairman and Non-Executive Director)</i>
Mr Mark Francis Bedingham	<i>(Executive Director, President and CEO)</i>
Mr Sam Chong Keen	<i>(Lead Independent Director)</i>
Mr Fong Sing Chak Jack	<i>(Independent Director)</i>
Mr Wee Sung Leng	<i>(Independent Director)</i>

Registered Office

300 Beach Road
#31-03 The Concourse
Singapore 199555

28 March 2022

To: The Shareholders of SMI Vantage Limited

Dear Shareholder

- (I.) **PROPOSED BUSINESS DIVERSIFICATION;**
- (II.) **PROPOSED ALLOTMENT AND ISSUANCE OF NEW SHARES TO THE9 IN CONSIDERATION FOR THE PURCHASE OF 3,000 CRYPTOCURRENCY MINING MACHINES; AND**
- (III.) **PROPOSED ALLOTMENT AND ISSUANCE OF NEW SHARES TO WEE SUNG LENG AND WONG YEN SIANG IN LIEU OF PAYMENT OF UNPAID DIRECTORS' FEES**

1. INTRODUCTION

The Board is seeking the approval of Shareholders at the EGM for the Proposed Transactions and the purpose of this Circular is to provide Shareholders with relevant information on the Proposed Transactions.

The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED BUSINESS DIVERSIFICATION

- 2.1 **Current Core Business.** As disclosed in the annual report of the Company for FY2021, the Group's current core business ("**Current Core Business**") consists of the travel and fashion retail business, the food and beverages business and the construction business.
- 2.2 **Proposed Business Diversification.** Subject to the approval of the Shareholders to be obtained at the EGM, the Group intends to diversify the Current Core Business to include the following new businesses ("**Proposed New Businesses**"):
 - (a) software-as-a-service business, involving the development, maintenance, hosting and update of software and applications to provide services to both individual and business customers (including developing platforms for enhancing consumer online experience such as solutions for, *inter alia*, personalising product selection and styling, apparel digitisation and virtual reality) and the trading, leasing and maintenance of servers and databases for the hosting of such software and applications in the B2B, B2C, B2B2C, D2C spaces or other modes of commerce ("**Proposed SaaS Business**"). Revenue from the Proposed SaaS Business is expected to be generated from revenue sharing, subscription or usage fees, royalties, licensing and other related income sources for providing the aforesaid products and services;
 - (b) cryptocurrency mining business, involving the trading and leasing of cryptocurrency mining machines, the holding, leasing and disposal of land used as cryptocurrency mining data centres, the trading and mining of cryptocurrency and the development and management of online platform(s) for the foregoing activities ("**Proposed**

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Cryptocurrency Business). Revenue from the Proposed Cryptocurrency Business is expected to be generated from the trading, sales or leasing of cryptocurrency mining machines which may be based on various pricing models, such as time-based, usage-based, subscription or membership-based or revenue sharing. The Company may also generate revenue from its own cryptocurrency mining and trading and earn rental from hosting of cryptocurrency mining machines owned by third-parties in facilities either owned, managed or introduced by the Company;

- (c) robotics business, involving the provision of robotics and artificial intelligence (“**AI**”) technology application including within the logistics, cleaning, security and personal mobility industries (“**Proposed Robotics Business**”). The Company will look to acquire controlling interests or influential minority stakes in entities that have identifiable intellectual property, patents, established or marketable products, working prototypes or differentiated technologies in the field of robotics for robots across a wide range of applications such as the cleaning, logistics, security, food and beverage and retail services, or for personal mobility devices and autonomous driving vehicles. Such target entities may be directly involved in the assembly and manufacture of complete robots or may be developers of powertrain or proprietary battery technologies, as well as command and control software and related operating systems. Revenue will be generated from sales or leasing of robots to third-parties and may also include service fees, operating fees and licensing fees, and
- (d) NFT collaboration business, involving the content creation, sourcing, management and representation of talents and celebrities for the development, sale and distribution of NFTs (“**Proposed NFT Collaboration Business**”). The collaborations will also involve identifying celebrities in the fields of entertainment (film, music and other performing arts), sporting celebrities and personalities as subjects for NFT content. The Company will also work with its collaborators to jointly develop unique NFTs from other sources including artworks and published material. Revenue will be generated from the successful sale of NFTs to buyers on NFT platforms.

The Proposed Business Diversification is part of the Group’s business expansion plans to branch out from its legacy business in Myanmar. The Group intends to engage in the Proposed New Businesses on a prudent basis with discretion.

The Proposed New Businesses will not be restricted in application to any particular sector or industry of application or geographical area as each project and investment will be evaluated and assessed by the Board based on its merits. The Group may also, in connection to the Proposed New Businesses, invest in, lease, purchase or otherwise acquire or dispose of any such assets, investments and shares or interests in any selected entity as required for the conduct of the Proposed New Businesses from time to time. Any business activities as aforesaid shall upon approval of the Proposed Business Diversification, constitute part of the ordinary course of business of the Group.

The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Proposed New Businesses as and when the opportunity arises. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, including but not limited to, the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the market, taking into account the opportunities that are available.

2.3 **Rationale for the Proposed Business Diversification.** The Board proposes to diversify the Current Core Business to include the Proposed New Businesses for the following reasons:

- (a) Current Core Business

FY2021 has been a very challenging year for the Group as all its businesses in Myanmar have been heavily affected by the closure of the airport, the effects of the COVID-19

LETTER TO SHAREHOLDERS

pandemic and the unstable political situation in Myanmar throughout the year. As a result, almost no sales from SMI Retail has been possible, compared to the years before the COVID-19 pandemic, when travel retail sales were the major contributor to the Group's revenue. In the last year, SMI Retail has made every effort to support the local business partners and help them sell down their inventory. For the Group's F&B business in the domestic Myanmar market, only very limited operations have been possible. Despite the challenges, SMI Senko's logistics business has continued to operate successfully throughout the year. The Group exited the automotive services business and subsequently, the serviced office business in the first half of FY2022. The Group's focus has been to ensure as far as possible, the health and safety of its employees and staff in Myanmar and assist them wherever possible.

The Group has continued to reduce costs throughout the year and this will help SMI Retail resume operations on a low-cost base at the time when the airport reopens and there is some recovery in consumer confidence in the domestic Myanmar market. Going forward, in relation to the Current Core Business, the Group expects to focus on travel retail, logistics and some F&B and domestic retail operations.

The Board has used this time to develop plans for a new direction for the Group, as a rapid recovery in Myanmar is not expected, and these have been disclosed in several announcements that we have made over the last few months.

(b) Potential in the Proposed New Businesses to provide additional and recurrent revenue streams with a view to achieving long-term growth

The Board has identified the Proposed New Businesses as business activity which will provide the Group with sustainable and long-term prospects of profitability and growth. Recent social trends have revealed how technology such as robotics and cloud services have become more important, useful and persistent in the world today as part of both changing lifestyles and preferences. By venturing into the Proposed New Businesses, the Group will be able to participate in the growth prospects of these technology sectors, not only domestically but also internationally. This is part of its ongoing strategic corporate strategy to enter into industries with high-growth opportunities.

The Board believes that the Proposed New Businesses will create new business opportunities and an alternate revenue stream for the Company, which would hence enhance the Group's business performance and Shareholder's value. Such additional and recurrent revenue streams arising from the Proposed Business Diversification may include, amongst others, fee income from operations, capital gains and recurring dividend income from investments. In addition, the Proposed New Businesses will allow the Group to reduce its reliance on the Current Core Business.

(c) The Proposed Business Diversification may provide a more diversified business and income base, reducing reliance on the Current Core Business

The Proposed Business Diversification will provide opportunities to the Group for geographical diversification beyond Myanmar. The Group intends to explore investment opportunities with no geographical limit. This allows the Group to be flexible in seeking out and capturing such opportunities and to be adaptable to the fluidity of investment deals around the world. The Board is mindful of the need to diversify and create new profitable revenue streams. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group's Current Core Business. For a start, the Board believes that the Proposed Business Diversification will allow the Group to have better prospects of profitability and ensure longer-term growth, and the Proposed New Businesses represents the first step taken by the Company to building up an additional revenue stream. The Proposed Business Diversification would provide the Group with diversified returns and would contribute an additional stream of revenue and earnings for the Group. This would enable the Group to extend its revenue base so that it is not dependent entirely on its Current Core Business for its revenue.

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By diversifying its business to include the Proposed New Businesses, the Group will also be able to gain access to new business opportunities in the technology industry, and if the Proposed New Businesses generate profit for the Group, it will likely enhance Shareholders' value. However, the Group is not closed to the possibility that it may venture into businesses other than the Proposed New Businesses. As at LPD, save for the Proposed New Businesses, the Company has not finalised any substantive plans to diversify into any other specific businesses. It will make the relevant announcements to keep Shareholders updated when such other businesses are identified.

The Board also believes that the Proposed Business Diversification will also contribute to the Group's efforts to improve its financial performance going forward by focusing on technology and online-related activities, as well as newly emerging and highly sought-after products like cryptocurrencies and NFTs. Given the uncertainties prevailing in the current global economic outlook (including the COVID-19 pandemic and the political, security and economic situation in Myanmar), the Board believes that it is prudent to take active steps to reduce reliance on the Current Core Business. The Proposed Business Diversification will provide the Group with a more diversified business and income base for future growth.

- (d) The Proposed New Businesses are expected to bring the Group additional funds for enhancing Shareholder value

The Board envisions that the technology-focussed scope of the Proposed New Businesses will expand the Group's opportunities and investment horizons by making the Group more attractive to funding, increasing the Group's access to financial services and widening the Group's network of contacts, which may lead to fresh business opportunities for the Group when the Group invests in investee entities. The Proposed New Businesses are in industries that have in recent years been attracting significant investor interest and capital investment, and this trend is expected to continue going forward, as compared to the Current Core Business, which has difficulty to attract financing. With the easier access to funding, the Group is able to capitalise on business opportunities to grow its business towards the enhancement of Shareholder value over the long-term.

- (e) The Proposed New Businesses are expected to bring the Group a wider network of contacts and business opportunities

The Board believes that the Proposed New Businesses will augment and strengthen the Group, as well as the Current Core Business, by, *inter alia*, providing access to financial services and funding, and significantly increase the Group's network of contacts, which may potentially lead to fresh business opportunities for the Group. When the Proposed New Businesses become successful, the Group will then be able to demonstrate to the market that it has developed a new and viable business, granting the Group easier access to the financial markets for funding. Accordingly, the Board believes that the Proposed Business Diversification will enable the Group to be better-positioned to capitalise on the growth prospects of both Singapore and overseas markets. Capitalising on such investment opportunities may improve the performance of the Group, strengthen the Group's financial position and thereby enhance Shareholders' value and return overall.

- (f) Flexibility to enter into transactions relating to the Proposed New Businesses in the ordinary course of business

Once Shareholder's approval for the Proposed Business Diversification has been obtained, the Group may, in the ordinary course of business, enter into transactions relating to the Proposed New Businesses without having to seek Shareholders' approval. This will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the Proposed New Businesses arise. This will allow the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature, and may also substantially reduce the expenses associated with the convening of general

LETTER TO SHAREHOLDERS

meetings from time to time.

Notwithstanding the foregoing, in accordance with the SGX-ST's recommended practice in relation to diversification of business, as the Company has not to-date operated substantively in the Proposed New Businesses space and is not able at this time to provide more specific information on the intended or actual operations, transactions, and/or investments that it will be carrying out in relation to the Proposed New Businesses (other than as set out below in Section 2.4 of this Circular) in seeking Shareholders' approval for the Proposed Business Diversification, when the Company enters into its first major transaction (as defined in Rule 1014 of the Listing Rules) involving a Proposed New Business ("**First Major Transaction**"), or where any of the relevant figures computed based on Rule 1006 of the Listing Rules in respect of several transactions involving the Proposed New Businesses which when aggregated exceeds 20% ("**Aggregated Transactions**"), such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval at a separate general meeting of the Company to be convened then. Given that the risks associated with each of the Proposed New Businesses are different, the Company will be seeking Shareholders' approval for the First Major Transaction or the last of the Aggregated Transactions in relation to each of the Proposed New Businesses.

The Company will seek Shareholders' approval for the First Major Transaction or the last Aggregated Transaction that exceeds 20% of any of the thresholds under Rule 1006 of the Listing Rules for each of the Proposed New Businesses, whichever occurs earlier as follows:

Listing Rule	
1006(a)	Not applicable to an acquisition of business.
1006(b)	Latest 12 months net profits attributable to the business and/or businesses acquired, compared with the Group's latest full year net profits taken from the latest announced consolidated accounts.
1006(c)	Aggregate value of the consideration given, compared to the Company's market capitalisation based on the total number of issued shares excluding treasury shares.
1006(d)	Number of equity securities issued by the Company as consideration for the acquisition(s), compared with the number of equity securities previously in issue.
1006(e)	Not applicable to an acquisition of business.

Shareholders' approval will be sought for the Proposed New Businesses when acquisitions or investments in one or more of the Proposed New Businesses exceeds 20%. Once Shareholders' approval has been obtained for a particular Proposed New Business, additional acquisition or investments under that Proposed New Business no longer be aggregated for the requirement of Shareholders' approval.

Purely for illustration purposes, as a hypothetical example, if the Company invested in or acquired **(a)** a cryptocurrency mining business in FY2022 which amounted to 17% under the financial ratios in Rule 1006 of the Listing Rules and **(b)** a robotics business in FY2023 which amounted to 4% under the financial ratios in Rule 1006 of the Listing Rules, Shareholders' approval will be obtained before completion of the transaction in **(b)**, as the

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Aggregated Transactions comprising (a) and (b) will exceed 20%. If later in FY2023, the Company subsequently transacted in (c) an NFT collaboration transaction which amounted to 21% under the financial ratios in Rule 1006 of the Listing Rules, Shareholders' approval will again be obtained before completion of the transaction in (c) as it is the First Major Transaction under the Proposed NFT Collaboration Business that is considered major.

For the avoidance of doubt, notwithstanding the Proposed Business Diversification:

- (i.) for transactions where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Listing Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in a general meeting;
- (ii.) for transactions which constitute interested person transactions, Chapter 9 of the Listing Rules will apply and the Company will comply with the provisions of Chapter 9 of the Listing Rules;
- (iii.) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval, if applicable; and
- (iv.) Paragraph 2 of Practice Note 10.1 of the Listing Rules will apply to acquisitions or disposal of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Listing Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one (1) transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Listing Rules.

The Company will also be required to comply with any applicable and prevailing Listing Rules as amended or modified from time to time.

2.4 **Contemplated Transactions under the Proposed New Businesses.** In furtherance of the Company's intention to pivot into a new direction encompassing the Proposed New Businesses, the Company has entered into the transactions set out in this Section ("**New Businesses Transactions**") of this Circular.

Proposed Cryptocurrency Business

The Company earlier announced on 15 July 2021 that the Company had, on the same date, signed a non-binding memorandum of understanding with The9 and NHASH for the development of a cryptocurrency cloud-mining platform and the Company had, on the same date, entered into a cooperation and service agreement ("**CSA**") for a range of technical support services to be provided by NHASH, for an initial five-year term, and with an option to extend for another five years.

As part of the CSA, SMI has the option to purchase up to 4,000 cryptocurrency mining machines for a consideration to be further agreed. On 24 August 2021, the Company announced that it had placed an initial order for 800 cryptocurrency mining machines.

Under the CSA, NHASH will develop an online platform for the Proposed Cryptocurrency Business that will be owned by the Company. This includes both the front-end online platform upon which customers can view the various offerings and login to view their account and machine performance, and the back-end system which will manage all the cryptocurrency mining machines that are installed at various cryptocurrency mining facilities/datacentres. NHASH will also provide staff training for the Company to develop its cryptocurrency mining facility/datacentre

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operations.

The Company had further announced on 19 September 2021 that the Company has entered into a non-binding MOU with Hatten Technology (S) Pte. Ltd. (“**Hatten Technology**”), a subsidiary of Catalyst-listed Hatten Land Limited, to jointly explore opportunities in cryptocurrency mining activities in Malaysia.

Under the MOU, the Company and Hatten Technology will work to develop a business plan (“**Business Plan**”) to evaluate whether a sustainable long term business model can be created for both the Company and Hatten Technology which includes discussing and developing cryptocurrency mining activities and evaluating the installation of up to 2,000 cryptocurrency mining machines by the Company in Malacca, Malaysia, subject to the finalisation of the Business Plan, legal entities and any required regulatory approvals, should the study prove positive.

Should the Company and Hatten Technology agree to the Business Plan, both parties will thereafter enter into negotiations for a period of 90 days to formalise the definitive agreement(s) and the Board will provide updates to Shareholders as and when such definitive agreement(s) are finalised.

There is no certainty at this time that installation of any number of cryptocurrency mining machines by the Company in collaboration with Hatten Technology over any definitive time frame will materialise in the future as it is subject to the Business Plan to be worked out between the Company and Hatten Technology and thereafter a definitive agreement to be entered into between them and there is no certainty that such a definitive agreement will be executed.

On 24 November 2021, the Company announced that it had through its wholly-owned subsidiary, SMI CS, on the same date, issued a purchase order to NBTC, a wholly-owned subsidiary of The9 for the purchase of 3,000 Canaan Avalon BTC Miner cryptocurrency mining machines from NBTC (“**Purchase Order**”) at the price of RMB1,100 each (approximately S\$235.04 at the agreed exchange rate of S\$1.00 to RMB4.68) amounting to a total value of RMB3,300,000.00 (approximately S\$705,128.21) (“**Purchase Consideration**”) further to the MOU dated 15 July 2021 entered into by the Company with The9.

Under the terms of the Purchase Order, the Purchase Consideration may be satisfied by either (a) payment to NBTC by SMI CS in cash or (b) through the issuance of 7,834,757 new Shares at the issue price of S\$0.09 for each The9 Consideration Share (defined below), fractional entitlements to be disregarded, to The9, subject to the Company obtaining Shareholders’ approval for the Proposed Allotment and Issuance of The9 Consideration Shares at the EGM, further details of which are set out in Section 3 of this Circular.

For the purposes of Chapter 10 of the Listing Rules, the relative figures computed on the bases set out in Rule 1006 of the Listing Rules in respect of the purchase of the 3,000 cryptocurrency mining machines under the Purchase Order are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable ⁽¹⁾
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group’s net loss	Not applicable ⁽²⁾
(c)	Aggregate value of the Purchase Consideration, compared with the Company’s market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares	1.46%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	1.53% ⁽⁴⁾

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Rule 1006	Bases	Relative Figures
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) This basis is not applicable as it is not a disposal.
- (2) This basis is not applicable as there are no profits attributable to the assets acquired.
- (3) Under Rule 1002(5) of the Listing Rules, "market capitalisation" of the Company is determined by multiplying the 513,535,187 Shares in issue (excluding treasury shares) by the weighted average price of the Shares transacted on the market day immediately preceding the entry into the Purchase Order, being S\$0.0939.
- (4) Based on (i.) the proposed allotment and issuance of 7,834,757 The9 Consideration Shares pursuant to the Proposed Allotment and Issuance of The9 Consideration Shares; and (ii.) the existing fully-paid share capital of 513,535,187 Shares.
- (5) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

As the relative figures computed under Rules 1006(c) and 1006(d) of the Listing Rules does not exceed 5%, the acquisition of the 3,000 cryptocurrency mining machines by the Company from The9 is a non-disclosable transaction under Chapter 10 of the Listing Rules and accordingly, no Shareholders' approval is required to be obtained by the Company for the purchase of the 3,000 cryptocurrency mining machines and the entry into the Purchase Order (other than for the allotment and issuance of The9 Consideration Shares).

On 12 January 2022, the Company announced that it had entered into a hosting agreement ("**Hosting Agreement**") with Hatten Edge Pte. Ltd. ("**Hatten Edge**"), to install part of the 3,000 cryptocurrency mining machines at mining data centres owned and operated by Hatten Edge. As part of the Hosting Agreement, Hatten Edge will be responsible for the technical operation and maintenance of any cryptocurrency mining machines installed at locations managed by Hatten Edge. For the avoidance of doubt, these cryptocurrency mining machines will continue to be owned by, and performing the cryptocurrency mining operations for, the Company.

Proposed NFT Collaboration Business

On 17 November 2021, the Company announced that it had entered into the NFT MOU with The9 to develop the Proposed NFT Collaboration Business by enabling and improving access to more content creators to create NFTs for sale on NFT marketplaces.

Under the NFT MOU, The9 will help the Company to acquire a license from an established NFT platform to enable the Company to create, tokenise and auction NFTs of digital content on the NFT platform. In addition, The9 will negotiate and conclude commercial deals with content creators for the rights to digital content for the Company to tokenise and auction NFTs on NFT platforms.

In consideration for the above, the Company will share 50% of the net profits from the commercialisation of the NFTs with The9 after deducting the costs and expenses related to such transactions. There is no certainty at this time that the Company will obtain the license from a NFT platform in collaboration with The9 as envisaged above, as it is subject to the approval from the NFT platforms and thereafter definitive agreements to be entered into between the Company and The9 and there is no certainty that such definitive agreements will be executed. The Company will keep Shareholders updated through further relevant announcements at the appropriate time.

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Proposed SaaS Business and Proposed Robotics Business

As at LPD, the Company has yet to enter into definitive agreements in relation to the Proposed SaaS Business and the Proposed Robotics Business and does not have more specific information on intended or actual operations, transactions, and/or investments that it will be carrying out in relation to the Proposed SaaS Business and Proposed Robotics Business and will keep Shareholders updated through further relevant announcements at the appropriate time.

- 2.5 **Management of the Proposed New Businesses and Relevant Expertise.** Although the Proposed New Businesses are different from the Current Core Business, the Board recognises that the relevant experience and expertise required to manage the Proposed New Businesses can be acquired and developed internally or externally, by way of recruitment of the relevant talent or by joint ventures or partnerships by the Group over time, with operators experienced in the Proposed New Businesses.

The strategic management of the Proposed New Businesses shall be overseen by the Group's senior management team, led by the Group's President, CEO and Executive Director, Mark Francis Bedingham, who will be assisted in the day-to-day execution of operations by the Group's General Manager, Satheeshwaran Subramaniam. Mark Francis Bedingham is experienced in leading the business operations of various companies in various industries. He advises the Board on strategic issues and is involved in the establishment of goals and objectives, creation of new business strategies, and development of business plans for the Company. The Company is also able to tap into his network of business partners to ensure the business plans can be effectively implemented to optimize Shareholders' return on the investment through business growth and profitability. Satheeshwaran Subramaniam holds a Masters of Business Administration from Nanyang Technological University in Singapore and a Bachelor's degree in Computing and Information Systems from University of London in the UK. He has more than a decade of experience in finance, technology and new markets.

In making any major decisions relating to the Proposed New Businesses, the senior management team will also, where relevant and appropriate, seek the advice of reputable external consultants, industry experts and professional advisers. As the Group intends to engage in the Proposed New Businesses incrementally, it will monitor developments and progress in the Proposed New Businesses and take the necessary steps to identify suitable candidates both from within the Group as well as externally, to support and manage the Proposed New Businesses, as and when required. When necessary, the senior management will consider engaging additional staff or in-house or external consultants, industry experts or professional advisers as and when in connection with the Proposed New Businesses. The Group may also outsource certain functions where appropriate and in doing so, the Group will take into account the specific expertise and competencies necessary for the Proposed New Businesses.

On 30 December 2021, the Company announced the appointment of Ong Toon Wah, Clemen Chiang and Shao Jianliang onto its new advisory board ("**Advisory Board**"). The Advisory Board will be engaged to (i) identify any further requisite expertise not yet attained in conducting any of the Proposed New Businesses, (ii) advise the Company and the Board on transactions under the Proposed New Businesses, including but not limited to, advising on the nature and scale of each transaction, amount of investment required and risks associated with such transaction, nature of expertise required, the period of time that is required to complete the transactions and the conditions in the market, and (iii) advise the Company and the Board on developments in the industry and progress in the domains of the Proposed New Businesses including but not limited to technical and competitor updates.

The Management and the Board have utilised their existing networks and contacts and researched and reached out to leaders in the field, and shortlisted Clemen Chiang after considering his credentials and experience as set out in Appendix C to this Circular.

The Group was introduced to Ong Toon Wah in the previous placement exercise conducted by the Company as announced by the Company on 23 June 2021 and the Management has in their decision to appoint him to the Advisory Board also considered his credentials and relevant experience as set out in Appendix C to this Circular.

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The Group was introduced to Shao Jianliang by The9 and the Management has in their decision to appoint him to the Advisory Board considered his credentials and relevant experience as set out in Appendix C to this Circular.

As at LPD, the Advisory Board is made up of:

Committee Member	Role	Experience
Mark Francis Bedingham	CEO and Executive Director	Senior management of the Company
Satheeshwaran Subramaniam	General Manager	Senior management of the Company
Ong Toon Wah	Consultant	Proposed SaaS Business, Proposed Cryptocurrency Business and Proposed NFT Collaboration Business
Clemen Chiang	Consultant	Proposed Cryptocurrency Business
Shao Jianliang	Consultant	Proposed Cryptocurrency Business and Proposed NFT Collaboration Business

A summary of the resumes of Ong Toon Wah, Clemen Chiang and Shao Jianliang is set out in Appendix C of this Circular.

For the avoidance of doubt, the Advisory Board will not be constituted as a Board committee.

Ong Toon Wah, Clemen Chiang and Shao Jianliang have consented to be part of the Advisory Board to advise the Company and the Board in the manner as aforesaid and have signed letters of appointment which require them to provide strategic and technical advice that will include, but not be limited to, domain expertise and technical advice, introduction to potential partners and other forms of business collaboration, relationship management with key partners, ideas on strategy on future market trends, news and information on related products, services, industry trends on competitors and advice on technical personnel selection. The Company will be holding regular meetings with the advisors on the Advisory Board throughout the year and they will accordingly receive a fixed fee on a retainer basis. There is no specified time limit to the foregoing appointments but the appointments can be terminated by either party by giving one month's notice.

While the advice of the Advisory Board, consultants and advisors will be highly valued, the Company will be able to operate through its own management structure by, *inter alia*, continuing to employ suitable hires who are skilled and experienced in the Proposed New Businesses.

The Management team is being, and will continue to be, strengthened by further appointments with the requisite technical and business expertise. As at LPD, the Company has since strengthened its management and operations team with suitably skilled and experienced hires, including a technical manager and a business development manager particular in relation to the Proposed Cryptocurrency Business and the Proposed NFT Collaboration Business, particularly in relation to the Proposed Cryptocurrency Business and the Proposed NFT Collaboration Business. The technical manager will lead a small team of technical staff to operate and maintain the cryptocurrency mining machines and is well equipped with, among others, the knowledge of the life-cycle of an NFT publishing business. The business development manager is experienced with digital marketing, digital communication and consumer interaction and will work closely with the General Manager with regard to business priorities as well as the CEO on marketing strategies, tactics and general corporate communications. As and when the Company begins to move into the Proposed SaaS Business and the Proposed Robotics Business, the Company will

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recruit any talent, where necessary, that would be able to provide the relevant expertise and experience in these future businesses.

In addition to the foregoing, the Company's strategic Substantial Shareholder, The9, with their industry knowledge and expertise in the Proposed Cryptocurrency Business and the Proposed NFT Collaboration Business, will be providing the Company with advice, domain knowledge and competency to launch and operate these Proposed New Businesses.

The Group will continue to review and assess the relevant management expertise and staffing manpower required once the Proposed New Businesses begin operations and the Company will update Shareholders through relevant announcements as and when appropriate.

- 2.6 **Licenses and Permits.** As at LPD, to the best of the Company's knowledge, the activities and/or operations implemented or intended to be implemented by the Company pursuant to the Proposed New Businesses as disclosed in this Circular do not require specific licenses, permits or approvals.

As and where necessary and if required, or where any research or marketing activities or any other operations or activities carried out under the Proposed New Businesses require any licenses, permits and/or approvals from a Regulator, the Group will apply for the requisite licenses, permits and or/approvals and comply with all applicable laws and regulations for the conduct of such operations and activities at the relevant time. Where it is not possible or practicable for the Group to obtain such required licenses, permits and/or approvals, the Group intends to seek strategic partnerships or collaborations with entities which are in possession of such required licenses, permits and/or approvals. The Company will not proceed with any Proposed New Businesses without obtaining the requisite licenses, permits and approvals.

In relation to the Proposed Cryptocurrency Business, the Company will only be receiving cryptocurrency as a reward for performing the mining operations (and not accumulating cryptocurrency assets through active purchases in the market), and at the Company's discretion, will be converting the cryptocurrency to fiat currency through the sale of cryptocurrency in an MAS-licensed cryptocurrency exchange, such as the Independent Reserve.

- 2.7 **Funding for the Proposed New Businesses.** The Company intends to fund the Proposed Business Diversification and operations and activities under the Proposed New Businesses through a combination of internal sources of funds, borrowings from financial institutions and, as and when necessary and deemed appropriate, secondary fund-raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of debt instruments, subject to Shareholders' approval where required by the Listing Rules and/or the Act. In this regard, the Company may approach potential investors who are interested in supporting the Proposed New Businesses through investments in the Company. Such investments may take place via subscriptions of new Shares in the Company. As at the LPD, no definitive agreements have been entered into with any parties and the Company will make all necessary announcements as and when appropriate. The senior management will determine the optimal mix of internal funding and external funding, taking into account the cash flow of the Group, prevailing bank borrowing costs and the potential dilution to Shareholders from placements of new Shares.
- 2.8 **Risk Factors relating to the Proposed Business Diversification.** The Proposed Business Diversification involves a number of risks some of which, including operational, legal and regulatory risks, could be material. To the best of the Directors' knowledge and belief, risk factors which are material to Shareholders in making an informed decision on the Proposed Business Diversification have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed New Businesses, this may have a material and adverse impact on the Proposed New Businesses and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted.

The risks described below are not intended to be exhaustive. New risk factors may emerge from time to time, and it is not possible for the management of the Company to predict all risk factors, nor can the Group assess the impact of all risk factors on the Proposed New Businesses or the

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extent to which any factor, or combination of factors, may affect the Proposed New Businesses. There may also be other risks associated with the entry into the Proposed New Businesses which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the disclosures below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

(a) General Risk Factors Associated with the Proposed Business Diversification

The Group's performance in the Proposed New Businesses will be subject to exposure to macro-economic risks

The Proposed New Businesses can be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or decline in the markets in which the Group operates or invests:

- (i.) legal and regulatory changes;
- (ii.) government policies;
- (iii.) social, economic and political conditions;
- (iv.) level and volatility of liquidity and risk aversion;
- (v.) occurrences of natural disasters, pandemics, terrorism and war;
- (vi.) the level and volatility of equity, debt, property, commodity and other financial markets;
- (vii.) inflation; and
- (viii.) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the performance of the Proposed New Businesses, which in turn may affect the Group's revenue, results of operations and/or financial condition.

The Group may not be successful in implementing its strategies

The Group's expansion strategy in the Proposed New Businesses will include the risk that the expected results may not materialise, occurrences of certain conflicts which may or may not be resolved in order for the results to materialise or may detract from or compete against the Current Core Business. The processes, controls and procedures that the Group develops for the expansion strategies may also prove insufficient or inadequate. If the Group is not successful in implementing its expansion strategies or the aforementioned conflicts or inadequacies are not resolved, the expected results from the Proposed New Businesses may not be forthcoming and there may be a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial condition.

The Group has no prior track record and operating history in the Proposed New Businesses

The Group does not have a proven track record in the Proposed New Businesses and there is no guarantee that the Proposed New Businesses will be commercially successful, or that the Group will be capable of deriving sufficient revenue from the Proposed New Businesses to offset against the capital and start-up costs involved.

Further, the success of the Proposed New Businesses is dependent on the Group's ability and expertise to navigate the challenges posed by the Proposed New Businesses and to

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adapt its existing knowledge and resources accordingly. There is no guarantee that the Group's existing knowledge and resources will be sufficient or that the Group will be able to attract and retain suitable talent or manpower with the appropriate qualifications and experience. While the Group may appoint third-party professionals, managers and consultants to assist in its implementation and management of the Proposed New Businesses, there is no guarantee that these third-party professionals, managers and/or consultants will be able to deliver or perform well or satisfactorily.

The Group's success in carrying out the Proposed New Businesses depends on the Group's ability to attract highly skilled personnel

The Group's success in carrying out the Proposed New Businesses will depend on its ability to attract, train, retain and motivate skilled employees and professionals in the relevant fields of expertise and with the relevant track record for the Proposed New Businesses. If the Group is unable to attract, retain and/or motivate the necessary skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. The Group's ability to attract, train, retain and motivate skilled employees and professionals is dependent on the Group's ability to offer attractive remuneration and incentives, among other benefits. Efforts to attract, train, retain and motivate such personnel may result in significant additional expenses, which could adversely affect the results of operations and/or financial condition of the Group.

The Group may not be successful in applying for and maintaining the requisite registrations and/or licenses

The Proposed New Businesses may be subject to laws, regulations and rules of the relevant government and authorities. Some of these may include the requirement to apply for and obtain certain registrations, licences, permits and approvals, as well as fulfilling all continuing conditions and obligations in connection with such registrations, licences, permits and approvals. There can be no assurance that the Group will be successful in obtaining and renewing the requisite registrations, licences, permits and approvals. Failure to obtain and/or renew registrations, licences, permits and approvals, when necessary, may delay the commencement or continued operation, or prevent revenue growth of the Proposed New Businesses, which may materially and adversely affect the results of operations and/or financial condition of the Group.

The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain suitable insurance coverage against losses for the Proposed New Businesses, any insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as health pandemics or natural disasters like earthquakes or floods. Losses or damage in excess insurance policies in excess of the amount that is covered by insurance would affect the Group's financial position. The Group may also have to commit additional resources to meet the uninsured losses which would also adversely affect the financial performance of the Group.

The Group may be affected by the actions of its employees, business partners and/or the professionals it engages

Whilst the Group intends to put in place internal control policies and risk management guidelines, such precautions may not be fool proof in all cases. It may not always be possible to detect intentional employee fraud or misconduct. Employee fraud, misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation. This may materially and adversely affect the Group's business operations and financial performance. In addition, the laws, rules and regulations applicable to the business partners or professionals engaged by the Group may also impose limitations, restrictions and/or penalties on the Group in the event such

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laws, rules or regulations are breached, or alleged to be breached by the business partners and/or professionals, and the Group's competitiveness and financial performance may consequently be materially and adversely affected.

The success of the Proposed New Businesses is dependent on the Group's reputation. Any adverse publicity could have an adverse effect on the Group's business and financial performance

The success of the Proposed New Businesses will rely on the market's perception of the Group's ability delivering quality products and services under the Proposed New Businesses and the trust and confidence (from customers and counterparties) on the integrity of the Group's officers and employees in conducting the Proposed New Businesses. Negative publicity or adverse reputational events (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of customers. Therefore, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

The Group will be dependent on certain key personnel for the success of the Proposed New Businesses

The Group's success in the Proposed New Businesses will be reliant on the contributions and expertise of the Executive Director, Mark Francis Bedingham and members of the senior management team. The success and growth in the Proposed New Businesses will also depend, to a large extent, on the Group's ability to retain and motivate other key management personnel in these businesses. The loss of service of our Executive Director or any of the other Directors and executive officers without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on our prospects, operations and financial performance.

The Group may face operational risk from errors made in the execution, confirmation or settlement of electronic transactions in connection with the Proposed New Businesses and the Group's dependence on third-party service providers may have an adverse impact on the Group's ability to continue to operate the Proposed New Businesses without interruption which could result in losses to the Group

The Group may face operational risk from errors made in the execution, confirmation or settlement of electronic transactions in connection with the Proposed New Businesses. The Group may also face operational risk from transactions not being properly recorded, evaluated or accounted for in the Group's books and/or accounting system. The Group may rely on third-party service providers for certain aspects of the Group's businesses, including certain information systems, technology and administration of investments and compliance matters. Any interruption or deterioration in the performance of these service providers could impair the quality of the operations of the Proposed New Businesses and could impact the Group's reputation and limit its ability to grow.

Failure to adequately protect and maintain information systems relied on by the Group to conduct its Proposed New Businesses, resulting in these systems failing or becoming unavailable for any significant period of time, could adversely affect the Proposed New Businesses and the results of operations of the Group

The efficient operation of the Proposed New Businesses will be dependent on computer hardware and software systems, internet connectivity and network availability and bandwidth. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists and other failures and downtimes. The Group will rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on its information systems and backup systems to safeguard against downtime. However, these measures and technology may not

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adequately prevent security breaches or system failures. In addition, network downtime and the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt the Proposed New Businesses and could result in decreased financial performance and increased operating costs, thereby adversely affecting the Proposed New Businesses and the results of operations of the Group.

The Group's investments, acquisitions, joint ventures or other arrangements may, under the Proposed New Businesses, expose the Group to increased risks

The Group may, from time to time, undertake investments, acquisitions, joint ventures or other arrangements under the Proposed New Businesses. Such potential investments, acquisitions, joint ventures and other arrangements may expose the Group to additional business and operating risks and uncertainties, including the possible diversion of management's attention from the Group's Current Core Business and the loss of capital deployed in such investments, acquisitions, joint ventures, strategic alliances or other arrangements. Furthermore, the Group may fail to select appropriate investments, acquisition targets or joint venture partners, or may not be able to negotiate optimal arrangements, including arrangements to finance any acquisition. There is also a risk that if any of the partners or alliances are unable to deliver on their obligations or commitments, or if any dispute arises with such parties, additional costs, such as legal costs of enforcement or dispute resolution may be incurred by the Group. In such events, the Group's operations and financial condition may be adversely affected.

The Group may be exposed to compliance enforcement, litigation or other legal proceedings

The Proposed New Businesses may be subject to a complex and evolving legal and regulatory environment that may vary from jurisdiction to jurisdiction in the future. Any compliance enforcement, litigation or other legal proceedings brought against the Group in the future in relation to the Proposed New Businesses could have a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial performance.

The Group may face force majeure and other events beyond the control of the Group

In addition to the general macroeconomic conditions and business environment of various jurisdictions and industry sectors that may affect the Proposed New Businesses, diverse factors such as natural disasters, extreme weather from climate change, epidemics, pandemics, acts of terrorism or international disputes and other *force majeure* may affect the socio-political or economic environment and business continuity within which the Proposed New Businesses operate and may disrupt the operations of the Proposed New Businesses. Consequently, the costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

The outbreak and spread of COVID-19 or other highly infectious diseases may adversely impact the Proposed New Businesses and suppliers and customers of the Proposed New Businesses and disrupt the Group's operations

The spread of COVID-19 or other infectious diseases could have a material adverse effect on the Group's business, financial condition and operations. In the event that any employees in the premises or facilities of the Group, or those of the Group's contractors or suppliers, is affected with COVID-19 or other infectious diseases, (a) the Group or the contractors or suppliers may be required to temporarily shut down premises and facilities to prevent the spread of such diseases; (b) there may be quarantine restrictions imposed on customers who came into close contact with the Group or the contractors or suppliers; and (c) the reputation of the Group may also be affected.

The outbreak and spread of any health pandemic such as COVID-19 would also result in

restrictions on travel and public transport and prolonged closures of workplaces, premises and facilities, causing the slowing down or disruption of supply chains and business activities in general, affecting the Group's results of operations and/or financial performance.

Intellectual Property and Proprietary Rights of the Proposed New Businesses

The Group's existing intellectual property and intellectual property which may be acquired by the Group in the course of undertaking the Proposed New Businesses in future may be challenged, infringed or declared generic or determined to be infringing on other parties' intellectual property. The Group may also not be able to adequately protect its rights to these intellectual property, which the Group requires to build brand recognition by potential partners or customers in the Group's markets of interest. In the long term, if the Group is unable to establish brand recognition based on its intellectual property, the Group may not be able to compete effectively and its business, results of operations and financial condition may be materially and adversely affected.

- (b) Specific risks associated with the Proposed Cryptocurrency Business

There is no certainty that the Group will successfully mine cryptocurrencies from its cryptocurrency mining machines

The performance and reliability of cryptocurrency mining machines is critical to the Group's financial performance and operations. As the Group currently uses the Canaan Avalon BTC Miner model to mine cryptocurrencies, the Proposed Cryptocurrency Business may be affected if there are issues with the hash rates of these machines, or if there are any system errors or failures which may significantly decrease the cryptocurrency mining machines' hash rate or even cause the cryptocurrency mining machines to be unsuccessful in obtaining cryptocurrencies from their mining operations.

Environmental concerns on cryptocurrency mining activities

A number of governments and national or state regulators have introduced or are contemplating legal and regulatory compliance in response to various climate change interest groups and the potential impact of climate change. As electrical power is required to operate cryptocurrency mining machines and rare earth metals are used in the production of cryptocurrency mining hardware such as machines and servers, the cryptocurrency mining industry may become a target for environmental, climate change and energy usage regulation.

Any environmental, climate change and energy usage regulations could result in higher costs associated with compliance and audit for compliance with such regulations and substitution with compliant resources. Such higher costs will negatively impact our ability to compete with companies situated in jurisdictions not subject of such regulations. Given the political significance and uncertainty around the impact of climate change and how it should be addressed, the Group is unable to predict how legislation and regulation will affect the Group's financial position, operating performance and ability to compete.

In addition, even without such regulation, increase awareness and any adverse publicity in the global marketplace about potential impacts on climate change by the Proposed Cryptocurrency Business could harm the Group's reputation. Any of the foregoing may have a material adverse effect on the Group's financial position, results of operations and cash flows.

If the market for cryptocurrency ceases to exist or diminishes significantly, the Proposed Cryptocurrency Business and results of the Group's operations may be materially affected

If the market for cryptocurrencies ceases to exist or diminishes significantly, the Group's efforts and investment in establishing and developing the Proposed Cryptocurrency

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Business may become futile. As there is no wide consensus on the value and adoption of cryptocurrency, any future development may continue to affect the demand and the market for cryptocurrency. In addition, any event or speculation that generates negative publicity of cryptocurrency in general, such as allegations that it is used for money laundering or other illicit activities, could adversely affect the Group's reputation or the value of the Proposed Cryptocurrency Business, which in turn may negatively affect the results of operations and/or financial condition of the Group.

The results of the Proposed Cryptocurrency Business may be negatively impacted by sharp changes in the price of cryptocurrencies

The Group may hold some of the cryptocurrencies received from the Proposed Cryptocurrency Business and accordingly would be subject to the risks and negative impacts that may be caused by fluctuations in the price of such cryptocurrencies. Accordingly, any significant decline in the price of cryptocurrencies will likely have a material and adverse effect on the results and financial performance of the Proposed Cryptocurrency Business. There is no assurance that the price of cryptocurrencies received by the Group will not fall or that the price will not decline significantly in the future. Furthermore, fluctuations in the price of cryptocurrencies may have an immediate impact on the trading price of the Shares listed and quoted on the Mainboard even before the Group's financial performance is affected, if at all.

The Proposed Cryptocurrency Business is subject to risks associated with legal, political or other conditions or developments regarding holding, using or mining of cryptocurrencies, which could negatively affect the Group's business, results of operations and/or financial position

Changes in government policies, taxes, general economic and fiscal conditions, as well as political, diplomatic or social events, would expose the Proposed Cryptocurrency Business to financial and business risks.

There are significant uncertainties regarding future regulations pertaining to the holding, using or mining of cryptocurrencies, which may adversely affect the Group's ability and prospects in conducting the Proposed Cryptocurrency Business and consequently, the Group's results of operations. Governments may seek to regulate, restrict, control or ban the mining, use and holding of cryptocurrencies.

In the event that future regulations are not favourable to the Proposed Cryptocurrency Business, the Group's business prospects, results of operations and financial condition may be materially and adversely affected.

(c) Specific risks associated with the Proposed Robotics Business

Products of the Proposed Robotics Business are complex and could have unknown defects or errors, which may give rise to claims against the Group, diminish the Group's brand or divert the Group's resources from other purposes.

The robots of the Proposed Robotics Business rely on real-world dynamic sensors, user friendly interfaces and tightly-integrated, electromechanical designs to accomplish their missions. Despite testings, new or existing products may contain defects, errors or performance or reliability issues when first introduced, when new versions or enhancements are released, or even after these products have been used by customers for a period of time. These problems may continue to result in expensive and time-consuming design modifications, replacements or warranty claims, delays in the introduction of new or improved products, significant increases in the Group's service and maintenance costs, exposure to liability for damages, mandatory or voluntary recall or product upgrades, damaged customer relationships and harm to the Group's reputation, any of which could materially harm the Group's results of operations and ability to achieve market acceptance.

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The Group's quality control procedures relating to the raw materials and components that it receives from third-party suppliers as well as the quality control procedures relating to the Proposed Robotics Business after the Group's products are designed, manufactured and packaged may not be sufficient. In addition, increased development and warranty costs, including the costs of any mandatory or voluntary recall, could be substantial and could reduce the Group's operating margins. The existence of any defects, errors, or failures in the Proposed Robotics Business' products could also lead to product liability claims or lawsuits against the Group. A successful product liability claim could result in substantial cost, diminish the Group's brand and divert management's attention and resources, which could have a negative impact on the Group's business, financial condition and results of operations.

The Group may depend on a limited number of manufacturers and suppliers, and the Group's reputation and results of operations would be harmed if these manufacturers fail to meet the Group's requirements

The Group may be dependent on a limited number of suppliers for various components used in the Proposed Robotics Business, and the Group may from time to time have sole source suppliers. The cost, quality and availability of these components are essential to the successful production and sale of the Proposed Robotic Business products.

The Group is subject to the risk of, industry-wide shortages, logistics and supply-chain interruptions, price fluctuations and long lead times in the supply of these components and other materials. If the supply of these components were to be delayed or constrained, or if one or more of our main suppliers were to go out of business, alternative sources or suppliers may not be available at short notice, on acceptable terms or at all. In the event that any of the suppliers were to discontinue production of key product components, developing alternate sources of supply for these components would be time consuming, difficult and costly. In the event the Group is unable to obtain components in sufficient quantities on a timely basis and on commercially reasonable terms, the Group's ability to sell its products under the Proposed Robotics Business in order to meet market demand would be affected and could materially and adversely affect the Group's brand, image, business prospects, financial condition and operating results.

Designing new robotic products is complex and requires significant resources, and the Group's ability to remain competitive requires significant continued investment in tools, processes and talent

To be competitive and successful in the Proposed Robotics Business, the Group will need to invest in developing tools and processes to develop competitive products, including significant investment in developing a reusable software architecture across multiple product platforms. The development of a reusable software architecture requires the expenditure of significant resources that may not result in the designed efficiencies. The Group's inability to reduce the cost to develop new products or product variants may substantially impact the Group's ability to offer competitive products.

- (d) Specific risks associated with the Proposed NFT Collaboration Business

The Proposed NFT Collaboration Business and results of operations may be adversely affected if the demand for NFTs ceases to exist or diminishes significantly

As there is no wide consensus with respect to the value and/or valuation of NFTs, any future development may continue to affect the demand and market for NFTs. The value of NFTs is also related to the demand and market for the content and fame of the celebrity, artwork or product being tokenised. Such demand and market is difficult to predict. The demand for NFTs as a product may cease to exist or diminish significantly, or the popularity of the celebrity, artwork or product being tokenised may wane. Conversely, if market demand grows very strongly, the Group's ability to compete with better funded

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competitors may be challenged. In such scenarios, the Proposed NFT Collaboration Business would be adversely affected and accordingly, would have a negative effect on the Group's efforts and investment in establishing and developing the Proposed NFT Collaboration Business.

The Proposed NFT Collaboration Business is dependent on the reputation of individuals and any damage to such individuals' reputation could negatively affect the Proposed NFT Collaboration Business, results of operations and financial position of the Group

The Proposed NFT Collaboration Business involves the sourcing of talents and/or celebrities to develop NFTs and is dependent on the reputation of such individuals for the marketability of the resulting NFTs. Accordingly, damage to the reputation of such individuals could negatively affect the Proposed NFT Collaboration Business, results of operations and financial position of the Group.

The Proposed NFT Collaboration Business and results of operations may be adversely affected if the Group no longer has a licence to operate as an invited publisher on NFT platforms

Only invited publishers are allowed to publish NFTs for auction and sale on NFT platforms. The Proposed NFT Collaboration Business is based on the Group maintaining its status as an invited publisher on at least one NFT platform. Should the Group no longer be an invited publisher on any NFT platforms, the Proposed NFT Collaboration Business would be adversely affected and accordingly, would have a negative effect on the Group's efforts and investment in establishing and developing the Proposed NFT Collaboration Business.

(e) Specific Risk Factors Associated with the Proposed SaaS Business

Defects or disruptions in products and services under the Proposed SaaS Business could diminish demand for such services and subject the Group to substantial liability

As the Group's services under the Proposed SaaS Business may be complex and incorporate a variety of hardware, proprietary software and third-party software, such services may have errors or defects that could result in unanticipated downtime for the Group's customers and adverse effect to the Group's reputation and business. Cloud services frequently contain undetected errors when first introduced or when new versions or enhancements are released.

Since customers would be using the Group's services under the Proposed SaaS Business for important aspects of their business, any errors, defects, disruptions in services or other performance problems could harm the Group's reputation and may damage the business of customers. As a result, customers could elect not to renew the Group's services or delay or withhold payment to the Group. The Group could also lose future sales, or customers may make warranty or other liability claims against the Group, which could result in an increase in the Group's allowance for doubtful debts, an increase in collection cycles for accounts receivables, increase in expenses incurred for collection of debts and/or heightened risk of litigation.

Any interruptions or delays in services from third parties, including data centre hosting facilities, cloud computing platform providers and other hardware and software vendors, could impair the delivery of the services under the Proposed SaaS Business and adversely affect business condition and financial performance of the Group

The services under the Proposed SaaS Business may rely on hardware, software, data and cloud computing platforms from third parties, the Group may not be in control of the operation of any of these platforms and they may be vulnerable to damage or interruption.

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Any damage or interruption to such platforms could result in the interruption in the services under the Proposed SaaS Business, which could cause the Group to pay penalties, cause customers to make liability claims against the Group or to terminate their use of the services under the Proposed SaaS Business and adversely affect the Group's ability to retain existing customers and attract new customers. Consequently, the revenue, financial performance and condition of the Group may thereby be materially and adversely affected.

The Group's ability to deliver the services under the Proposed SaaS Business is dependent on the development and maintenance of the infrastructure of the internet by third parties

Internet access may be affected by of outages and other delays as a result of damage to power supplies, web-hosting, cloud, network and other infrastructure, denial-of-service attacks or related cyber incidents, and the internet infrastructure could face outages and delays in the future, potentially reducing the availability of the internet to the Group or the Group's customers for delivery of the services under the Proposed SaaS Business. Any resulting interruptions to the Group's services or the ability of customers to access the services under the Proposed SaaS Business could result in a loss of potential or existing customers and harm the Group's business.

Failure to keep up with the technology advancements or upgrade its web-hosting, cloud, network and other infrastructure could affect the Group's ability to deliver the products and/or services under the Proposed SaaS Business

The Group operates in very competitive and rapidly changing markets where it may regularly need to innovate and develop its products, systems, services and solutions that address the business challenges and needs of its customers under the Proposed SaaS Business. The market for the products and services under the Proposed SaaS Business are characterised by evolving industry standards, which may require the Group to modify its products and systems. If the Group fails to keep pace with such technological advancements or changes, the Group may be adversely affected in its ability to deliver its products and/or services under the Proposed SaaS Business and may experience lower revenue, price erosions and/or lower margins.

The Proposed SaaS Business may suffer significant and adverse effects due to cybersecurity breaches

The Group relies heavily on information technology in its products, solutions and services for its customers under the Proposed SaaS Business. Despite the implementation of security measures, the Group's information technology systems are vulnerable to unauthorised access by hackers, cyber criminals, malicious insiders, and other actors who may engage in fraud, theft of confidential or proprietary information, or sabotage and any such cybersecurity breaches may have an adverse impact on sales, harm the reputation and/or may cause the Group to incur legal liability and increased costs to address such cybersecurity breaches and related security concerns.

- 2.9 **Internal Controls, Risk Management, and Investment Process Management.** The Board recognises the importance of internal controls and risk management for the smooth running of the Proposed New Businesses. The external and internal risks presented by the Proposed New Businesses to the Group will be managed under the existing system of internal controls and risk management of the Group, which will determine the nature and extent of risks which the Board may take in achieving the strategic objectives of the Group. Where necessary to better manage the Group's external and internal risks resulting from the Proposed Business Diversification, the Group will implement a set of operations and compliance procedures.

The Management, together with the Board and the Advisory Board, will be monitoring closely regulatory developments in the locations where the Proposed New Businesses operations are taking place. The Group Financial Controller, in line with her roles and responsibility within the Company, will also ensure compliance with the applicable regulations and/or guidelines.

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The Company will seek relevant legal advice and advice from other relevant industry professionals and technical experts as and when any new relevant legal regulations are passed, in any location that the Company may develop its future new businesses in.

The Audit Committee must be satisfied with the levels of control and they have the prerogative to appoint internal auditors to seek third party perspective in relation to transactions and operations relating to the Proposed New Businesses.

Where necessary, the Audit Committee and the Board will:

- (a) review with the senior management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the Proposed New Businesses, and
- (b) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

In relation to the Proposed Cryptocurrency Business and for the purposes of illustration, cryptocurrency machine facility providers who enter into agreements with the Company to provide suitable facilities for installation of cryptocurrency machines are required to provide legal documentation as evidence that the required local regulatory approvals for the Company to install its machines in those locations and commence cryptocurrency mining operations have been obtained. These cryptocurrency machine facility providers would be required to advise the Company of any changes to those approvals and are required to provide evidence of renewal at the appropriate time. The Company will also provide such documentation to the Audit Committee for their regular quarterly review and the Audit Committee will also have direct access to the cryptocurrency machine facility providers at any time. In addition, the Company has access to a wide range of third-party information providers that regularly update any changes to worldwide regulatory requirements for cryptocurrency mining.

The Company has not decided on specific business models in relation to the other segments of the Proposed New Businesses as well as for the leasing of cryptocurrency mining machines under the Proposed Cryptocurrency Business as the Company will evaluate the various proposals in its investments or acquisitions into those undertakings to select legitimate and viable undertakings. Baker Tilly Consultancy (Singapore) Pte Ltd is the current internal auditor of the Company and will assist the Board and Audit Committee to ensure that the quality and effectiveness of the Group's internal controls is adequate for the businesses that the Company is intending to enter into. The Company will also consider appointing regulatory specialists in line with the growth of the businesses if such appointments are considered to be necessary by the Audit Committee in its quarterly review.

The Board also recognises that the Proposed New Businesses are different from the Current Core Business. Before undertaking any investment in the Proposed New Businesses, the senior management will, in consultation with the Advisory Board, evaluate the cost-benefit analysis and assess the credentials and track record of investee targets and their management, joint venture partners or co-investors (as the case may be) and, if necessary, seek the advice of external consultants, industry experts and professional advisers.

The Board will also assess and consider whether the Group has sufficient financial resources to invest in projects under the Proposed New Businesses and the gearing ratios and liquidity of the Group as a result of such investment. Further, the Board will regularly assess whether the senior management team, with the counsel of the Advisory Board, has the relevant experience and expertise to manage potential projects and investments proposed to be undertaken under the Proposed New Businesses.

As appropriate to the scale and level of investment, before undertaking any investment activity

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into a new jurisdiction or geographic territory for any new project or investment under the Proposed New Businesses, the Board will conduct market research and analysis and carry out due diligence through industry experts and professional advisers. As and where necessary and if required, the Group will apply for the requisite licences and/or permits required in relation to any project or investment under the Proposed New Businesses.

The Company confirms that as and when future new businesses are entered into, the senior management and Board of Directors will ensure that all necessary and relevant intellectual property due diligence is done to ensure that there is no infringement on other parties' intellectual properties. The Company will appoint specialist intellectual property professional advisers to review any businesses whereby the Company seeks to acquire or invest in and use intellectual property not developed by the Company itself. In addition, when entering into a partnership with other companies or businesses which require joint usage or transfer of intellectual property from the owner to the Company, appropriate due diligence will be undertaken by the relevant professional advisers to ensure that such transfers are valid and enforceable.

At all times the Board will ensure all investments or acquisitions under the Proposed New Businesses will comply with the requirements under the Listing Rules, including prompt and relevant disclosures on SGXNET and the seeking of Shareholders' approvals, where necessary.

As part of the Company's procurement process, insurance coverage is to be assessed by the Management prior to any acquisition for assets valued higher than US\$1 million. The Company monitors the validity of existing insurance policies such that all necessary policies are renewed on time. The Management team also conducts a half-yearly review on the sufficiency of insurance coverage for presentation to and discussion with the Board.

The Board has confirmed that no additional insurance cover is required at this point in time, as, *inter alia*, the number of Bitcoins to be mined in the first few months is expected to be limited. However, in line with the growth of the business, the Board have directed the Management to review in six months' time to assess if additional insurance coverage is required.

The Group Financial Controller and the General Manager will take overall responsibility and oversight for monitoring the adequacy of insurance coverage, regulatory updates and infringement of third-party intellectual properties.

- 2.10 **Accounting Treatment of the Proposed New Businesses.** As the Proposed Cryptocurrency Business will be a new significant operating segment of the Group, transactions relating to cryptocurrency mining are expected to be the main principal activities of the Company and such transactions will be regarded as ordinary course of business of the Company. The gross inflow of economic benefits arising from the sale of the cryptocurrencies mined is accounted for as revenue upon selling of the cryptocurrency inventory to a MAS licensed cryptocurrency exchange under the Payment Services Act 2019, such as the Independent Reserve, in exchange for fiat currency.

The Company will operate as a cryptocurrency self-miner and will own the cryptocurrency mining machines used for self-mining. As with other cryptocurrency assets, the assets mined will be recorded on a blockchain. The cryptocurrency (including Bitcoins) mined will be converted by the Company into fiat currencies and revenue will be recognised at that time.

The cryptocurrencies mined under the Proposed Cryptocurrency Business that remain unsold and held by the Company will be accounted for as inventories in accordance with the requirements of SFRS(I) 1-2 in line with the nature of the cryptocurrencies which are held for sale in the ordinary course of business of the Company. This is in accordance with the prescribed accounting treatment by ISCA Financial Reporting Guidance 2 (FRG 2), "Accounting for Cryptoassets: From a holder's perspective".

While the Company has the intention to diversify into the Proposed SaaS Business, Proposed Robotics Business, the Proposed NFT Collaboration Business and the leasing of cryptocurrency mining machines under the Proposed Cryptocurrency Business in the near future, the specific business model and accounting treatment of such Proposed New Businesses has not yet been decided.

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As such, the Company will keep Shareholders updated as to the specific business model(s) and the progress of any of the Proposed New Businesses as well as intended accounting treatments for the Proposed New Businesses prior to commencement of such business operations.

- 2.11 **Conflicts of Interest.** When the Company identifies a potential opportunity in respect of the Proposed New Businesses, each of the Directors and senior management personnel will be obliged to disclose to the Board where he and/or his Associates have an interest (and the full extent thereof) in the transaction and any such conflicted person shall not (a) vote in respect of matters in relation to such transaction; (b) directly or indirectly, make any executive decisions in respect of such transaction, and (c) directly or indirectly influence or participate in the operations and management of businesses or activities arising from such transaction.
- 2.12 **Disclosure of Financial Results of the Proposed New Businesses.** The Proposed New Businesses will be accounted for as new business segments in the Group's financial statements in line with the Singapore Financial Reporting Standards (International) and accordingly, the Group will disclose the financial results of the Proposed New Businesses with the Group's financial statements. The financial results of the Proposed New Businesses together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Listing Rules. In these periodic announcements, the Group may provide segmented financial results relating to the Proposed New Businesses where appropriate or if required under any applicable accounting standards.
- 2.13 **Prospects and Future Plans for the Proposed New Businesses.**

The Board believe that the outlook and prospects for the Proposed New Businesses will likely be positive in view of the following trends and developments:

Prospects

(a) *Growth of cryptocurrency and digital assets such as NFTs*

Cryptocurrency mining has moved from enthusiasts into the mainstream with more than US\$1 trillion¹ in circulation today. The leading cryptocurrency, Bitcoin, has seen significant increase in the value of the coin linked to a well-known production cycle that reduces the number of Bitcoins mined at regular intervals creating scarcity at the same time that the volume of related transactions rises. Cryptocurrency mining has not been easily accessible and companies which improve accessibility to the general user are expected to reap rich rewards.

NFTs are likely to see an advancement in adoption as cryptocurrency usage and complementary technologies continue to gain traction with more than \$1.5 billion in NFT transactions generated in Q1 2021².

(b) *Growth of the cloud services including SaaS*

SaaS is increasingly being integrated into many aspects of both individual as well as commercial usage, driven by a greater push for digitalization across all business sectors as companies recognize its benefits and seek to leverage on such tools to enhance competitiveness through, *inter alia*, cost and time savings.

The utilization of SaaS solutions has accelerated and many companies deploy SaaS applications to enhance IT service delivery efficiency and encourage scalability of business solutions³. Subscription-based applications and licensing help offices scale

¹ Extracted from an article on bitcoin's market capitalization published on 10 March 2021 at <https://www.businessinsider.com/bitcoin-price-market-cap-reclaims-1-trillion-ether-cryptocurrency-2021-3>

² Extracted from a Visa article on NFTs at <https://usa.visa.com/content/dam/VCOM/regional/na/us/Solutions/documents/visa-nft-whitepaper.pdf>

³ Extracted from an article on growth of SaaS opportunities published on 21 July 2021 at <https://www.flexera.com/blog/it-asset-management/growth-of-saas-opportunities/>

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much quicker and to also manage and analyse the data generated from these applications.

SaaS related businesses have become a major component of the global economy over the last few years but there are still many areas of growth and as consumers switch from interacting with physical products and services into digital or digitalized product and services, the opportunities for SaaS related businesses and platforms are expected to grow.

(c) *General growth of automation and robotics*

The use of robotics is accelerating, as fast-paced technological advances in automation, engineering, energy storage, artificial intelligence and machine learning converge. The number of robots in use worldwide has multiplied three-fold over the past two decades, to 2.25 million. Trends suggest the global stock of robots will multiply even faster in the next 20 years, reaching as many as 20 million by 2030⁴. The global market forecast for industrial robots in the next few years is likely to be steadily increasing and is expected to surpass US\$45 billion in revenue in 2022⁵.

Robotics will continue to advance as areas of adoption expand. The demand for robotics and automation responds to social trends, including the reluctance of people in developed markets to do jobs which they regard as menial. Another driver for the development of robotics is in tandem with regulations or government-driven initiatives which seek to encourage companies to leverage labour-saving devices to boost productivity and efficiency.

Future Plans

The Group will continue to focus its efforts on building its track record in the Proposed New Businesses to provide recurrent revenue streams for the Group as it diversifies its business and reduces its reliance on the Current Core Business. The expansion of its opportunities and investment horizons will make the Group more attractive to funding, and may lead to fresh business opportunities together with the appropriate funds to execute and grasp such opportunities in the region.

The Group may explore new areas of opportunities, including joint ventures, partnerships, acquisitions and /or strategic alliances to carry out the Proposed New Businesses, and expand into overseas markets should appropriate opportunities arise in future. The Group is also not closed to the possibility that it may venture into businesses other than the Proposed New Businesses. As at LPD, save for the Proposed New Businesses, the Company has not finalised any substantive plans to diversify into any other specific businesses. It will make the relevant announcements to keep Shareholders updated when such other businesses are identified.

3. PROPOSED ALLOTMENT AND ISSUANCE OF THE9 CONSIDERATION SHARES

3.1 **Background.** As set out in Section 2.4 above, SMI CS had issued the Purchase Order to NBTC for an initial purchase of 3,000 Canaan Avalon BTC Miner cryptocurrency mining machines at the Purchase Consideration, which may be fully satisfied by the Company by the allotment and issuance of an aggregate of 7,834,757 new Shares to The9 (“**The9 Consideration Shares**”) at the issue price of S\$0.09 for each The9 Consideration Share, credited as fully paid-up, amounting in aggregate to the value of the Purchase Consideration (“**Proposed Allotment and Issuance of The9 Consideration Shares**”).

3.2 **Information on the The9.** The9 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. The9 is a Substantial Shareholder with an existing aggregate

⁴ Extracted from an Oxford Economics report at <https://www.oxfordeconomics.com/recent-releases/how-robots-change-the-world>

⁵ Extracted from Statista at <https://www.statista.com/statistics/760190/worldwide-robotics-market-revenue/>

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direct and deemed interest in 8.6% of the Existing Share Capital, comprising 44,333,333 Shares.

3.3 **Authority.** The allotment and issuance of the The9 Consideration Shares to The9 will constitute:

- (a) an issuance of Shares pursuant to Rule 805(1) of the Listing Rules; and
- (b) an issuance of Shares to a Substantial Shareholder pursuant to Rule 812(1)(a) of the Listing Rules.

Accordingly, the Proposed Allotment and Issuance of The9 Consideration Shares is subject to specific approval of the Shareholders to be sought at the EGM pursuant to **Ordinary Resolution 2**, in accordance with Rules 805(1) and 812(2) of the Listing Rules and section 161 of the Act, and SGX-ST's approval in-principle for the listing and quotation of the The9 Consideration Shares on the Mainboard. In accordance with Rule 812(2) of the Listing Rules, The9 will abstain from voting on or being appointed as proxy and its Associates will abstain from voting on or being appointed as proxies for **Ordinary Resolution 2**, at the EGM.

The Proposed Allotment and Issuance of The9 Consideration Shares will not result in any transfer of controlling interest in the Company as described in Rule 803 of the Listing Rules.

3.4 **SFA.** The Proposed Allotment and Issuance of The9 Consideration Shares will be made 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. The9 is not accepting the Company's offer of the The9 Consideration 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. No prospectus, offer information statement or offer document will be issued by the Company or registered with the Monetary Authority of Singapore for the Proposed Allotment and Issuance of The9 Consideration Shares.

3.5 **Principal Terms of the Proposed Allotment and Issuance of The9 Consideration Shares.**

Proposed Allotment and Issuance of The9 Consideration Shares : The Company shall allot and issue to The9, and The9 shall subscribe for, the The9 Consideration Shares at the issue price of S\$0.09 for each The9 Consideration Share, fractional entitlements to be disregarded, amounting to a total value of S\$705,128.21 as consideration for the purchase of 3,000 cryptocurrency mining machines by the Company from The9.

Purchase Consideration : The Purchase Consideration of S\$705,128.21 was arrived at by agreement between the Company and The9 at arms' length, on a "willing-buyer, willing-seller" basis after taking into consideration the per unit market price of similar second-hand cryptocurrency mining machines as advertised online on resale platforms.

Issue Price : The issue price of S\$0.09 was agreed on between the Company and The9 after taking into account factors such as the general share price in the last 30 market days and net asset value of the Company as well as the extent of potential dilution to the minority Shareholders.

The issue price of S\$0.09 represents a 10.0% discount to the VWAP of S\$0.10 per Share for the last 30 full market days on which the Shares were traded on the Mainboard up to and including the date of the Purchase Order. The 30 full market days look-back period was agreed on pursuant to the commercial negotiations between the Company and The9.

The issue price of S\$0.09 is equivalent to the weighted average price of S\$0.09 (rounded to 2 decimal places) for the full market day being 24 November 2021 prior to the announcement of signing of the Purchase Order released in the evening of the same day.

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- The9 Consideration Shares** : An aggregate of 7,834,757 new Shares (constituting approximately 1.53% of the Company's entire Existing Share Capital and 1.50% of the Company's entire Enlarged Share Capital) to be allotted and issued by the Company and listed and quoted on the Mainboard.
- Status** : The9 Consideration 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 Proposed Allotment and Issuance of The9 Consideration Shares, 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 The9 Consideration Shares.
- No Other Entitlements** : The Proposed Allotment and Issuance of The9 Consideration Shares does not confer on The9, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.
- Agreed Exchange Rate** : For the purposes of computing the number of The9 Consideration Shares to be issued, the Company and The9 have agreed that the exchange rate shall be S\$1.00 to RMB4.68.

- 3.6 **Rationale and Use of Proceeds.** The allotment and issuance of the The9 Consideration Shares by the Company to The9 under the Proposed Allotment and Issuance of The9 Consideration Shares is in lieu of cash payment by SMI CS to NBTC of the Purchase Consideration and accordingly, no cash proceeds will be received by the Company from The9. Subject to and upon completion of the Proposed Allotment and Issuance of The9 Consideration Shares to The9, SMI CS' obligation to pay the Purchase Consideration in cash shall be terminated and settled, and the SMI CS shall be fully discharged from the obligation to pay the Purchase Consideration to NBTC in cash.

The Proposed Allotment and Issuance of The9 Consideration Shares presents an opportunity for the Company to begin new business activities under the Proposed Cryptocurrency Business, which is in line with the Proposed Business Diversification, while enabling the Company to conserve its cash holdings through not paying the Purchase Consideration in cash. The short-term obligation to pay the Purchase Consideration would be settled and the Group's cash can be used for other purposes.

No placement agent was appointed by the Company for the Proposed Allotment and Issuance of The9 Consideration Shares. In view of the specific purpose of discharging and releasing the Company from the obligation to pay the Purchase Consideration to The9, there is no underwriting arrangement for the Proposed Allotment and Issuance of The9 Consideration Shares.

The Board has weighed the benefits against the potential costs to the Company as elaborated above and is of the view that the Proposed Allotment and Issuance of The9 Consideration Shares is beneficial to and in the interests of the Company and enables the Group to improve its working capital position and reduce its indebtedness and gearing while conserving its cash resources. The Proposed Allotment and Issuance of The9 Consideration Shares is also a show of confidence by The9 in the future plans, business viability and anticipated performance of the Group.

4. THE PROPOSED CAPITALISATION OF DIRECTORS' FEES

- 4.1 **Background.** At the AGM of the Company held on 27 October 2020, the Shareholders had approved, *inter alia*, the payment of S\$40,000 each or an aggregate S\$80,000 to two of the Independent Directors at that time, ie. Wong Yen Siang and Wee Sung Leng, as Directors' fees for FY2020 in the proportions as set out below, which amounts remain owing and payable to Wong Yen Siang and Wee Sung Leng to-date ("**Outstanding Directors' Fees**").

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On 13 December 2021, the Company announced that based on the mutual proposal and agreement between the Company, Wong Yen Siang and Wee Sung Leng, the Company is proposing to capitalise the Outstanding Directors' Fees and allot and issue an aggregate 727,272 new Shares to Wong Yen Siang and Wee Sung Leng in the proportions as set out below ("**Conversion Shares**") at the issue price of S\$0.11 per Conversion Share ("**Conversion Price**"), equivalent in value to the Outstanding Directors' Fees, credited as fully paid-up, in full and final discharge and settlement of the Company's obligation to pay each of Wong Yen Siang and Wee Sung Leng his respective share of the Outstanding Directors' Fees in cash ("**Proposed Capitalisation of Directors' Fees**"). Further to the discussions held between the Company, Wong Yen Siang and Wee Sung Leng, the Conversion Price was agreed to be equivalent to a 10.0% premium over the VWAP of S\$0.10 per Share for the full 20 market days on which the Shares were traded on the Mainboard prior to the Company's announcement of the Proposed Capitalisation of Directors' Fees, taking into account factors such as the general share price and net asset value of the Company as well as the extent of potential dilution to the minority Shareholders, and aligning Wee Sung Leng as an Independent Director to the future plans, business viability and anticipated performance of the Group.

The Conversion Price represents a 37.5% premium over the weighted average price of S\$0.08 (rounded to 2 decimal places) per Share for the preceding full market day being 10 December 2021 prior to the announcement of Proposed Capitalisation of Directors' Fees released in the morning of 13 December 2021.

The Conversion Price represents a 86.4% premium over the Company's closing price of S\$0.059 for the full market day on LPD being 23 March 2022.

Name	Outstanding Directors' Fees owed and payable by the Company for FY2020	Number of Conversion Shares Proposed to be Allotted and Issued	% Interest in Entire Enlarged Share Capital
Wong Yen Siang	S\$40,000	363,636	0.07%
Wee Sung Leng	S\$40,000	363,636	0.07%
Total	S\$80,000	727,272	0.14%

Please refer to **Appendix B** of this Circular for the shareholding effects of the Proposed Capitalisation of Directors' Fees.

- 4.2 **Information on Wong Yen Siang and Wee Sung Leng.** As at LPD, Wee Sung Leng is an Independent Director.

Wong Yen Siang was an Independent Director from 15 July 2005 to 31 January 2022. On 24 January 2022, the Company announced that Wong Yen Siang will be resigning from his position as Lead Independent Director due to health reasons with effect from 31 January 2022. As at LPD, Wong Yen Siang is no longer an Independent Director.

Wong Yen Siang and Wee Sung Leng are not immediate family members of each other and are not Associates of each other.

- 4.3 **Authority.** The allotment and issuance of the 363,636 Conversion Shares to Wee Sung Leng pursuant to the Proposed Capitalisation of Directors' Fees will constitute:

- (a) an issuance of Shares to a Director pursuant to Rules 804 and 805(1) of the Listing Rules; and
- (b) an issuance of Shares to a Director pursuant to Rule 812(1)(a) of the Listing Rules.

The allotment and issuance of the 363,636 Conversion Shares to Wong Yen Siang pursuant to the Proposed Capitalisation of Directors' Fees will constitute an issuance of Shares pursuant to

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Rule 805(1) of the Listing Rules.

Accordingly, the allotment and issuance of:

- (a) the 363,636 Conversion Shares to Wee Sung Leng is subject to specific approval of the Shareholders to be sought at the EGM pursuant to **Ordinary Resolution 3** in accordance with Rules 804, 805(1) and 812(2) of the Listing Rules and section 161 of the Act;
- (b) the 363,636 Conversion Shares to Wong Yen Siang is subject to specific approval of the Shareholders to be sought at the EGM pursuant to **Ordinary Resolution 4** in accordance with Rule 805(1) of the Listing Rules and section 161 of the Act, and
- (c) the Conversion Shares to Wee Sung Leng and Wong Yen Siang are subject to approval in-principle of the SGX-ST for the listing and quotation of the Conversion Shares on the Mainboard.

The Proposed Capitalisation of Directors' Fees and allotment and issuance of the Conversion Shares will not result in any transfer of controlling interest in the Company as described in Rule 803 of the Listing Rules.

Notwithstanding that on 13 December 2021, being the date of the Company's announcement of the Proposed Capitalisation of Directors' Fees, both Wong Yen Siang and Wee Sung Leng were interested persons under Rule 904 of the Listing Rules, the Proposed Capitalisation of Directors' Fees is not an interested person transaction requiring Shareholders' approval under Rule 906(1) of the Listing Rules as:

- (a) pursuant to Rule 906(2) of the Listing Rules, the Outstanding Directors' Fees to be paid by the Company to each of Wong Yen Siang and Wee Sung Leng is S\$40,000 being less than S\$100,000;
- (b) Wong Yen Siang and Wee Sung Leng are not Associates of each other and accordingly, the allotment and issuance of their respective Conversion Shares under the Proposed Capitalisation of Directors' Fees is not aggregated under Rule 908 of the Listing Rules, and
- (c) the allotment and issuance of the respective Conversion Shares to each of Wong Yen Siang and Wee Sung Leng is in lieu of payment in cash by the Company to each of them for their respective share of the Outstanding Directors' Fees which is already owed to them by the Company and already exempted from Rule 906 pursuant to Rule 915(8) of the Listing Rules.

In accordance with Rules 812(2) and 919 of the Listing Rules, Wee Sung Leng will abstain from voting on or being appointed as proxies and his Associates will abstain from voting on or being appointed as proxies, for **Ordinary Resolution 3** on the allotment and issuance of his respective Conversion Shares.

In accordance with Rules 919 of the Listing Rules, Wong Yen Siang will abstain from voting on or being appointed as proxies and his Associates will abstain from voting on or being appointed as proxies, for **Ordinary Resolution 4** on the allotment and issuance of his respective Conversion Shares.

- 4.4 **SFA.** The Proposed Capitalisation of Directors' Fees and the allotment and issuance of the Conversion Shares to Wong Yen Siang and Wee Sung Leng, will be made 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. Wong Yen Siang and Wee Sung Leng are not accepting the Company's offer of the Conversion 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. No prospectus, offer information statement or offer document will be issued by the Company or registered with the Monetary Authority of Singapore for the Proposed Capitalisation of Directors' Fees.

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- 4.5 **Status.** The Conversion 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 Proposed Capitalisation of Directors' Fees, 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 Conversion Shares.
- 4.6 **No Other Entitlements.** The Proposed Capitalisation of Directors' Fees does not confer on Wong Yen Siang and Wee Sung Leng, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.
- 4.7 **Undertakings.** Each of Wong Yen Siang and Wee Sung Leng has undertaken to the Company, *inter alia*, that:
- (a) the allotment and issuance of the Conversion Shares to him is subject to specific approval of the Shareholders at the EGM and approval of the SGX-ST for the listing and quotation of the Conversion Shares on the Mainboard and pending the aforesaid approvals and completion of the allotment and issuance of the Conversion Shares to him, he will not take any action to enforce his right to payment of the Outstanding Director's Fees from the Company;
 - (b) he acknowledges that the Conversion Shares to be allotted and issued to him 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;
 - (c) he is an accredited investor as defined in the SFA and is subscribing for his respective Conversion Shares as principal for his own benefit and will not be holding his respective Conversion Shares on trust or for the benefit of other parties;
 - (d) he 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 his respective Conversion 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;
 - (e) save as disclosed in this Circular and, where applicable, his position as an Independent Director, he has no other relationships, businesses or dealings with the Company, have not entered into transactions of any kind with the Company as a counterparty or beneficiary, and are not a person acting in concert, within the meaning of the Singapore Code on Take-overs and Mergers, with any other Shareholder;
 - (f) he is not an immediate family member of or an Associate of any other Director;
 - (g) he has recused and will recuse himself from all of the Directors' deliberations and decision-making processes relating to any matter concerning the Proposed Capitalisation of Directors' Fees, and he and his Associates will abstain from voting on or being appointed as proxies for the respective ordinary resolution in relation to the Proposed Capitalisation of Directors' Fees in connection herewith, at the EGM;
 - (h) no steps have been taken, nor have any proceedings, applications, petitions or summonses been started or threatened with a view to his insolvency or bankruptcy, or for the appointment of a receiver, trustee, manager, assignee or similar officer over him and/or his businesses, undertakings, properties or assets or any of them, and
 - (i) he has no other legal or beneficial interests in Shares.

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- 4.8 **Rationale and Use of Proceeds.** The allotment and issuance of the Conversion Shares by the Company to Wong Yen Siang and Wee Sung Leng under the Proposed Capitalisation of Directors' Fees is in lieu of cash payment by the Company to them for the Outstanding Directors' Fees and accordingly, no cash proceeds will be received by the Company from Wong Yen Siang and Wee Sung Leng. Subject to and upon completion of the allotment and issuance of the Conversion Shares to the Wong Yen Siang and Wee Sung Leng under the Proposed Capitalisation of Directors' Fees, the Company's obligation to pay the Outstanding Directors' Fees to them in cash shall be irrevocably and unconditionally terminated and settled, and the Company shall be fully, absolutely, finally and forever exonerated, released and discharged from the obligation to pay the Outstanding Directors' Fees in cash to Wong Yen Siang and Wee Sung Leng, and they shall have no further or other claims of any nature whatsoever against the Company, arising out of or in relation to the Outstanding Directors' Fees.

The Proposed Capitalisation of Directors' Fees will enable the Group to augment its capital base by converting the Outstanding Directors' Fees into equity of the Company, strengthen the Group's balance sheet and improve its debt-equity position. The short-term obligation to pay the Outstanding Directors' Fees would be settled and the Group's cash can be used for other purposes.

No placement agent was appointed by the Company for the Proposed Capitalisation of Directors' Fees. In view of the specific purpose of discharging and releasing the Company from the obligation to pay the Outstanding Directors' Fees to Wong Yen Siang and Wee Sung Leng, there is no underwriting arrangement for the Proposed Capitalisation of Directors' Fees.

The Board (with Wee Sung Leng abstaining) has weighed the benefits against the potential costs to the Company as elaborated above and is of the view that the Proposed Capitalisation of Directors' Fees is beneficial to and in the interests of the Company and enables the Group to improve its working capital position and reduce its indebtedness and gearing while conserving its cash resources.

The Board (with Wee Sung Leng abstaining) has considered and is satisfied that the Proposed Capitalisation of Directors' Fees will not affect the independence of Wee Sung Leng in consideration that (i) he will have an individual aggregate direct and indirect interest of no more than 5% of the Enlarged Share Capital of the Company, (ii) the Proposed Capitalisation of Directors' Fees relates to the settlement of existing debt obligations owed by the Company to him, and (iii) the Proposed Capitalisation of Directors' Fees does not subject him to further obligations or result in a change in his scope of work or responsibility as an Independent Director.

5. FURTHER INFORMATION ON THE PROPOSED ALLOTMENT AND ISSUANCE OF THE9 CONSIDERATION SHARES AND THE PROPOSED CAPITALISATION OF DIRECTORS' FEES

- 5.1 **Opinion of the Board.** The Board is of the opinion that after taking into consideration the present financial position of the Group, including its banking facilities, and its bank and cash balances, and noting from the Company's latest annual report for FY2021 that it has obtained an undertaking from its Controlling Shareholder, Mark Francis Bedingham, not to recall his remaining Shareholder's loans and to provide financial support for at least another 12 months from 31 March 2021, the working capital available to the Group is sufficient to meet its present requirements.

The latest financial position of the Company as at 31 December 2021, including its net asset position and net profit figures are set out in an extract of the Company's results announcement for the period ended 31 December 2021 in **Appendix A**.

- 5.2 **Additional Listing Application.** On 22 March 2022, the Company announced that SGX-ST has granted approval in-principle for the listing and quotation of the The9 Consideration Shares and the Conversion Shares ("AIP") subject to (i) Shareholders' approval at the EGM for **Ordinary Resolution 2, Ordinary Resolution 3** and **Ordinary Resolution 4**, and (ii) the the Conversion Shares being placed out within seven (7) market days from the date of the EGM.

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The AIP is not to be taken as an indication of the merits of the Proposed Allotment and Issuance of The9 Consideration Shares, the Proposed Capitalisation of Directors' Fees, the The9 Consideration Shares, the Conversion Shares, the Company and/or its subsidiaries.

- 5.3 **Outstanding Share Options under SMIV ESOS.** The Company has awarded options which may be exercised to take up unissued Shares pursuant to the SMIV ESOS. As at LPD, 1,363,900 options under the SMIV ESOS still remain outstanding and unexercised.
- 5.4 **Outstanding Share Awards under the SMIV PSP.** As at LPD, there are no unvested Share awards under the SMIV PSP.

6. FINANCIAL EFFECTS OF THE PROPOSED ALLOTMENT AND ISSUANCE OF THE9 CONSIDERATION SHARES AND PROPOSED CAPITALISATION OF DIRECTORS' FEES

As at LPD, the issued and paid-up share capital of the Group is S\$96,648,628 comprising 513,535,187 Shares. For illustration purposes only, the *pro forma* effects on the share capital and the financial effects of the Proposed Allotment and Issuance of The9 Consideration Shares and the Proposed Capitalisation of Directors' Fees 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 LPD;
- (b) the financial effects on the NTA and gearing are computed based on the latest announced audited consolidated financial results of the Group for FY2021 and the assumption that the Proposed Allotment and Issuance of The9 Consideration Shares and the Proposed Capitalisation of Directors' Fees had been effected on 31 March 2021; and
- (c) the financial effects on the LPS are computed based on the latest announced audited consolidated financial results of the Group for FY2021 and the assumption that the Proposed Allotment and Issuance of The9 Consideration Shares and the Proposed Capitalisation of Directors' Fees had been effected on 1 April 2020 and the basic weighted average number of shares is computed as at LPD, and
- (d) an exchange rate of US\$1.00 : S\$1.36 and S\$1.00 : RMB4.68.

Share Capital

	As at LPD	After the Proposed Allotment and Issuance of The9 Consideration Shares	After the Proposed Capitalisation of Directors' Fees
No. of Shares	513,535,187	521,369,944	522,097,216
Paid-up capital (S\$)	96,648,628.43 ⁽¹⁾	97,353,756.64	97,433,756.64

NTA

	As at LPD	After the Proposed Allotment and Issuance of The9 Consideration Shares	After the Proposed Capitalisation of Directors' Fees
NTA (US\$'000)	15,932 ⁽²⁾	16,450	16,509
No. of Shares	513,535,187	521,369,944	522,097,216
NTA per Share	3.10	3.16	3.16

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	As at LPD	After the Proposed Allotment and Issuance of The9 Consideration Shares	After the Proposed Capitalisation of Directors' Fees
(US cents)			
NTA per Share (Singapore cents)	4.22	4.30	4.30

LPS

	As at LPD	After the Proposed Allotment and Issuance of The9 Consideration Shares	After the Proposed Capitalisation of Directors' Fees
Loss attributable to owners of the Company (US\$'000)	(5,375)	(5,375)	(5,375)
Basic weighted average number of Shares	419,829,207	427,663,964	428,391,236
LPS (US cents)	(1.28)	(1.26)	(1.25)
LPS (Singapore cents)	(1.74)	(1.71)	(1.70)

Gearing

	As at LPD	After the Proposed Allotment and Issuance of The9 Consideration Shares	After the Proposed Capitalisation of Directors' Fees
Total borrowings (US\$'000)	7,865 ⁽⁵⁾	7,865	7,865
Total equity attributable to owners of the Company (US\$'000)	15,932 ⁽²⁾	16,450	16,509
Debt-to-equity ratio ⁽³⁾ (times)	0.49	0.48	0.48
Total assets (US\$'000)	36,332 ⁽⁶⁾	36,850	36,850
Debt ratio ⁽⁴⁾ (times)	0.22	0.21	0.21

Notes:

- (1) Excluding expenses for the allotment and issuance of shares incurred in the financial years ended 31 March 2017, 31 March 2018 and 31 March 2021.

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- (2) As adjusted for (i.) the capitalisation of loans from Mark Francis Bedingham amounting to an aggregate of US\$5,050,582.39 on 12 October 2021, and (ii.) the subscription proceeds of US\$1,187,218 from the June 2021 Subscriptions completed on 1 September 2021.
- (3) Debt-to-equity ratio is computed using total borrowings divided by total equity attributable to owners of the Company.
- (4) Debt ratio is computed using total borrowings divided by total assets.
- (5) As adjusted for (i.) the capitalisation of loans from Mark Francis Bedingham amounting to an aggregate of US\$5,050,582.39 on 12 October 2021, and (ii.) additional loans extended by Mark Francis Bedingham to the Company in April and May 2021 amounting to an aggregate of US\$200,000.
- (6) As adjusted for (i) the subscription proceeds of US\$1,187,218 from the June 2021 Subscriptions completed on 1 September 2021, and (ii.) additional loans extended by Mark Francis Bedingham to the Company in April and May 2021 amounting to an aggregate of US\$200,000.

7. DIRECTORS' RECOMMENDATIONS

- 7.1 **The Proposed Business Diversification (Ordinary Resolution 1).** Having considered, *inter alia*, the rationale and the benefits of the Proposed Business Diversification, the Directors are of the opinion that the Proposed Business Diversification is in the best interests of the Company and accordingly, recommend that Shareholders vote in favour of the Proposed Business Diversification.
- 7.2 **The Proposed Allotment and Issuance of The9 Consideration Shares (Ordinary Resolution 2).** Having considered, *inter alia*, the rationale and the benefits of the Proposed Allotment and Issuance of The9 Consideration Shares, the Directors are of the opinion that the Proposed Allotment and Issuance of The9 Consideration Shares is in the best interests of the Company and accordingly, recommend that the Shareholders vote in favour of the Proposed Allotment and Issuance of The9 Consideration Shares.
- 7.3 **The Proposed Capitalisation of Directors' Fees (Ordinary Resolution 3 and Ordinary Resolution 4).** Having considered, *inter alia*, the rationale and the benefits of the Proposed Capitalisation of Directors' Fees, the Directors (with Wee Sung Leng abstaining) are of the opinion that the Proposed Capitalisation of Directors' Fees is in the best interests of the Company and accordingly, recommend that the Shareholders vote in favour of the Proposed Capitalisation of Directors' Fees.

8. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 8.1 Ho Kwok Wai and Mark Francis Bedingham have confirmed to the Company, in reviewing this Circular and making the recommendations set out in Section 7 above, that save as disclosed in this Circular, none of them have, to the best of their knowledge, any connection (including business dealings and relationships) with (a) The9 in respect of the Proposed Allotment and Issuance of The9 Consideration Shares, and (b) Wee Sung Leng in respect of the Proposed Capitalisation of Directors' Fees.
- 8.2 The interests held (including deemed and direct) by the Directors and Substantial Shareholders in the Shares as at LPD are set out as follows:

Number of Shares	Direct Interest	Deemed Interest	Total Interest	% of Voting Rights ⁽¹⁾
Directors				
Ho Kwok Wai ⁽²⁾	–	164,749,871	164,749,871	32.1%
Mark Francis Bedingham ⁽³⁾	–	175,918,383	175,918,383	34.3%
Sam Chong Keen	–	–	–	–
Fong Sing Chak Jack ⁽⁴⁾	–	1,000,000	1,000,000	0.2%

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Number of Shares	Direct Interest	Deemed Interest	Total Interest	% of Voting Rights ⁽¹⁾
Wee Sung Leng	–	–	–	–
Substantial Shareholders (other than Directors)				
Jet Palace Holdings Limited ⁽⁵⁾	–	33,400,000	33,400,000	6.5%
Taipan Grand Investments Limited ⁽⁶⁾	–	77,933,000	77,933,000	15.2%
The9 Limited ⁽⁷⁾	–	44,333,333	44,333,333	8.6%
The9 Singapore Pte. Ltd. ⁽⁷⁾	44,333,333	–	44,333,333	8.6%

Notes:

- (1) Percentage is calculated based on 513,535,187 Shares as at LPD.
- (2) 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).
- (3) Mr Mark Francis Bedingham is deemed to be interested in 38,508,321 Shares held by Bank Julius Baer.
- (4) Mr Fong Sing Chak Jack's 1,000,000 Shares are registered in the name of a nominee account.
- (5) Jet Palace Holdings Limited's 33,400,000 Shares are registered in the name of a nominee account.
- (6) Taipan Grand Investments Limited's 77,933,000 Shares are registered in the name of a nominee account.
- (7) The9 Limited is deemed to be interested in the Shares held by The9 Singapore Pte. Ltd. by virtue of its 100% shareholding in The9 Singapore Pte. Ltd.

9. ABSTENTIONS FROM VOTING

- 9.1 **Ordinary Resolution 2.** As The9 is an existing Substantial Shareholder, in accordance with Rule 812(2) of the Listing Rules, The9 will abstain from voting on or being appointed as proxy and its Associates will abstain from voting on or being appointed as proxies, for Ordinary Resolution 2 on the Proposed Allotment and Issuance of The9 Consideration Shares, at the EGM.
- 9.2 **Ordinary Resolution 3.** As Wee Sung Leng is an Independent Director and an interested person, in accordance with Rules 812(2) and 919 of the Listing Rules respectively, he will abstain from voting on or being appointed as proxies and his Associates will abstain from voting on or being appointed as proxies for Ordinary Resolution 3 on the allotment and issuance of his Conversion Shares. As at LPD, none of the Shareholders are Associates of Wee Sung Leng.
- 9.3 **Ordinary Resolution 4.** As Wong Yen Siang is an interested person, in accordance with Rule 919 of the Listing Rules, he will abstain from voting on or being appointed as proxies and his Associates will abstain from voting on or being appointed as proxies for Ordinary Resolution 4 on the allotment and issuance of his Conversion Shares. As at LPD, none of the Shareholders are Associates of Wong Yen Siang.

10. EXTRAORDINARY GENERAL MEETING

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) watching the EGM proceedings via live webcast or listening to the EGM proceedings via live audio feed, (b) submitting questions in advance of the EGM, and/or (c) voting by proxy at the EGM.

Accordingly, the EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held

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by way of electronic means (via LIVE WEBCAST i.e. to contemporaneously observe the proceedings of the meeting by audio and video means and AUDIO ONLY MEANS i.e. contemporaneous observation of the meeting proceedings by audio only means such as by telephone), on 19 April 2022 at 2.00 pm for the purpose of considering and, if thought fit, passing, with or without modifications, the resolutions for the approval of each Proposed Transaction.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and any prevailing guidelines issued by the government authorities. Accordingly, the Company may be required to take further measures as appropriate, at short notice, up to the date of the EGM, in relation to the convening of the EGM. Conversely, the Company needs to prepare for the EGM logistics based on circumstances prevailing as at the latest practicable time before the issue of the notice of EGM and Shareholders will not be able to attend a physical meeting in person even if the situation improves by the date of the EGM. The Company would like to thank Shareholders for their patience, understanding and co-operation, in this regard. Shareholders should check the Company's announcements on SGXNET for any latest updates in relation to the EGM.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 restriction orders in Singapore, Shareholders will NOT be allowed to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM through a "live" webcast or "live" audio feed as set out below:

- (a) **Watching the EGM proceedings via Webcast or listing to the EGM proceedings via live audio feed.** Shareholders must pre-register at the pre-registration website at the URL: <https://conveneagm.sg/SINMIEGM2022> from now till 17 April 2022 at 2.00 pm to enable the Company to verify their status as Shareholders.

Following the verification, authenticated Shareholders will receive an email by 12.00 pm on 18 April 2022. The email will contain login credentials and instructions to access the live audio-visual webcast or audio-only of the EGM proceedings. Shareholders who do not receive an email should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com.

- (b) **Virtual Information Session.** The Company will be organising a virtual information session at 10.00 am on 5 April 2022 where real-time electronic communication facilities will be available to enable questions to be raised, and responded to, at the virtual information session ("**Virtual Information Session**").

In order to attend the Virtual Information Session, members must pre-register by 10.00 am on 3 April 2022 at <https://conveneagm.sg/SINMIEGM2022>. Following authentication of their status as members, authenticated members will receive email instructions on how to access the Virtual Information Session by 12.00 pm on 4 April 2022. Members who do not receive an email should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com.

The Company will endeavour to publish the minutes of the Virtual Information Session by 7 April 2022.

- (c) **Submitting questions in advance of the EGM.** Shareholders will not be able to ask questions during the live audio-visual webcast of the EGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the EGM.

Shareholders can submit questions related to the resolutions to be tabled for approval at the EGM to the Chairman of the EGM, in advance, via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com and should include the Shareholder's identification

LETTER TO SHAREHOLDERS

details to allow the Company to verify Shareholder's status. All questions must be submitted by 2.00 pm on 8 April 2022 and the Company will not be able to address questions received after the cut-off time and date. The Company will address substantial and relevant questions to be tabled for approval at the EGM as received from Shareholders by 2.00 pm on 14 April 2022 via SGXNet and the Company's website.

The Company will, within one (1) month after the EGM, publish the minutes of the EGM on the SGXNet and on the Company's corporate website.

- (d) **Voting by Proxy.** Shareholders (other than CDP) holding Shares who wish to vote, should complete, sign and return the Shareholder proxy form attached to the notice of EGM in accordance with the instructions printed therein as soon as possible and, must appoint the Chairman of the EGM as their proxy by completing and submitting the proxy form to the Company in the following manner:
- (i) If submitted by post, be deposited at registered office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
 - (ii) If submitted electronically, be submitted via email to the Company's Share Registrar, Tricor Barbinder Share Registration Services at sg.is.proxy@sg.tricorglobal.com;

in either case not later than forty-eight (48) hours before the time fixed for holding the EGM, which is by 2.00 pm on 17 April 2022.

- (e) **Indicative Timetable.** Please refer to the table below for the timeline of relevant events leading up to the EGM:

Notice of EGM	28 March 2022
Deadline for registration for Virtual Information Session	3 April 2022
Virtual Information Session	5 April 2022
Date to publish Minutes of the Virtual Information Session	7 April 2022
Deadline for Submission of Questions	8 April 2022
Deadline to Answer Questions	14 April 2022
Deadline for lodgement of Proxy Forms	17 April 2022
EGM	19 April 2022
Deadline to publish Minutes of EGM	19 May 2022

In appointing the Chairman of the EGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy Form, failing which the appointment will be treated as invalid. If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

In view of the current COVID-19 measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

The Company shall be entitled to reject the instrument appointing the Chairman of the EGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the EGM as proxy (such as in the case the appointor submits more than one instrument of proxy).

LETTER TO SHAREHOLDERS

A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the EGM by appointing the Chairman of the EGM as his/her proxy to do so on his/her behalf. In view of section 81SJ(4) of the SFA, Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the EGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the EGM will not be entitled to attend and vote at the EGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the EGM, the Chairman of the EGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the EGM.

12. RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions and the Group, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

13. CONSENTS

The Company's legal adviser, Altum Law Corporation, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references thereto, in the form and context in which it appears in this Circular.

Ong Toon Wah, Clemen Chiang and Shao Jianliang have each given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their names and all references thereto, in the form and context in which they appear in this Circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 300 Beach Road, #31-03, The Concourse, Singapore 199555, during normal business hours, for three (3) months from the date of this Circular:

- (a) the CSA, MOU and NFT MOU;
- (b) the Purchase Order;
- (c) the Constitution of the Company;
- (d) the annual report of the Company for the financial year ended 31 March 2021, and
- (e) the letters of consent referred to in Section 13 of this Circular.

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

LETTER TO SHAREHOLDERS

guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

By Order of the Board

Mark Francis Bedingham
President and CEO
SMI Vantage Limited

SMI Vantage Limited and its Subsidiaries
(Previously known as Singapore Myanmar Investco Limited)

Condensed Interim Financial Statements
For the Third Quarter and Nine Months Ended 31 December 2021

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SMI Vantage Limited
(Previously known as Singapore Myanmar Investco Limited)
(Company Registration No. 200505764Z)
Condensed Interim Financial Statements
For The Nine Months Ended 31 December 2021

A. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(In US\$'000)	Note	Group		Group	
		3 months ended		9 months ended	
		31 Dec 2021	31 Dec 2020**	31 Dec 2021	31 Dec 2020**
Description					
Revenue	2	(138)	(223)	66	307
Cost of sales		118	(28)	(29)	(369)
Gross (loss)/profit		(20)	(251)	37	(62)
Other items of income					
Other income		32	58	82	64
Other gains		-	224	900	206
Other items of expenses	2				
Selling & distribution expenses		(114)	(192)	(282)	(690)
General and administrative expenses**		(1,107)	(969)	(2,916)	(2,914)
Finance costs		(72)	(202)	(420)	(629)
Other expenses		(310)	(330)	-	(600)
Share of results of Associates, net of tax		*	*	-	*
Share of results of Jointly-controlled Entities, net of tax		(19)	*	(43)	63
Loss before tax from continuing operations	4	(1,610)	(1,662)	(2,642)	(4,562)
Income tax benefit/(expenses)	5	-	-	-	3
Loss from continuing operations, net of tax		(1,610)	(1,662)	(2,642)	(4,559)
Loss from discontinued operations, net of tax**		(2)	(138)	(67)	(184)
Total comprehensive loss for the period		(1,612)	(1,800)	(2,709)	(4,743)
Loss attributable to:					
- Owners of the Company		(1,612)	(1,914)	(2,709)	(4,850)
- Non-controlling interests		-	114	*	107
Loss for the period		(1,612)	(1,800)	(2,709)	(4,743)
Total comprehensive income/(loss) attributable to:					
- Owners of the Company		(1,612)	(1,914)	(2,709)	(4,850)
- Non-controlling interests		-	114	*	107
Total comprehensive loss for the period		(1,612)	(1,800)	(2,709)	(4,743)
Loss per share from continuing and discontinued operations attributable to equity holders of the Company					
Basic loss per share (US\$ in cents)		(0.38)	(0.61)	(0.65)	(1.54)
Diluted loss per share (US\$ in cents)		(0.28)	(0.62)	(0.48)	(1.57)

* Less than US\$1,000

** Comparative information has been re-presented for:

(a) discontinued operations identified in Q3 FY2021 and FY2022

(b) Included under general and administrative expenses are depreciation charges of plant and equipment and retail fit out. In prior financial years, the depreciation charges were classified under costs of sales to match against the revenue (usage fees) generated from these plant and equipment and retail fit out. As there were no revenue generated from these plant and equipment and fit out during the financial period under review, accordingly, the depreciation charges are re-presented and categorised as general and administrative expenses in line with the non-trade nature of the depreciation charges.

SMI Vantage Limited
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B. CONDENSED STATEMENTS OF FINANCIAL POSITION

(In US\$'000)		Group		Company	
		31 Dec 2021	31 Mar 2021	31 Dec 2021	31 Mar 2021
Description	Note				
ASSETS					
Non-current assets					
Property, Plant and Equipment	9	5,854	7,587	385	478
Intangible Assets	8	80	142	-	-
Right-of-Use Assets		482	901	97	154
Investments in Subsidiaries		-	-	-	-
Investments in Jointly-controlled Entities		756	799	900	900
Trade and Other Receivables, Non-Current	10	16,757	16,608	15,263	15,263
Other Assets, Non-Current		57	57	23	23
Total Non-Current Assets		23,986	26,094	16,668	16,818
Current Assets					
Inventories		49	74	-	-
Trade and Other Receivables	10	7,541	8,113	10,207	7,388
Other Assets, Current		554	466	688	1,160
Cash and Cash Equivalents	3	2,149	198	493	85
Total Current Assets		10,293	8,851	11,388	8,633
Total Assets		34,279	34,945	28,056	25,451
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Company					
Share Capital	13	66,895	60,067	66,895	60,067
Accumulated Losses		(53,605)	(50,896)	(46,718)	(45,518)
Employee Share Option Reserves		99	523	99	523
Total Equity Attributable to Equity Holders of the Company		13,389	9,694	20,276	15,072
Total Equity		13,389	9,694	20,276	15,072
Non-Current Liabilities					
Lease Liability, Non-Current	11	1,913	667	89	89
Other Financial Liabilities, Non-Current	11	5,090	4,476	5,090	390
Total Non-Current Liabilities		7,003	5,143	5,179	479
Current Liabilities					
Trade and Other Payables, Current	12	7,909	8,637	2,579	3,116
Lease Liability, Current	11	187	1,872	21	82
Income and Other Tax Payable, Current	5	777	775	1	2
Other Financial Liabilities, Current	11	5,014	8,824	-	6,700
Total Current Liabilities		13,887	20,108	2,061	9,900
Total Liabilities		20,890	25,251	7,780	10,379
Total Equity and Liabilities		34,279	34,945	28,056	25,451

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C. CONDENSED STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital	Accumulated losses	Employee share option reserves	Attributable to parent	Non-controlling interests	Total equity
(In US\$'000)	A	B	C	D = A + B + C	E	F = D + E
FY2022						
Balance at 01 Apr 2021	60,067	(50,896)	523	9,694	-	9,694
Movement in Equity:						
Issue of share capital	6,828	-	-	6,828	-	6,828
Total comprehensive loss for the year	-	(2,709)	-	(2,709)	-	(2,709)
Grant of equity-settled performance share plan	-	-	(424)	(424)	-	(424)
Balance at 31 Dec 2021	66,895	(53,605)	99	13,389	-	13,389
FY2021						
Balance at 01 Apr 2020	59,862	(45,521)	515	14,856	(103)	14,753
Adjustment to beginning balance	-	(12)	-	(12)	-	(12)
Movement in Equity:						
Issue of share capital	205	-	-	205	-	205
Total comprehensive loss for the year	-	(4,850)	-	(4,850)	73	(4,777)
Grant of equity-settled performance share plan	-	-	(205)	(205)	-	(205)
Issue of shares under share placement	-	-	160	160	-	160
Disposal of subsidiary without a change in control	-	-	-	-	30	30
Balance at 31 Dec 2020	60,067	(50,383)	470	10,154	-	10,154

Company	Share capital	Retained profits/(loss)	Employee share option reserves	Total equity
(In US\$'000)	A	B	C	D = A + B + C
FY2022				
Balance at 01 Apr 2021	60,067	(45,518)	523	15,072
Movement in Equity:				
Issue of share capital	6,828	-	-	6,828
Total comprehensive loss for the year	-	(1,200)	-	(1,200)
Grant of equity-settled performance share plan	-	-	(424)	(424)
Balance at 31 Dec 2021	66,895	(46,718)	99	20,276
FY2021				
Balance at 01 Apr 2020	59,862	(43,507)	515	16,870
Movement in Equity:				
Issue of share capital	205	-	-	205
Total comprehensive loss for the year	-	(2,105)	-	(2,105)
Grant of equity-settled performance share plan	-	-	(205)	(205)
Issue of shares under share placement	-	-	160	160
Balance at 31 Dec 2020	60,067	(45,612)	470	14,925

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D. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(In US\$'000)	Note	Group	
		9 months ended 31 Dec 2021	9 months ended 31 Dec 2020**
Description			
Cash flows from operating activities			
Loss before tax from continuing operations		(2,642)	(4,561)
Loss before tax from discontinued operations		(67)	(184)
Loss before tax		(2,709)	(4,745)
Adjustments for:			
Depreciation of plant and equipment		1,653	1,701
Amortisation of intangible assets		62	123
Depreciation of right-of-use assets		120	292
Allowance for impairment on trade and other receivables		-	148
Finance expenses		416	665
Loss/(Gain) on disposal of property, plant and equipment		50	(14)
Impairment losses on plant and equipment		52	43
Plant and equipment written off		173	183
Inventories written off		14	-
Share of results of Jointly-controlled Entities - net of tax		43	(63)
Share based payments		6,404	160
Foreign exchange adjustment - unrealised (gains)/losses		(848)	270
Operating cash flows before changes in working capital		5,430	(1,237)
Changes in working capital			
Inventories		11	408
Trade and other receivables	10	423	1,025
Other non-financial assets		(87)	251
Trade and other payables	12	(759)	(727)
Net cash flows generated from/(used in) operations		5,018	(280)
Income tax refunded		-	3
Net cash generated from/(used in) operating activities		5,018	(277)
Cash flows from investing activities			
Purchase of plant and equipment		(3)	(149)
Acquisition of subsidiary, net of cash acquired		-	(368)
Proceeds from disposal of plant and equipment		51	288
Proceeds from disposal of subsidiaries, net of cash		-	50
Interest received		*	7
Net cash generated from/(used in) investing activities		48	(172)
Cash flows from financing activities			
Repayment of other financial liabilities		(722)	-
Conversion of bank overdraft to bank loan		-	4,090
Repayment of borrowings		(188)	*
Repayment of lease liabilities		(32)	(44)
(Repayment of)/Proceeds from loans from shareholders		(2,000)	390
Interest paid		(378)	(401)
Net cash (used in)/generated from financing activities		(3,320)	4,035
Net increase in cash and cash equivalents		1,746	3,586
Cash and cash equivalents at beginning of the period		(386)	(3,449)
Effects of exchange rate changes on cash balances held in foreign currencies		789	(67)
Cash and cash equivalents at end of the period	3	2,149	70

* Less than US\$1,000

**Comparative information has been re-presented due to the discontinued operations identified in Q3 FY2022

E. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

SMI Vantage Limited (previously known as Singapore Myanmar Investco Limited) (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX”). The financial statements are presented in United States Dollars (“US\$”), and they cover the Company and its subsidiaries (collectively, the “Group”). The registered office is: 300 Beach Road #31-03, The Concourse, Singapore 199555.

The Board of Directors approved and authorised these condensed interim financial statements for issue on the date of this announcement.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the SGX Mainboard Listing Rules.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements, except for the adoption of new and amended standards which have no material effect on the condensed financial statements of the Group.

2.1 Critical judgements, assumptions, and estimation uncertainties

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.2 Financial information by operating segments

The business activities of the group are organised into the following segments:

- (a) Travel and Fashion Retail
- (b) Food & Beverage
- (c) Construction Services

The accounting policies of the reportable segments are the same as the Group’s accounting policies applied to the consolidated financial statements as at and for the year ended 31 March 2021. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

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2.2.1 Reportable segments

(In US\$'000)	Travel and Fashion Retail	Food & Beverage	Construction Services	Unallocated	Consolidated
Description					
01 Apr 2021 to 31 Dec 2021					
Segment revenue					
- Sales to external customers	119	188	-	-	307
Less: Consideration payable on refunds to customers	(241)	-	-	-	(241)
	(122)	188	-	-	66
Segment result					
- Earnings/(Loss) Before Interest, Tax, Depreciation and Amortisation ("EBITA")	710	(21)	(32)	(1,070)	(413)
Miscellaneous income	-	-	-	46	46
Finance (costs)/income	(368)	-	4	(56)	(420)
Depreciation, amortisation and impairment	(1,478)	(177)	-	(157)	(1,812)
	(1,136)	(198)	(28)	(1,237)	(2,599)
Share of results of Jointly-controlled Entities, net of tax	-	-	-	(43)	(43)
Loss from continuing operations, net of tax	(1,136)	(198)	(28)	(1,280)	(2,642)
Loss from discontinued operations	-	-	-	(67)	(67)
Loss for the period	(1,136)	(198)	(28)	(1,347)	(2,709)
Total assets	27,617	3,138	920	2,604	34,279
Total liabilities	(9,995)	(2,064)	(51)	(8,780)	(20,890)

(In US\$'000)	Travel and Fashion Retail	Food & Beverage	Construction Services	Unallocated	Consolidated
Description					
01 Apr 2020 to 31 Dec 2020					
Segment revenue					
- Sales to external customers	100	207	-	-	307
Segment result					
- Earnings/(Loss) Before Interest, Tax, Depreciation and Amortisation ("EBITA")	(650)	(263)	(127)	(912)	(1,952)
Finance costs	(434)	(45)	(3)	(147)	(629)
Miscellaneous income	58	5	3	-	66
Depreciation, amortisation and impairment	(1,520)	(442)	-	(148)	(2,110)
	(2,546)	(745)	(127)	(1,207)	(4,625)
Share of results of Jointly-controlled Entities, net of tax	-	-	-	63	63
Tax benefit	-	-	-	3	3
Loss from continuing operations, net of tax	(2,546)	(745)	(127)	(1,207)	(4,559)
Loss from discontinued operations	-	-	-	(184)	(184)
Loss for the period	(2,546)	(745)	(127)	(1,207)	(4,743)
Total assets	28,664	3,680	1,023	3,055	36,422
Total liabilities	12,150	2,301	126	11,691	26,268

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2.2.2 Disaggregation of revenue

(In US\$'000) Description	Travel and Fashion Retail	Food & Beverage	Consolidated
01 Apr 2021 to 31 Dec 2021			
Recognition of revenue at point of sale of goods	119	188	307
Less: Consideration payable on refunds to customers	(241)	-	(241)
	(122)	188	66
<u>Geographical information</u>			
Myanmar	(122)	188	66
Total revenue	(122)	188	66

(In US\$'000) Description	Travel and Fashion Retail	Food & Beverage	Consolidated
01 Apr 2020 to 31 Dec 2020			
Recognition of revenue at point of sale of goods	100	207	307
<u>Geographical information</u>			
Myanmar	100	207	307
Total revenue	100	207	307

3. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as of 31 December 2021 and 31 March 2021

(In US\$'000) Description	Group		Company	
	31 Dec 2021	31 Mar 2021	31 Dec 2021	31 Mar 2021
Financial Assets				
<u>At amortised cost</u>				
Cash and bank balances	2,149	198	493	85
Trade and other receivables	24,298	24,721	25,470	22,651
	26,447	24,919	25,963	22,736
Financial Liabilities				
<u>At amortised cost</u>				
Borrowings	10,104	12,885	5,090	7,090
Lease liabilities	2,100	2,539	110	171
Trade and other payables	7,909	8,637	2,579	3,116
	20,113	24,061	7,779	10,377

4. Profit before taxation

4.1 Significant items

(In US\$'000) Description	Group	
	9 months ended	
	31 Dec 2021	31 Dec 2020
Other expenses		
Interest on borrowings	416	665
Depreciation and amortisation of plant and equipment and intangible assets	1,715	1,824
Write-off of plant and equipment and intangible assets	173	183
Foreign exchange (gain)/loss, net	(868)	270
Loss/(gain) on disposal and write-off of plant and equipment and intangible assets	50	(14)

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4.2 Related party transactions

There are no material related party transactions in this reporting period.

5. Taxation

(In US\$'000)	Group	
	9 months ended	
	31 Dec 2021	31 Dec 2020
Description		
Current income tax expense/(credit)	-	(3)

6. Dividends

There is no dividend being declared or paid for the current and the corresponding financial period of the immediately preceding financial year since the Company is in loss-making position.

7. Net Asset Value

Description	Group		Company	
	31 Dec 2021	31 Mar 2021	31 Dec 2021	31 Mar 2021
No of ordinary shares	513,535,187	316,996,792	513,535,187	316,996,792
Net asset value per ordinary share (US\$ in cents)	0.03	0.03	0.04	0.04

8. Intangible assets

(In US\$'000)	Group		
	Franchise fees	License fees	Total
At 31 Mar 2021			
Cost	725	270	995
Accumulated amortisation and impairment	(597)	(256)	(853)
Net book amount	128	14	142
9 months At 31 Dec 2021			
Cost	128	14	142
Accumulated amortisation and impairment	(48)	(14)	(62)
Closing net book amount	80	-	80
Cost	544	270	814
Accumulated amortisation and impairment	(464)	(270)	(734)
Net book amount	80	-	80

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9. Plant and equipment

During the nine months ended 31 December 2021, the Group acquired asset of US\$2.5k (31 December 2020: US\$149k) and disposed off US\$101k assets (31 December 2020: US\$302k).

10. Trade and other receivables

The Group's trade and other receivable as of 31 December 2021 and 31 March 2021 are set out as below:

(In US\$'000) Description	31 Dec 2021	31 Mar 2021
<u>Trade receivables</u>		
Third parties	27,251	27,267
Associates	2,695	2,659
Less: Allowance for impairment	(5,985)	(5,985)
Net trade receivables	23,961	23,941
<u>Non-trade & other receivables</u>		
Deferred consideration from disposal of subsidiaries	365	433
Others	27	-
Joint ventures	337	359
Associates	-	126
GST/commercial tax receivable	9	263
Less: Allowance for impairment	(401)	(401)
Total	24,298	24,721

11. Other financial liabilities

The Group's other financial liabilities as of 31 December 2021 and 31 March 2021 are set out as below:

(In US\$'000) Description	31 Dec 2021	31 Mar 2021
<u>Amount repayable within one year or on demand</u>		
Secured loans	5,015	2,124
Unsecured loans	-	6,700
Unsecured lease liabilities	186	1,872
Total	5,201	10,696
<u>Amount repayable after one year</u>		
Secured loans	-	4,086
Unsecured loans	5,090	390
Unsecured lease liabilities	1,913	667
Total	7,003	5,143

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12. Trade and other payables

The Group's trade and other payables as of 31 December 2021 and 31 March 2021 are set out as below:

(In US\$'000) Description	31 Dec 2021	31 Mar 2021
Trade payables	5,986	6,669
Accrued liabilities	1,556	1,449
Joint ventures	68	53
Associates	261	131
Deposits from customers	5	18
Deferred income	-	53
Others	33	264
Total	7,909	8,637

13. Share capital

	Group and Company			
	31 Dec 2021		31 Mar 2021	
	Number of shares	Amount US\$'000	Number of shares	Amount US\$'000
Beginning of interim period	316,996,792	60,067	302,996,792	59,862
Issue of ordinary shares by: -				
Exercise of share options	4,500,000 ^(a)	424	14,000,000	205
Share placements	57,878,333 ^(b)	1,306	-	-
Conversion of Shareholders' Loan	134,160,062 ^(c)	5,098	-	-
End of interim period	513,535,187	66,895	316,996,792	60,067

- (a) 4,500,000 shares under Performance Share Plan (PSP) announced by the Company on 13 June 2019 was issued and allotted on 8 April 2021.
- (b) The Company entered into subscription agreements with various parties in June 2021 and has completed the allotment and issuance of the new shares on 1 September 2021. Announcements for subscription, share allotment and issuance has been released via SGXNet in June and September 2021 correspondingly.
- (c) The Company announced Loan Capitalisation on 1 March 2021 for a conversion of shareholders' loan and interest amount of US\$5,050,582.39 into shares and was completed on 12 October 2021.

The Company has also announced on 6 July 2021 the grant of Employee Share Option of 461,400 shares with exercise price of S\$0.130 per share via SGXNet.

The Company did not hold any treasury shares as of 31 December 2021 and 31 March 2021 and the Company's subsidiaries do not hold any shares in the Company as of 31 December 2021 and 31 March 2021.

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the nine-month period then ended and the accompanying explanatory notes have not been audited or reviewed by the auditors.

2. Review of the Group's financial performance

The Group's primary business segment, Travel Retail was not able to generate any meaningful revenue as the Yangon International Airport ("YIA") remain closed for the nine months of the financial period. This closure was mandated by government regulations.

The Domestic retail stores were also heavily impacted by the frequent closure and/or limited operating hours and food & beverage ("F&B") operations were similarly impacted and additionally, by the prohibition of dine-in during most of this period.

Overall, the Group's revenue declined to US\$66k for the nine months of FY2022.

Other items of income are mostly related to royalty, franchise income as well as consultancy fees charged to jointly-controlled entities.

Selling & distribution costs decreased by 59.3%, or US\$409k mainly due to cost reductions made related to reduced staffing levels and reduced operating hours in F&B due to COVID-19 restrictions. There were virtually no logistic costs related to retail shipments.

General and administrative expenses remain consistent as tight cost control measures have been in place since beginning of COVID-19. All costs have been subject to severe scrutiny and wherever possible elimination.

Professional & consultancy fee which is included under general and administrative expenses, increased by approximately US\$270k mainly due to service fees in relation to the June Subscription in 3Q FY2022.

Depreciation charges in relation to fixed assets at YIA amounting to US\$1.5 million which represents the majority of the administrative expenses for both periods. No fixed assets usage fees were charged to the local business partner, Royal Golden Sky (RGS) for the use of the stores and restaurants at the airport as the airport was closed during these periods.

Finance costs represents interest cost on shareholders' loans and bank borrowings and notional interest costs imputed on lease liabilities recognised on the leases contracted under its F&B franchise business and the Singapore office. The decrease of 33.2%, or US\$209k in finance costs was due mainly to decrease in interest accrued of US\$90k for shareholders' loan as US\$ 5m of shareholders' loan were converted to shares in October 2021. Interest for hire purchase under the Auto Services segment and lease liability interest from F&B franchise business reduced by US\$34k. Interest expenses for bank borrowings decreased by US\$69k due to favourable exchange rates of US\$ against Myanmar Kyat for the bank loans denominated in Myanmar Kyat.

Exchange difference on translating foreign operations, net of tax mainly attributable to a net exchange gain from the revaluation of the Myanmar Kyat denominated loans due to the weakening of the Myanmar Kyat against US\$.

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Discontinued operations - As previously announced, the Group ceased its operations under the Tower, Car Rental and Mobile segments in FY2021. During the year, the Group further discontinued its Serviced Office business segment in July 2021. The results of the discontinued operations are as follows:

(In US\$'000) Description	9 months ended	
	31 Dec 2021	31 Dec 2020 ^(b)
Revenue	22	266
Cost of Sales	(15)	(260)
Gross Profit	7	6
Other Items of Income		
Other Income	5	8
Other Gains	-	343 ^(a)
Other Items of Expenses		
Selling & Distribution Costs	(4)	(47)
Administrative Expenses	(25)	(85)
Finance Costs	5	(58)
Other Charges	(55)	(378)
Loss Before Income Tax from Discontinued Operations	(67)	(211)
Income Tax Benefit	-	27
Loss from Discontinued Operations, Net of Tax	(67)	(184)

(a) Other gain for 9 months ended 31 December 2020 includes loan forgiveness by non-controlling parties recognised upon the exit of the Tower and Serviced Office business segments.

(b) Comparative figures for the discontinued operations identified in 3QFY2022 has been re-presented for 3QFY2021

3. Review of the Group's financial position

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

(In US\$'000) Description	The Group	
	As at 31 Dec 2021	As at 31 Dec 2020
Cash and bank balances	2,149	590
Bank overdraft	-	(520)
	2,149	70

As at the end of the reporting period, the Group's cash and cash equivalents improved by US\$2.1 million from US\$70k as of 31 December 2020 to US\$2.1 million as of 31 December 2021 due mainly to US\$1.3 million proceeds from issue of share capital in a share placement exercise as announced by the Company in September 2021 and US\$2.5 million shareholders loan obtained in December 2021, offset by outflows for the payments of operating expenses.

Trade and other payables increased by US\$0.8 million as the Group has been actively negotiating for longer payment terms with suppliers in FY2022.

Trade and other receivables decreased by US\$0.4 million attributable to collections from Joint Ventures, Associates and VAT tax refund. Minimal movement in trade receivables is in line with the understanding on repayment schedules with the Group's business partner at YIA and similar agreements with partners in the domestic market in Myanmar. The YIA has been closed since end-March 2020 and the partners are not in a position to make any payments in the current period. However, their business operations remain active and have given their commitment to resume payments upon reopening of YIA and recovery of a more sustainable level of business activities.

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4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The COVID 19 pandemic will continue to negatively impact the Group's business for the rest of the financial year. The Yangon International Airport has been closed since March 2020. The reopening of the airport is not known at this point in time but is expected to be either Q4 FY2022 or Q1 FY2023 following the opening up of international travel in Asia, as well as Europe and the USA, which has taken place over the last few months.

As travel retail sales represents approximately 70% of the group's revenue, the Company has taken a prudent view as to when the reopening may occur and has put in place strong cost reduction measures including reduced salaries, unpaid leave provisions, and has embarked on extensive rent reduction and rent mitigation with its landlords.

The Company has completed a share placement of US\$1.3 million in September 2021 and a share conversion of US\$5 million shareholder's loan from Mark Francis Bedingham was completed in October 2021. A further shareholder's loan of US\$2.5 million was extended by Mark Francis Bedingham in December 2021. All events taken together have improved the liquidity and strengthened the balance sheet of the Group and Company.

The Group has announced on 24 November 2021 the acquisition of 3,000 crypto mining machines together with an option to buy a further 2,000 crypto mining machines from The9 Limited, a NASDAQ listed company. The first 1,500 machines are expected to be installed in March 2022. This will follow on from the first 50 machines having been installed in February 2022 initiating the Group's crypto currency mining business.

6. Dividend

- a. Current Financial Period Reported on
Any dividend recommended for the current financial period reported on?
No
- b. Corresponding Period of the Immediate Preceding Financial Year
Any dividend recommended for the corresponding period of the immediately preceding financial year?
No
- c. Date Payable
Not applicable
- d. Books Closure Date
Not applicable

7. Interested person transactions

The Group has obtained US\$2.5 million shareholder's loan from Mark Francis Bedingham on 16 December 2021. Interest is accrued on indebtedness at the rate of 2.34% per annum which represents less than 3% of the last audited consolidated net tangible assets of the Company of approximately US\$9,694,000 as of 31 March 2021. The loans provided have been used for working capital as well as bank loan interest payments.

The total loan and interest accrued to the Group's shareholders are set as below:

(In US\$'000)	Loan amount	Interest accrued	Total
Ho Kwok Wai	1,940	152	2,092
Mark Francis Bedingham	3,150	38	3,188
Total	5,090	190	5,280

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The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

8. Use of proceeds

Pursuant to the June Subscription in FY2022, the Company received gross proceeds from the placement of approximately US\$1.3 million. The utilisation of the gross proceeds from the placement as of 31 December 2021 is set out as below:

	Amount utilised US\$'000
Placement proceeds	1,305
Investment in crypto mining (including machines)	(200)
Payment for professional services in relation to the share placement and share conversion	(270)
Payment for operating expenses	(250)
Balance	585

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine-month period ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ho Kwok Wai
Chairman

Mark Francis Bedingham
Executive Director

BY ORDER OF THE BOARD

Mark Francis Bedingham
Executive Director
14 February 2022

APPENDIX B: SHAREHOLDING EFFECTS

Shareholders ⁽¹⁾	As at LPD			After the Proposed Allotment and Issuance of The9 Consideration Shares			After the Proposed Capitalisation of Directors' Fees		
	Direct Interest	Deemed Interest	% Voting Rights ⁽²⁾	Direct Interest	Deemed Interest	% Voting Rights ⁽³⁾	Direct Interest	Deemed Interest	% Voting Rights ⁽³⁾
Directors									
Ho Kwok Wai ⁽⁴⁾	–	164,749,871	32.1	–	164,749,871	31.6	–	164,749,871	31.6
Mark Francis Bedingham ⁽⁵⁾	–	175,918,383	34.3	–	175,918,383	33.7	–	175,918,383	33.7
Sam Chong Keen	–	–	–	–	–	–	–	–	–
Fong Sing Chak Jack ⁽⁶⁾	–	1,000,000	0.2	–	1,000,000	0.2	–	1,000,000	0.2
Wee Sung Leng	–	–	–	–	–	–	363,636	–	0.1
Substantial Shareholders (other than Directors)									
Jet Palace Holdings Limited ⁽⁴⁾	–	33,400,000	6.5	–	33,400,000	6.4	–	33,400,000	6.4
Taipan Grand Investments Limited ⁽⁴⁾	–	77,933,000	15.2	–	77,933,000	14.9	–	77,933,000	14.9
The9 Limited ⁽⁷⁾	–	44,333,333	8.6	–	52,168,090	10.0	–	52,168,090	10.0
The9 Singapore Pte. Ltd. ⁽⁷⁾	44,333,333	–	8.6	52,168,090	–	10.0	52,168,090	–	10.0
Public Shareholders									
Wong Yen Siang	–	–	–	–	–	–	363,636	–	0.1
Other public shareholders	127,533,600	–	24.8	127,533,600	–	24.5	127,533,600	–	24.4
Total	513,535,187	–	100.0	521,369,944	–	100.0	522,097,216	–	100.0

Notes:

- (1) For purposes of illustration, the aforesaid shareholding structure assumes that all the outstanding 1,392,000 share options under the SMI ESOS, as at the date of this application, are not exercised due to the exercise price being out of the money.
- (2) As at LPD, the free float of Shares in the hands of the public is 24.8%.
- (3) Following the Proposed Allotment and Issuance of The9 Consideration Shares and the Proposed Capitalisation of Directors' Fees, the free float of Shares in the hands of the public will decrease to 24.4% (above the minimum 10% prescribed under Rule 723 of the Listing Rules).
- (4) Jet Palace Holdings Limited's 33,400,000 Shares and Taipan Grand Investments Limited's 77,933,000 Shares are registered in the name of nominee accounts. 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).
- (5) Mr Mark Francis Bedingham is deemed to be interested in 38,508,321 Shares held by Bank Julius Baer.
- (6) Mr Fong Sing Chak Jack's 1,000,000 Shares are registered in the name of a nominee account.
- (7) The9 Limited is deemed to be interested in the Shares held by The9 Singapore Pte. Ltd. by virtue of its 100% shareholding in The9 Singapore Pte. Ltd.

Clemen Chiang. Dr Clemen Chiang is the chief executive officer of Spiking since 2016. Spiking is a fintech company that provides real-time information on trades made by sophisticated investors to help retail investors make better investment decisions with greater confidence based on market knowledge they never had. It secured investments from Quest Ventures, a leading venture fund for technology companies that have scalability and replicability in large internet communities. It was supported by the National Research Foundation of the Prime Minister's Office, Singapore, under the Interactive & Digital Media Strategic Research Program.

He is also a founder of the Bitcoin Institute, a platform for discussion, advice and support for supporters of the importance of cryptocurrency. Bitcoin Institute also serves as a think tank, providing the latest insights and news on Bitcoin, with members around the world interested in the cryptocurrency for both business and academic purposes.

He is also a leading expert and advisor to ICObench (Mars Blockchain), and has provided analytical, legal and technical insights to investors and financial experts seeking investments in initial coin offerings.

He is a Chartered Fellow of the Chartered Management Institute in the United Kingdom, and a Chartered Marketer and a Fellow of the Chartered Institute of Marketing in the United Kingdom. He obtained a Bachelor of Engineering (Civil) from the Nanyang Technological University in 2000, a Master of Business Administration from the University of Louisville, United States in 2002 and a Doctor of Philosophy from the University of Canberra, Australia in 2017.

Ong Toon Wah is the chief executive officer and founder of IAHGames, a leading publisher of online games based out of Singapore, as well as the chairman of the Asia Blockchain Game Alliance, a community which integrates blockchain technology such as NFTs and cryptocurrency with the gaming metaverse.

He was the co-chairman and chief executive officer of C9i, founder and publisher of World of Warcraft in China between 2001 and 2008, and he was the founding member, president and chief technology officer of Singapore's first internet game company Horizon.com, between 1996 and 2001.

Ong Toon Wah obtained a Bachelor of Science in Communication, Print Media and Computer Systems from the Taylor University, a Master of Science in Information Systems and Communications Sciences from the Ball State University. He was also a professor at Hainan Normal University, and an AT&T Research Fellow (Men & Women in Telecomm Award), and co-authored ATM Switching over Fiber Optics Networks.

Shao Jianliang is the founder of Bitrise Capital and co-founder of the Nova Club's Alliance of Investment Institutions, an angel investor. He has focused on investment and research in the fintech, digital currency and blockchain industries for many years and manages a digital asset management portfolio.

He was previously the blockchain business head for former NASDAQ listed enterprise Canaan Creative, responsible for the strategic development of blockchain business, industry ecological expansion and to blockchain-related product development. He has served as vice president and secretary of the board of directors of Rongdu Technology. He has also worked for Bank of China, where he has accumulated extensive industry experience in the company's technology finance and investment businesses.

He was invited by Sina.com in 2018 to become one of the first resident experts for "Blockchain 50 People" Blockchain 50 people are forums and columns initiated by Sina Technology that invite entrepreneurs, experts, scholars, and other professionals in blockchain-related fields to participate in industry discussions. It brings together experts in both blockchain and economics to discuss the development and applications of the blockchain technology. He was appointed as an expert consultant for Shenzhen Information Services Blockchain Association in 2020. He was named as one of the Cointelegraph's 'Chinese Top100 Blockchain Influencer' in the same year.

Shao Jianliang has an MBA from Zhejiang University and is pursuing an Executive MBA from National University of Singapore.

NOTICE OF EGM

SMI VANTAGE LIMITED

(Company Registration Number: 200505764Z)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of SMI VANTAGE LIMITED (“**Company**”) and together with its subsidiaries, the “**Group**”) will be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on 19 April 2022, at 2.00 pm for the purpose of considering and, if thought fit, passing with or without amendments, the resolutions as set out below (“**Notice**”).

All capitalised used in this notice which are not defined herein shall have the meanings ascribed to them in the accompanying Circular to Shareholders of the Company dated 28 March 2022.

ORDINARY RESOLUTION 1: THE PROPOSED BUSINESS DIVERSIFICATION

RESOLVED THAT:

- (a) approval be and is hereby given for the Company to diversify its business activities from that of Current Core Business to include the Proposed New Businesses; and
- (b) the Directors be authorised to do all such acts and things (including without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to this resolution and that authority be and is hereby given for the common seal of the Company to be affixed in accordance with the Company’s Constitution to any document as may be necessary or required.

ORDINARY RESOLUTION 2: THE PROPOSED ALLOTMENT AND ISSUANCE OF THE9 CONSIDERATION SHARES

RESOLVED THAT:

- (a) approval be given for the purposes of Rules 805(1) and 812(2) of the Listing Rules and section 161 of the Act, for the allotment and issuance of 7,834,757 new Shares by the Company to the The9 pursuant to the Proposed Allotment and Issuance of The9 Consideration Shares; and
- (b) the Directors be authorised to do all such acts and things (including without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to this resolution and that authority be and is hereby given for the common seal of the Company to be affixed in accordance with the Company’s Constitution to any document as may be necessary or required.

ORDINARY RESOLUTION 3: THE PROPOSED ALLOTMENT AND ISSUANCE OF 363,636 CONVERSION SHARES TO WEE SUNG LENG

RESOLVED THAT:

- (a) approval be given for the purposes of Rules 804, 805(1) and 812(2) of the Listing Rules and section 161 of the Act, for the proposed allotment and issuance of 363,636 Conversion Shares to Wee Sung Leng pursuant to the Proposed Capitalisation of Directors’ Fees; and
- (b) the Directors (save for Wee Sung Leng) be authorised to do all such acts and things (including without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to this resolution and that authority be and is hereby given for the common seal of the Company to be affixed in accordance with the Company’s Constitution to any document as

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may be necessary or required.

**ORDINARY RESOLUTION 4: THE PROPOSED ALLOTMENT AND ISSUANCE OF 363,636
CONVERSION SHARES TO WONG YEN SIANG**

RESOLVED THAT:

- (a) approval be given for the purposes of Rule 805(1) of the Listing Rules and section 161 of the Act, for the proposed allotment and issuance of 363,636 Conversion Shares to Wong Yen Siang pursuant to the Proposed Capitalisation of Directors' Fees; and
- (b) the Directors be authorised to do all such acts and things (including without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to this resolution and that authority be and is hereby given for the common seal of the Company to be affixed in accordance with the Company's Constitution to any document as may be necessary or required.

By Order of the Board

Mark Francis Bedingham
President and CEO
SMI Vantage Limited
28 March 2022

NOTICE OF EGM

Notes:

1. The Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the Meeting in person. Members will be able to watch the proceedings of the Meeting through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 2.00 pm on 17 April 2022, at <https://conveneagm.sg/SINMIEGM2022>. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Meeting by 12.00 pm on 18 April 2022. Members who do not receive an email should contact the Company’s Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com.

Persons holding shares through relevant intermediaries who wish to participate in the Meeting via webcast should contact their relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the Meeting.

3. The Company will be organising a virtual information session at 10.00 am on 5 April 2022 where real-time electronic communication facilities will be available to enable questions to be raised, and responded to, at the virtual information session (“**Virtual Information Session**”).

In order to attend the Virtual Information Session, members must pre-register by 10.00 am on 3 April 2022 at <https://conveneagm.sg/SINMIEGM2022>. Following authentication of their status as members, authenticated members will receive email instructions on how to access the Virtual Information Session by 12.00 pm on 4 April 2022. Members who do not receive an email should contact the Company’s Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com.

The Company will endeavour to publish the Minutes of the Virtual Information Session by 7 April 2022.

4. Members who pre-register to watch the “live” webcast or listen to the “live” audio feed may also submit questions relating to the resolutions to be tabled for approval at the Meeting. Please note that members will not be able to ask questions at the Meeting “live” during the webcast and the audio feed.

All questions must be submitted by 2.00 pm on 8 April 2022 via the pre-registration website at the URL: <http://conveneagm.sg/SINMIEGM2022>.

The Company will address substantial and relevant questions to the resolutions to be tabled for approval at the Meeting as received from Shareholders by 2.00 pm on 14 April 2022 via SGXNet and the Company’s Website. The Company will, within one month after the date of the Meeting, publish the minutes of the Meeting on SGXNet and the Company’s website.

5. A member will not be able to attend the Meeting in person. Members (whether individuals or corporates) who wish to exercise their voting rights at the Meeting must appoint the chairman of the Meeting (“**Chairman of the Meeting**”) as their proxy to attend, speak and vote on their behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. The Chairman of the Meeting, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the Meeting as proxy must:

NOTICE OF EGM

- (a) if sent personally or by post, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; and
- (b) if submitted by email, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com,

in either case no later than 2.00 pm on 17 April 2022, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

- 7. The Circular has been made available on SGXNET and may be accessed at <http://sinmi.listedcompany.com/newsroom.html>.
- 8. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the EGM as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
- 9. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
- 10. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).
- 11. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

SMI VANTAGE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200505764Z)

**PROXY FORM
Extraordinary General Meeting**

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URLs <https://www.sgx.com/securities/company-announcements> and <http://sinmi.listedcompany.com/newsroom.html>. A printed copy of this form of proxy will NOT be dispatched to members.

IMPORTANT

1. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the Meeting in person. Members will be able to watch the proceedings of the Meeting through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 2.00 pm on 17 April 2022, at <https://conveneagm.sg/SINMIEGM2022>. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Meeting by 12.00 pm on 18 April 2022. Members who do not receive an should contact the Company's Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com.
2. An investor who holds shares under the Supplementary Retirement Scheme may inform their respective SRS Operators to appoint the Chairman of the Meeting to act as their proxy at least 7 working days before the Meeting.
3. By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (and his appointed proxy(ies)) consents to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for such purposes and/or otherwise with the personal data privacy terms set out in the Notice of EGM dated 28 March 2022.

I/We* _____ (Name) _____ (NRIC/Passport No.*)
of _____ (Address)

being a Shareholder/Shareholders* of **SMI VANTAGE LIMITED ("Company")**, hereby appoint the Chairman of the extraordinary general meeting of the Company ("**Meeting**"), as my/our* proxy to vote for me/us* on my/our* behalf at the Meeting to be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on 19 April 2022 at 2.00 pm and at any adjournment thereof. I/We* direct the Chairman of the Meeting to vote for or against, or abstain from voting on the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as my/our* proxy will be treated as invalid.

The Ordinary Resolution put to the vote at the Meeting shall be decided by way of poll.

No.	ORDINARY RESOLUTION	For	Against	Abstain
1.	To approve the Proposed Business Diversification			
2.	To approve the Proposed Allotment and Issuance of The9 Consideration Shares			
3.	To approve the allotment and issuance of 363,636 Conversion Shares to Wee Sung Leng			
4.	To approve the allotment and issuance of 363,636 Conversion Shares to Wong Yen Siang			

Notes: If you wish to exercise all your votes "For", "Against" or "Abstain", please tick within the box provided. Alternatively, please indicate the number of shares the Chairman of the Meeting, as your proxy, is directed to vote "For", "Against" or "Abstain".

Dated _____ 2022

Signature(s) of Shareholder(s)/Common Seal

**Delete where inapplicable*

PROXY FORM

NOTES: IMPORTANT

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the Meeting in person. Members will be able to watch the proceedings of the Meeting through a “live” webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, members who wish to watch the “live” webcast or listen to the “live” audio feed must pre-register by 2.00 pm on 17 April 2022, at <https://conveneagm.sg/SINMIEGM2022>. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the EGM by 12.00 pm on 18 April 2022. Members who do not receive an email should contact the Company’s Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must:
 - (a) if sent personally or by post, be received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) if submitted by email, be received by the Company’s Share Registrar, Tricor Barbinder Share Registration Services by email at sg.is.proxy@sg.tricorglobal.com,

In either case no later than 2.00 pm on 17 April 2022, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).
8. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Similarly, a member of the Company who holds his/her shares through a Relevant Intermediary (including SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her SRS Operators) to submit his/her voting instructions at least seven (7) working days prior to the date of the Meeting.

“**Relevant Intermediary**” means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

PROXY FORM

- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Extraordinary General Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Extraordinary General Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.