

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

**SUBSCRIPTION FOR 18,698,062 NEW SHARES OF THE COMPANY
FOR AN AGGREGATE CONSIDERATION OF S\$675,000**

1. INTRODUCTION

The Board of Directors (“**Board**”) of SMI Vantage Limited (“**Company**”) and together with its subsidiaries, “**Group**”) wishes to announce that the Company had on 30 June 2022, entered into separate subscription agreements (“**Subscription Agreements**”) with the subscribers named in the first column of the table below (collectively, the “**Subscribers**” and each, a “**Subscriber**”) for the allotment and issuance by the Company of an aggregate of 18,698,062 new fully-paid ordinary shares in the capital of the Company (“**Shares**”) to the Subscribers in the proportions set out in the table below (“**Subscription Shares**”), at the issue price of S\$0.0361 (“**Issue Price**”) for each Subscription Share, for an aggregate consideration of S\$675,000 to be paid by the Subscribers to the Company (“**Subscription Proceeds**”) pursuant to the terms and subject to the conditions of the Subscription Agreements (collectively, the “**Proposed Subscriptions**”).

1.	2.	3.	4.	5.
Name of Subscriber	Number of Subscription Shares to be Allotted and Issued	Subscription Proceeds to be Received by the Company (S\$)	Interest in the Company’s existing share capital (%)	Interest in enlarged share capital of the Company including all the Subscription Shares (%)
Octo Force Capital Partners Co., Ltd.	6,232,687	225,000	1.19	1.15
Tomohiro Iwata	2,770,083	100,000	0.53	0.51
Patrick Daniel	1,385,042	50,000	0.27	0.26
JPM Alliance Pte. Ltd.	6,925,208	250,000	1.33	1.28
Lu Chai Hong	1,385,042	50,000	0.27	0.26
Total	18,698,062	675,000	3.59	3.46

2. PROPOSED SUBSCRIPTIONS

2.1 Subscribers.

Tomohiro Iwata, Patrick Daniel and Lu Chai Hong are independent private investors who have expressed their interest to invest in the Company through the Proposed Subscriptions for their own private investment purposes. Tomohiro Iwata is a former international bank executive and currently running his own investment business. Patrick Daniel is a director of several companies in Singapore. He is also Non-Executive Chairman of ShareInvestor.com Holdings Pte Ltd.

Octo Force Capital Partners Co., Ltd. is a stock corporation (*kabushiki kaisha*) with limited liability incorporated in Japan and is in private equity, business investment and consulting.

JPM Alliance Pte. Ltd. is a private company limited by shares incorporated in Singapore with its registered address at 140 Paya Lebar Road, #10-09, AZ @ Paya Lebar, Singapore 409015 carrying on the business of, *inter alia*, management consultancy services.

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

No placement agent was appointed by the Company for the Proposed Subscriptions. The Company came to know the Subscribers through the network of its Executive Director, President and CEO, Mark Francis Bedingham.

2.2 **Securities and Futures Act 2001 of Singapore (“SFA”).** The Subscription Agreements and the transactions thereunder, including the allotment and issuance of the Subscription Shares, were entered into pursuant to the ‘safe harbour’ exemptions for a private placement under section 272B of the SFA and in compliance with the conditions of these exemptions in the SFA, and the Subscribers are not accepting the Company’s offer of the Subscription 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 in connection with the Proposed Subscriptions.

2.3 **Principal Terms.** The principal terms of the Subscription Agreements are summarised as follows:

Proposed Subscriptions : Subject to the terms and conditions of the Subscription Agreements, the Company shall allot and issue to the Subscribers, the Subscription Shares, in the proportions set out in the table in Section 1 above, and the Subscribers shall subscribe for, their respective proportion of the Subscription Shares at the Issue Price, fractional entitlements to be disregarded, in consideration for the aggregate sum of S\$675,000.

Issue Price : The Issue Price of S\$0.0361 represents a 5.0% discount to the volume weighted average price of the Shares traded on the Mainboard of the SGX-ST (“**Mainboard**”) of S\$0.0380 (“**VWAP**”) on 30 June 2022, being the last full market day on which the Shares were traded on the Mainboard prior to the signing of the Subscription Agreements.

Subscription Shares : An aggregate of **18,698,062** new Shares (constituting approximately **3.59%** of the Company’s entire existing equity share capital as at the date of this announcement and **3.46%** of the Company’s entire enlarged equity share capital (including the Subscription Shares) will be allotted and issued by the Company to the Subscribers, and listed and quoted on the Mainboard.

Status : The Subscription 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 Subscriptions, and (c) in reliance by the Company on the Subscribers’ representations, warranties and undertakings in the Subscription Agreements.

No Other Entitlements : Save pursuant to the express terms and conditions of the Subscription Agreements, the Proposed Subscriptions do not confer on the Subscribers, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.

Additional Listing Application : The Company will cause to be submitted to the SGX-ST, an additional listing application (“**ALA**”) for the listing and quotation of the Subscription Shares on the Mainboard.

- 2.4 **Authority.** The Subscription Shares will be allotted and issued pursuant to the general mandate obtained from the shareholders of the Company (“**Shareholders**”) at the annual general meeting of the Company held on 15 December 2021 (“**2021 General Mandate**”) to allot and issue new Shares whether by way of rights, bonus or otherwise, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided always that the aggregate number of Shares to be issued pursuant to the 2021 General Mandate (including Shares to be issued in pursuance of instruments or granted pursuant to the 2021 General Mandate) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings)¹, of which the aggregate number of Shares (including shares to be issued in pursuance of instruments made or granted pursuant to the 2021 General Mandate) to be issued other than on a *pro rata* basis to Shareholders does not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

As 15 December 2021, being the date of approval of the 2021 General Mandate, the Company had 513,535,187 Shares in issue. Accordingly, the total number of new Shares that may be issued pursuant to the 2021 General Mandate is 256,767,593, of which the maximum number of new Shares to be issued other than on a *pro rata* basis to existing Shareholders is 102,707,037.

As at the date of this announcement, the Company has not utilised the 2021 General Mandate in any way.

Upon completion of the Proposed Subscriptions, each Subscriber’s aggregate interest in the Company will be such number of Shares set out in the **2nd column** of the table in Section 1. above. The Subscription Shares, collectively, when allotted and issued, will number in aggregate 18,698,062 new Shares and represent approximately (a) 3.64% of the Company’s entire issued equity share capital of 513,535,187 Shares as at 15 December 2021, behind the date of approval of the 2021 General Mandate, (b) 3.59% of the Company’s existing entire issued equity share capital of 522,097,216 Shares as at the date of this announcement, and (c) approximately 3.46% of the Company’s entire enlarged equity share capital (including the Subscription Shares). As such, the proposed allotment and issuance of the Subscription Shares by the Company will lie within the limits of the 2021 General Mandate and no transfer of a controlling interest in the Company within the meaning of Rule 803 of the Listing Rules will arise from the allotment and issuance of the Subscription Shares by the Company to the Subscribers.

- 2.5 **Conditions Precedent.** Pursuant to the Subscription Agreements, the Proposed Subscriptions are subject to, *inter alia*, certain conditions precedent, including the following (“**Conditions Precedent**”):

- (a) the 2021 General Mandate being in full force and effect, not revoked by the Shareholders and being sufficient to authorise the Directors to allot and issue the Subscription Shares to the Subscribers;
- (b) the approval-in-principle of the SGX-ST for, *inter alia*, the listing and quotation of the Subscription Shares on the Mainboard;
- (c) the Shares not being suspended by the SGX-ST from trading on the Mainboard other than in relation to trading halts not exceeding three (3) market days pending announcements of the Company;
- (d) all licenses, consents, permits, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant regulators, entitled third-parties, counterparties, financing or facility providers of the Company and the Subscribers as may be required for or in connection with the transactions under the Subscription Agreements and such other transactions in connection therewith and incidental thereto having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the Company and the Subscribers and are fulfilled on or before the date falling not later than 5 business days after all the Conditions Precedent have been fulfilled or waived or such other date as may be agreed to in writing by the Company and Subscribers, and all other actions having been taken by or on behalf of the Company and the Subscribers to comply with all applicable legal and other requirements necessary to ensure that the allotment and issuance of the Subscription Shares by the Company is in accordance

¹ Pursuant to Rule 806(3) of the Listing Rules, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of the resolution by Shareholders at the annual general meeting of the Company held on 15 December 2021 approving the 2021 General Mandate, after adjusting for new Shares arising from the exercise of share options under the SMI ESOS or vesting of share awards under the SMI PSP that were outstanding or subsisting at the time of the passing of the resolution by Shareholders at the annual general meeting of the Company held on 15 December 2021 approving the 2021 General Mandate.

with, and do not infringe any existing law, statute, regulation, decision, ruling, judgment, award, code, practice, direction, decree, order, contract or agreement, including without limitation the approval-in-principle of the SGX-ST for, *inter alia*, the listing and quotation of the Subscription Shares on the Mainboard;

- (e) No relevant regulator taking, instituting, implementing or threatening to take, institute or implement any action, enforcement, proceeding, suit, investigation, inquiry, reference or decision, and no law, statute, regulation, decision, ruling, award, direction, practice, judgment, decree or order having been made, proposed, enacted or implemented, and no steps having been taken, and there not continuing to be in effect or outstanding any law, statute, regulation, decision, ruling, award, direction, practice, judgment, decree or order which would or might:
 - (i.) make any transaction contemplated in the Subscription Agreements or any other transactions in connection herewith and incidental hereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or
 - (ii.) render the Subscribers unable to be allotted and issued all or any of the Subscription Shares in the manner set out in the Subscription Agreement.

2.6 Representations and Warranties of the Subscribers. Each of the Subscribers have represented and warranted to the Company, *inter alia*, that:

- (a) each Subscriber acknowledges that its subscription for its proportion of the Subscription Shares is made pursuant to the Company's reliance on the 'safe harbour' exemptions for a private placement under section 272B of the SFA and in compliance with all the conditions of these exemptions in the SFA therein;
- (b) each Subscriber is subscribing for their respective Subscription Shares as a principal for its own benefit and will not be holding their respective Shares on trust or for the benefit of other parties;
- (c) each Subscriber shall comply with all the conditions of the 'safe harbour' exemptions for a private placement under section 272B of the SFA and is not accepting the Company's offer of the Subscription Shares with a view to such offer being subsequently offered to another person in Singapore, where such subsequent offer is contrary to the provisions of the SFA;
- (d) each Subscriber has full power and capacity to enter into and perform their respective Subscription Agreements, which when executed, will constitute valid and legally binding obligations enforceable against the respective Subscriber in accordance with the terms therein; and
- (e) each Subscriber has no prior connections (including any business relationships) with the Company, the Directors, the substantial shareholders of the Company and is not an associate (as defined in the Listing Manual) of and not a person acting in concert (as defined in the Singapore Code on Take-overs and Mergers) with any (i.) Director, (ii.) other shareholders of the Company, and/or (iii.) the other Subscribers.

2.7 Rationale and Use of Proceeds. The Subscription Proceeds of S\$675,000 will be used by the Company for the following:

- (a) 80% for business investments; and
- (b) 20% to meet the Group's anticipated general working capital requirement for the purposes of meeting general overheads and other operating expenses of the Group (such as rent, salaries, administrative expenses and professional fees), as well as the expenses of approximately S\$30,000 incurred by the Company for the Proposed Subscriptions.

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

The Board is of the view that the Proposed Subscriptions are beneficial to and in the interests of the Company and in line with the Board's continuing efforts to search for new businesses and investment opportunities, as they will assist to bolster the Company's working capital and fund the Company's

operating expenses while the Company explores new business opportunities and activities. The Proposed Subscriptions are also a show of confidence by the Subscribers in the future plans, viability and anticipated performance of the Group.

The Board is of the opinion that after taking into consideration

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

The Company will make periodic announcement(s) on the utilization of the Subscription Proceeds as and when such funds are materially disbursed and provide a status report on the use of the Subscription Proceeds in the Company's half and full year financial statements issued under Rule 705 of the Listing Rules and in its annual report under Rule 1207(20) of the Listing Rules. Where the Subscription Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how they been applied in the Company's announcements and annual reports. Where there is any material deviation from the stated use of the Subscription Proceeds, the Company will announce the reasons for such deviations.

2.8 Financial Effects. As at the date of this announcement, the issued and paid-up share capital of the Company is S\$97,433,756.64, comprising 522,097,216 Shares. For illustration only, the *pro forma* effects on the share capital and the financial effects of the Subscription are set out below and are prepared based on the following bases and assumptions:

- (a) the effects on the share capital are computed as at the date of this announcement;
- (c) the financial effects on the net tangible assets ("**NTA**") and gearing are computed based on the latest announced consolidated financial results of the Group for FY2021 and the assumption that the Proposed Subscription had been effected on 31 March 2021, and
- (d) the financial effects on the loss per share ("**LPS**") are computed based on the latest announced consolidated financial results of the Group for FY2021 and the assumption that the Proposed Subscriptions had been effected on 1 April 2021; and
- (e) an exchange rate of US\$1.00 : S\$1.36.

Share Capital

	Before the Proposed Subscriptions	After the Proposed Subscriptions
No. of Shares	522,097,216	540,795,278
Paid-up capital (S\$)	97,433,756.64 ⁽¹⁾	98,108,756.64

NTA

	Before the Proposed Subscriptions	After the Proposed Subscriptions
NTA (US\$'000)	16,509 ⁽²⁾	17,005
No. of Shares	522,097,216	540,795,278
NTA per Share (US cents)	3.16	3.14
NTA per Share (Singapore cents)	4.30	4.28

LPS

	Before the Proposed Subscriptions	After the Proposed Subscriptions
Loss attributable to owners of the Company (US\$'000)	5,375	5,375
Basic weighted average number of Shares	520,174,203	538,891,409
LPS (US cents)	(1.03)	(1.00)
LPS (Singapore cents)	(1.41)	(1.36)

Gearing

	Before the Proposed Subscriptions	After the Proposed Subscriptions
Total borrowings (US\$'000)	11,165 ⁽⁵⁾	11,165
Total equity attributable to owners of the Company (US\$'000)	16,509	17,005
Debt-to-equity ratio ⁽³⁾ (times)	0.68	0.66
Total assets (US\$'000)	40,150 ⁽⁶⁾	40,646
Debt ratio ⁽⁴⁾ (times)	0.28	0.27

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.
- (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 (ii.) the subscription proceeds of US\$1,187,218 from the June2021 Subscriptions completed on 1 September 2021, (iii.) the allotment and issuance of the consideration Shares to The9 amounting in value to an aggregate of S\$705,128.21 completed on 22 April 2022; and (iv.) the capitalisation of outstanding directors' fees owing to Wong Yen Siang and Wee Sung Leng amounting to an aggregate of S\$80,000 on 22 April 2022.
- (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, (ii.) the capitalisation of outstanding directors' fees owing to Wong Yen Siang and Wee Sung Leng amounting to an aggregate of S\$80,000 on 22 April 2022 and (iii.) additional loans extended by Mark Francis Bedingham to the Company between April 2021 and April 2022 amounting to an aggregate of US\$3,500,000.
- (6) As adjusted for (i.) the subscription proceeds of US\$1,187,218 from the June2021 Subscriptions completed on 1 September 2021, (ii.) the allotment and issuance of the consideration Shares to The9 amounting in value to an aggregate of S\$705,128.21 completed on 22 April 2022; and (iii.) additional loans extended by Mark Francis Bedingham to the Company between April 2021 and April 2022 amounting to an aggregate of US\$3,500,000.

3. ALA

The Company will submit the ALA to SGX-ST for the listing and quotation of the Subscription Shares on the Mainboard.

4. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

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

	Before the Proposed Subscriptions				After the Proposed Subscriptions	
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (No. of Shares)	Voting Rights (%) ⁽²⁾	No. of Shares	Voting Rights (%) ⁽³⁾
Directors						
Ho Kwok Wai ⁽⁴⁾	–	164,749,871	164,749,871	31.6	164,749,871	30.46
Mark Francis Bedingham ⁽⁵⁾	–	175,918,383	175,918,383	33.7	175,918,383	32.53
Sam Chong Keen	–	–	–	–	–	–
Fong Sing Chak Jack ⁽⁶⁾	–	1,000,000	1,000,000	0.2	1,000,000	0.18
Wee Sung Leng	363,636	–	363,636	0.1	363,636	0.07
Substantial Shareholders (other than Directors)						
Jet Palace Holdings Limited ⁽⁴⁾	–	33,400,000	33,400,000	6.4	33,400,000	6.18
Taipan Grand Investments Limited ⁽⁴⁾	–	77,933,000	77,933,000	14.9	77,933,000	14.41
The9 Limited ⁽⁷⁾	–	52,168,090	52,168,090	10.0	52,168,090	9.65
The9 Singapore Pte. Ltd. ⁽⁷⁾	52,168,090	–	52,168,090	10.0	52,168,090	9.65

Notes:

- (1) Following the Proposed Subscriptions, the free float of Shares in the hands of the public will increase to 27.11% (above the minimum 10% prescribed under Rule 723 of the Listing Rules).
- (2) Percentage is calculated based on 522,097,216 Shares as at the date of this announcement.
- (3) Percentage is calculated based on 540,795,277 Shares as adjusted for the Subscription Shares.
- (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 35,508,321 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 52,168,090 Shares held by The9 Singapore Pte. Ltd. by virtue of its 100% shareholding in The9 Singapore Pte. Ltd.

5. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Constitution of the Company;
- (b) the Subscription Agreements, and

(c) the Annual Report of the Company for FY2021.

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

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

7. FURTHER ANNOUNCEMENTS

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

8. CAUTION IN TRADING

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

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

BY ORDER OF THE BOARD

Mark Francis Bedingham
President & CEO
30 June 2022