

**SUBSCRIPTION FOR 32,427,632 NEW SHARES OF THE COMPANY
FOR AN AGGREGATE CONSIDERATION OF JP¥100,000,000**

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 7 October 2022, entered into a subscription agreement (“**Subscription Agreement**”) with Octo Force Capital Partners Co., Ltd. (“**Subscriber**”) for the allotment and issuance by the Company of 32,427,632 new fully-paid ordinary shares in the capital of the Company (“**Shares**”) to the Subscriber (“**Subscription Shares**”), at the issue price of S\$0.0304 (“**Issue Price**”) for each Subscription Share, for an aggregate consideration of JP¥100,000,000 to be paid by the Subscriber to the Company (“**Subscription Proceeds**”) pursuant to the terms and subject to the conditions of the Subscription Agreement (“**Proposed Subscription**”).

2. PROPOSED SUBSCRIPTION

- 2.1 **Subscriber.** Octo Force Capital Partners Co., Ltd. is a stock corporation (*‘kabushiki kaisha’*) with limited liability incorporated in the Republic of Japan and is involved in private equity, business investment and consulting. The sole shareholder of the Subscriber is Octo Force Management Co. Ltd., a duly incorporated and validly existing company in the Republic of Japan whose substantial shareholders are Akira Tanaka and Octo Force Holdings Co. Ltd. Octo Force Holdings Co. Ltd. is a duly incorporated and validly existing company in the Republic of Japan whose sole shareholder is Akira Tanaka, a citizen of Japan.

No placement agent was appointed by the Company for the Proposed Subscription.

The Subscriber is an existing shareholder of the Company (“**Shareholder**”), with an existing aggregate deemed and direct interest in 6,232,687 Shares representing 1.15% interest in the Company’s entire existing issued share capital following completion of an earlier subscription for Shares pursuant to the subscription agreement entered into by the Company and the Subscriber on 30 June 2022, as announced by the Company on 30 June 2022 and 19 August 2022 (“**Previous Subscription**”). Save for the foregoing, the Subscriber, its directors and its shareholders have no other connections (including any business relationships or transactions, prior to the Subscription Agreement) with the Company, the directors of the Company (“**Directors**”) or the Company’s substantial shareholders. The Subscriber, its directors and its shareholders are not interested persons as defined under Chapter 9 of the Listing Manual of the SGX-ST (“**Listing Rules**”) and the Subscriber does not fall under the class of restricted persons as specified in Rule 812(1) of the Listing Rules. The Subscriber is not a person Acting in Concert (as defined in the Singapore Code on Take-overs and Mergers) with any Director and/or other Shareholders.

- 2.2 **Securities and Futures Act 2001 of Singapore (“SFA”).** The Subscription Agreement and the transactions thereunder, including the proposed allotment and issuance of the Subscription Shares, is 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. The Subscriber is not accepting the Company’s offer of the Subscription Shares as agent, nominee or trustee for the benefit of other parties or 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 Subscription.

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

Proposed Subscription : Subject to the terms and conditions of the Subscription Agreement, the Company shall allot and issue to the Subscriber, the 32,427,632 Subscription Shares, and the Subscriber shall subscribe for the Subscription Shares at the Issue Price, fractional entitlements to be disregarded, in consideration for the aggregate sum of JP¥100,000,000.

Issue Price	:	The Issue Price of S\$0.0304 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\$0.0320 (“ VWAP ”) on 7 October 2022, being the last full market day on which the Shares were traded on the Mainboard prior to the signing of the Subscription Agreement.
Subscription Shares	:	32,427,632 new Shares constituting approximately 6.00% of the Company’s entire existing issued share capital as at the date of this announcement and 5.66% of the Company’s entire enlarged issued share capital (including the Subscription Shares) will be allotted and issued by the Company to the Subscriber, and listed and quoted on the Mainboard.
Status	:	The Subscription Shares shall be allotted and issued (a) free from all encumbrances, (b) ranking <i>pari passu</i> 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 Subscription, and (c) in reliance by the Company on the Subscriber’s representations, warranties and undertakings in the Subscription Agreement.
No Other Entitlements	:	Save pursuant to the express terms and conditions of the Subscription Agreement, the Proposed Subscription does not confer on the Subscriber, 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 at the annual general meeting of the Company held on 28 July 2022 (“**2022 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 2022 General Mandate (including Shares to be issued in pursuance of instruments made or granted pursuant to the 2022 General Mandate) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any)¹, of which the aggregate number of Shares (including shares to be issued in pursuance of instruments made or granted pursuant to the 2022 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, if any).

As at 28 July 2022, being the date of approval of the 2022 General Mandate, the Company had 522,097,216 Shares in issue. Accordingly, the total number of new Shares that may be issued pursuant to the 2022 General Mandate is 261,048,608, of which the maximum number of new Shares to be issued other than on a *pro rata* basis to existing Shareholders is 104,419,443.

As at the date of this announcement, the Company has not utilised the 2022 General Mandate in any way.

The Subscription Shares, when allotted and issued, will number in aggregate 32,427,632 new Shares and represent approximately (a) 6.21% of the Company’s entire issued share capital of 522,097,216 Shares as at 28 July 2022, being the date of approval of the 2022 General Mandate, (b) 6.00% of the Company’s entire existing issued share capital of 540,795,278 Shares as at the date of this announcement, and (c) approximately 5.66% of the Company’s entire enlarged issued share capital (including the Subscription Shares). As such, the proposed allotment and issuance of the Subscription

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 28 July 2022 approving the 2022 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 28 July 2022 approving the 2022 General Mandate.

Shares by the Company will lie within the limits of the 2022 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 Subscriber.

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

- (a) the 2022 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 Subscriber;
- (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 Subscriber as may be required for or in connection with the transactions under the Subscription Agreement and such other transactions in connection therewith and incidental thereto having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the Company and the Subscriber and are fulfilled, and all other actions having been taken by or on behalf of the Company and the Subscriber to comply with all applicable legal and other requirements necessary to ensure that the allotment and issuance of the Subscription Shares by the Company is in accordance with, and do not infringe any existing law, statute, regulation, decision, ruling, judgment, award, code, practice, direction, decree, order, contract or agreement, including without limitation the approval-in-principle of the SGX-ST for, *inter alia*, the listing and quotation of the 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 Agreement or any other transactions in connection herewith and incidental hereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or
 - (ii.) render the Subscriber unable to be allotted and issued all or any of the Subscription Shares in the manner set out in the Subscription Agreement.

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

- (a) the Subscriber acknowledges that its subscription for the Subscription Shares is made pursuant to the Company’s reliance on the ‘safe harbour’ exemptions for a private placement under section 272B of the SFA and in compliance with all the conditions of these exemptions in the SFA therein;
- (b) the Subscriber is subscribing for the Subscription Shares as a principal for its own benefit and will not be holding the Subscription Shares as agent, nominee or trustee for the benefit of other parties;
- (c) the Subscriber shall comply with all the conditions of the ‘safe harbour’ exemptions for a private placement under section 272B of the SFA and is not accepting the Company’s offer of the

Subscription Shares with a view to such offer being subsequently offered to another person in Singapore, where such subsequent offer is contrary to the provisions of the SFA;

- (d) the Subscriber is an existing Shareholder with an existing aggregate deemed and direct interest in 6,232,687 Shares representing 1.15% interest in the Company's entire existing issued share capital following completion of the Previous Subscription. Save for the foregoing, the Subscriber, its directors, and its shareholders have no other connections (including any business relationships or transactions, prior to the Subscription Agreement) with the Company, the Directors or the substantial shareholders of the Company and is not an Associate (as defined in the Listing Rules) of and not a person Acting in Concert (as defined in the Singapore Code on Take-overs and Mergers) with any Director and/or other Shareholders;
- (e) the Subscriber, its directors, and its shareholders are not interested in any business or undertaking that is in competition with the Company;
- (f) the Subscriber, its directors and its shareholders are not interested persons as defined under Chapter 9 of the Listing Rules and the Subscriber does not fall under the class of restricted persons as specified in Rule 812(1) of the Listing Rules, and
- (g) subject to and upon completion of the Proposed Subscription, as the Subscriber's aggregate deemed and direct interest will be 6.74% of the Company's enlarged issued share capital including the Subscription Shares and the Subscriber's Shares from the Previous Subscription, the Subscriber will be a substantial shareholder of the Company and the Subscriber will comply with all the relevant notification requirements in relation to its interests as a substantial shareholder of the Company prescribed under the Listing Rules, SFA and/or the Act.

2.7 Rationale and Use of Proceeds. The Subscription Proceeds of JP¥100,000,000 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 Subscription.

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 Agreement, as the Directors may, in their absolute discretion, deem fit.

The Board is of the view that the Proposed Subscription is a good fund-raising opportunity that is beneficial to and in the interests of the Company, and in line with the Board's continuing expansion of its businesses, revenue operations and investment opportunities. The Subscription Proceeds will improve the financial position of the Company, bolster the Company's working capital and fund the Company's operating expenses while the Company explores growth opportunities and activities. The Subscriber is keen to increase its interests in the Company as a strategic investor and the Proposed Subscription demonstrates the Subscriber's confidence 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\$99,446,743.83, comprising 540,795,278 Shares. For illustration only, the *pro forma* effects on the share capital and the financial effects of the Proposed 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;
- (b) the *pro forma* financial effects on the net tangible assets ("NTA") and gearing are computed based on the latest announced consolidated financial results of the Group for FY2022 and the assumption that the Proposed Subscription had been effected on 31 March 2022;
- (c) the *pro forma* financial effects on the loss per share ("LPS") are computed based on the latest announced consolidated financial results of the Group for FY2022 and the assumption that the Proposed Subscriptions had been effected on 1 April 2021
- (d) an exchange rate of US\$1.00 : S\$1.4291 and JP¥1.00 : S\$0.009858, and
- (e) the financial effects are for illustration only and not indicative of the actual financial performance or position of the Company or Group after completion of the Proposed Subscription.

Share Capital

	Before the Proposed Subscription	After the Proposed Subscription
No. of Shares	540,795,278	573,222,910
Paid-up capital (S\$)	99,446,743.83 ⁽¹⁾	\$100,432,543.83

NTA

	Before the Proposed Subscription	After the Proposed Subscription
NTA (US\$'000)	11,022 ⁽²⁾	11,712
No. of Shares	513,535,187	545,962,819
NTA per Share (US cents)	2.15	2.15
NTA per Share (Singapore cents)	3.07	3.07

LPS

	Before the Proposed Subscription	After the Proposed Subscription
Loss attributable to owners of the Company	4,125	4,125

	Before the Proposed Subscription	After the Proposed Subscription
(US\$'000)		
Basic weighted average number of Shares	417,880,565	451,017,779
LPS (US cents)	(0.99)	(0.91)
LPS (Singapore cents)	(1.41)	(1.31)

Gearing

	Before the Proposed Subscription	After the Proposed Subscription
Total borrowings (US\$'000)	10,586 ⁽⁵⁾	10,586
Total equity attributable to owners of the Company (US\$'000)	11,935	12,625
Debt-to-equity ratio ⁽³⁾ (times)	0.89	0.84
Total assets (US\$'000)	28,968 ⁽⁶⁾	29,658
Debt ratio ⁽⁴⁾ (times)	0.37	0.36

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 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; (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 (v) the subscription proceeds of S\$675,000 from the Company's previous placements announced on 30 June 2022 and completed on 19 August 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 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 (ii.) additional loans extended by Mark Francis Bedingham to the Company on 6 May 2022 amounting to US\$300,000.
- (6) As adjusted for (i.) 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; (ii.) additional loans extended by Mark Francis Bedingham to the Company on 6 May 2022 amounting to US\$300,000; and (iii) the subscription proceeds of S\$675,000 from the Company's previous placements announced on 30 June 2022 and completed on 19 August 2022.

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 Agreement, the Proposed Subscription 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	30.46	164,749,871	28.74
Mark Francis Bedingham ⁽⁵⁾	–	175,918,383	175,918,383	32.53	175,918,383	30.69
Sam Chong Keen	–	–	–	–	–	–
Fong Sing Chak Jack ⁽⁸⁾	–	1,000,000	1,000,000	0.18	1,000,000	0.17
Wee Sung Leng	363,636	–	363,636	0.07	363,636	0.06
Substantial Shareholders (other than Directors)						
Jet Palace Holdings Limited ⁽⁴⁾	–	33,400,000	33,400,000	6.18	33,400,000	5.83
Taipan Grand Investments Limited ⁽⁴⁾	–	77,933,000	77,933,000	14.41	77,933,000	13.60
The9 Limited ⁽⁷⁾	–	52,168,090	52,168,090	9.65	52,168,090	9.10
The9 Singapore Pte. Ltd. ⁽⁷⁾	52,168,090	–	52,168,090	9.65	52,168,090	9.10
Octo Force Capital Partners Co., Ltd.	6,232,687	–	6,232,687	1.15	38,660,319	6.74

Notes:

- (1) Following the Proposed Subscription, the free float of Shares in the hands of the public will decrease to 24.66% (above the minimum 10% prescribed under Rule 723 of the Listing Rules).
- (2) Percentage is calculated based on 540,795,278 Shares as at the date of this announcement.
- (3) Percentage is calculated based on 573,222,910 Shares including 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 175,918,383 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 Agreement, and
- (c) the Annual Report of the Company for FY2022.

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

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Subscription Agreement, the Proposed Subscription, 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 Subscription, 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 Subscription, the Subscriber, the Group and/or the Shares.

8. CAUTION IN TRADING

As at the date of this announcement, Shareholders should be cautioned that the Subscription Agreement and the Proposed Subscription 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 Subscription 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
9 October 2022