

RESPONSES TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE COMPANY'S ANNOUNCEMENT ON 14 NOVEMBER 2023, HALF YEARLY RESULTS

The Board of Directors of SMI Vantage Limited (the "Company") and together with its subsidiaries (the "Group") refers to the Company's announcement on 14 November 2023, titled "Half Yearly Results" (the "Announcement").

The Board wishes to provide its responses to the following questions raised by the Singapore Exchange.

SGX-ST Query:

- 1) In relation to the Non-current Trade and Other Receivables amounting to US\$13,865,000 as at 30 September 2023, please disclose:
- (i) the breakdown of the Group's trade and other receivables (where applicable);
 - (ii) the nature of the non-current receivables; and
 - (iii) the Board's assessment of the recoverability of the non-current trade and other receivables.

Company's Response:

- (i) The breakdown of the Group's Non-current Trade and Other Receivables totaling US\$13,865,000 are disclosed in the table below:

Non-Current Trade and other receivables	US\$ ('000)
Third Parties	16,840
Associates	1,713
Less: Allowance for impairment	(4,688)
Total Receivables	13,865

- (ii) The non-current receivables from Third Parties are due from the Group's main distributors operating the Travel Retail and F&B businesses in Myanmar and are related to trade sales of merchandise and goods sold from the Group to the distributors.

The non-current receivables from Associates are due from the Group's subsidiaries and are in relation to trade sales of goods sold from the Group to the Subsidiaries.

- (iii) The Board is of the view that the Group is able to recover the remaining trade and other receivables as the Travel Retail operations at Yangon International Airport continues to grow and recover from the global pandemic, and payments are being made in accordance with agreed payment plans which have been agreed for future years in line with the projected recovery of sales at YIA, which have been conservatively projected.

SGX-ST Query:

- 2) In respect to the Group's current Trade and other receivables amounting to US\$5,043,000 as at 30 September 2023 transact with these customer(s);
- (i) How long are the debts outstanding and in which period the sales were reported;
 - (ii) What were the actions taken to recover the trade and other receivables;
 - (iii) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and

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- (iv) The Board's assessment of the recoverability of the remaining trade and other receivables.

Company's Response:

A Breakdown of the Current Trade and Other Receivables are disclosed in the table below:

Current Trade and other receivables	US\$ ('000)
Third parties	6,241
Associates	485
Joint ventures	69
GST/commercial tax receivable	40
Less: Allowance for impairment	(1,792)
Total Receivables	5,043

- 2) i) The current Trade and Other Receivables from Third parties are for merchandise sales between FY20 and FY23. Almost a full year of sales was reported in FY20 prior to the shutdown of Yangon International Airport ("YIA") in March 2020. YIA had remained closed for a period of two years, during which time almost no sales were recorded, and sales resumed again at the airport after the reopening in April 2022; after which repayments were restarted.
- ii) The Group has in place a payment schedule agreed at the end of the previous financial year with the distributors and the distributors have been making payment in line with the payment schedule. The Group has also helped its distributors to renegotiate the rental rates with their landlords, which has positively impacted the profitability of the distributors.
- iii) The Board is of the opinion that the methodologies used to determine the value of the impairment of the trade and other receivables to be reasonable, and is consistent with the methodology used in determining the value of the impairment of the trade and other receivables in the audited financials disclosed at the end of the previous financial year. The Management has made a half-year review and has concluded that there are no adverse developments in the first half of the year that requires a change to the methodologies and conclusions reached for the Audited Results released on 14 July 2023.

The half year results were reviewed by the Board at the Board meeting held on 8 November 2023 and confirmed in the subsequent release of the half year results.

- iv) The Board is of the view that the Group is able to recover the current Trade and Other Receivables as the respective distributors and associate have been making timely payment according to the payment schedules that had been agreed at the end of the previous financial year.

SGX-ST Query:

- 3) Given the Group's significant current liabilities of US\$5,280,000 and cash and bank balance of only US\$182,000 and noting that the Company incurred losses of US\$1,764,000 in the period ended 30 September 2023, please disclose the Board's assessment
- (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of US\$5,280,000 including its bases of assessment; and
- (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

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Company's Response:

- (i) As disclosed in the FY24 1H Condensed Interim statements of Financial Position, the Group is in a Net Current Asset Position of US\$520,000 with Current Assets at US\$5,800,000 and Current Liabilities at US\$5,280,000.

The Group's major shareholder has also provided an undertaking to provide financial support if required, for at least another 12 months from the date of the financial statements.

The Company's current assets are adequate to meet the Company's short term liabilities with the Net Current Asset Position of US\$520,000 together with the support of the major shareholder.

- (ii) As disclosed above, the Group is in a Net Current Asset Position and has an additional undertaking from the Group's major shareholder to provide financial support if required for at least another 12 months from the date of the financial statements, and has done so in the first half of FY24. The Company is also on track with payment plans to fulfil its outstanding obligations in relation to its current liabilities.

By Order of the Board

Mark Francis Bedingham
Executive Director, President and CEO
29 November 2023