



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

PROPOSED ALLOTMENT AND ISSUANCE OF 7,366,154 NEW ORDINARY SHARES TO THE9 LIMITED, A SUBSTANTIAL SHAREHOLDER OF THE COMPANY, IN PART CONSIDERATION FOR THE ACQUISITION OF 200 CRYPTOCURRENCY MINING MACHINES FROM THE9 LIMITED.

1. INTRODUCTION

1.1. The Board of Directors ("**Board**") of SMI Vantage Limited ("**Company**") and together with its subsidiaries, ("**Group**") wishes to announce that the Company, through its wholly-owned subsidiary, SMI CS Pte. Ltd. ("**Buyer**"), had on 4 March 2024, entered into an agreement ("**Agreement**") with The9 Limited ("**Seller**") to acquire 200 BITMAIN S19 240-Ca BTC MINER cryptocurrency mining machines ("**Crypto Machines**") for US\$200,000 ("**Purchase Consideration**") (approximately S\$266,000 at the agreed exchange rate of US\$1.00 to S\$1.33 on 11 March 2024 ("**Exchange Rate**")), to be paid partly in cash and partly by the allotment and issuance of ordinary shares in the capital of the Company ("**Shares**") to the Seller, in accordance with the terms and conditions of the Agreement ("**Proposed Acquisition**").

2. INFORMATION ON THE SELLER

- 2.1. The Seller 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.
- 2.2. The Company previously entered into a subscription agreement with the Seller for the allotment and issuance of 44,333,333 Shares to the Seller for an aggregate consideration of S\$1,330,000, completed on 1 September 2021.
- 2.3. The Company previously, through the Buyer, purchased 3,000 Canaan Avalon BTC Miner cryptocurrency mining machines from NBTC Limited, a wholly-owned subsidiary of the Seller, for S\$705,128.21 and satisfied through the allotment and issuance of 7,834,757 Shares to the Seller, completed on 22 April 2022.
- 2.4. As at the date of this announcement, the Seller is a substantial Shareholder of the Company with an existing aggregate interest in 44,568,090¹ Shares amounting to 7.40% of the Company's entire existing share capital of 602,677,074 Shares ("**Existing Share Capital**").
- 2.5. Save for the aforesaid, the Seller, its directors and substantial shareholders have no other connections (including business relationships) with the Company, its Directors and other substantial Shareholders. The Seller is not an interested person as defined under Chapter 9 of the Listing Rules (the "**Listing Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") but falls within the class of persons as specified in Rule 812(1) of the Listing Rules.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION AND THE PROPOSED ALLOTMENT AND ISSUANCE CONSIDERATION SHARES TO THE SELLER

¹ 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.

3.1. **The Purchase Consideration**

The Purchase Consideration of US\$200,000 for the 200 Crypto Machines (at a unit price of US\$1,000 per Crypto Machine) was arrived at by agreement between the Buyer and Seller at arms' length, on a "willing-buyer, willing-seller" basis, taking into account the number of Crypto Machines being purchased and the prevailing market and list prices of equivalent models of cryptocurrency mining machines in the industry, and under the terms of the Agreement is payable as follows:

- (a.) a cash payment of US\$20,000 by the Buyer to the Seller within fourteen (14) days following collection of the Crypto Machines from the Seller's warehouse in Penang, Malaysia ("**Cash Consideration**"), and
- (b.) the allotment and issuance to the Seller of 7,366,154 new Shares, credited as fully paid-up, at an issue price of S\$0.0325 for each Share ("**Issue Price**"), fractional entitlements to be disregarded, amounting in value to US\$180,000 ("**Consideration Shares**"), as soon as practicable upon payment of the Cash Consideration by the Buyer to the Seller, subject to the Company satisfying the Conditions Precedent (as defined below).

3.2. **Information on the Issue Price and Consideration Shares**

The Issue Price represents 100% of the volume weighted average price of S\$0.0325 per Share for trades on the Shares done on the Mainboard of the SGX-ST ("**Mainboard**") on 11 March 2024, being the last full market day prior to the signing of the Agreement.

The Consideration Shares to be allotted and issued by the Company and listed and quoted on the Mainboard, constitute approximately 1.22% of the entire Existing Share Capital and 1.20% of the Company's entire enlarged share capital upon completion of the allotment and issuance of Consideration Shares.

The 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 the 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 Consideration Shares.

The allotment and issuance of the Consideration Shares does not confer on the Seller, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.

3.3. **Source of Funds**

The Cash Consideration of US\$20,000 will be funded from the Company's internal resources.

3.4. **Conditions Precedent**

Completion of the Proposed Acquisition is conditional on, *inter alia*, the Company obtaining the approval of the (a.) SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard, and (b.) shareholders of the Company ("**Shareholders**") for the proposed allotment and issuance of the Consideration Shares to the Seller at an extraordinary general meeting of the Company ("**EGM**") to be convened in due course ("**Conditions Precedent**").

3.5. **Undertakings, Representations and Warranties by the Seller**

The Seller has undertaken, represented and warranted to the Company as follows:

- (a.) pending completion of the allotment and issuance of the Consideration Shares by the Company to the Seller, the Seller will not take any action to enforce its right to payment of US\$180,000 of the Purchase Consideration from the Buyer;
- (b.) the Seller acknowledges that the Consideration Shares will be allotted and issued to it pursuant to the Company's reliance on the 'safe harbour' exemptions for a private placement under section 272B of the Securities and Futures Act 2001 ("**SFA**") and in compliance with all the conditions of these exemptions in the SFA therein;
- (c.) the Seller is subscribing for the Consideration Shares as principal for its own benefit and will not be holding Consideration Shares on trust or for the benefit of other parties;
- (d.) the Seller 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 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;
- (e.) save as disclosed in this announcement, the Seller is not an Associate (as defined in the Listing Rules) of any other Director and has no other connections (including any business relationships) with the Company, the Directors or the Company's substantial shareholders and has not entered into transactions of any kind with the Company as a counterparty or beneficiary, and is not a person acting in concert, within the meaning of the Singapore Code on Take-overs and Mergers, with any other Director or substantial Shareholder;
- (f.) the Seller and its Associates will abstain from voting on or being appointed as proxies for the ordinary resolution for the allotment and issuance of the Consideration Shares, in connection with the Proposed Acquisition, at the EGM;
- (g.) no steps have been taken, nor have any proceedings, applications, petitions or summonses been started or threatened with a view to the winding-up of the Seller, or for the appointment of a receiver, trustee, manager, assignee or similar officer over the Seller and/or its businesses, undertakings, properties or assets or any of them, and
- (h.) save as disclosed in this announcement, the Seller has no other legal or beneficial interests in Shares.

4. RATIONALE FOR THE PROPOSED ACQUISITION AND THE PROPOSED ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES

- 4.1. At the extraordinary general meeting of the Company held on 19 April 2022 ("**Diversification EGM**"), the Shareholders had approved the business diversification of the Group to include, *inter alia*, the cryptocurrency mining business, which involves 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 platforms for the foregoing activities. [The Company intends to purchase the Crypto Machines for the purpose of accelerating the growth of its cryptocurrency mining business, and plans to install these machines at the existing facility in operation in East Malaysia. The Proposed Acquisition is in the ordinary course of the cryptocurrency mining business that the Group has undertaken since the Diversification EGM and does not further diversify or change the risk profile of the Group's cryptocurrency mining business.
- 4.2. The Proposed Acquisition and the allotment and issuance of the Consideration Shares presents an opportunity for the Company to expand the capacity and scale of the Group's cryptocurrency mining business to increase revenue generation for the Group from this business segment, while enabling the Company to conserve its cash holdings through not paying the Purchase Consideration entirely in cash. The short-term obligation to pay the bulk of the Purchase Consideration would be settled and the Group's cash can be used for other purposes.

- 4.3. The allotment and issuance of the Consideration Shares by the Company to the Seller will be in lieu of cash payment by the Buyer of part of the Purchase Consideration and accordingly, no cash proceeds will be received by the Buyer from the Seller. Subject to and upon completion of the allotment and issuance of the Consideration Shares to the Seller, the Buyer's obligation to pay US\$180,000 of the Purchase Consideration in cash shall be terminated and settled, and the Buyer shall be fully discharged from the obligation to pay US\$180,000 of the Purchase Consideration to the Seller in cash.
- 4.4. No placement agent was appointed by the Company for the Proposed Acquisition and the allotment and issuance of the Consideration Shares. In view of the specific purpose of discharging and releasing the Company from the obligation to pay part of the Purchase Consideration to the Seller, there is no underwriting arrangement for the allotment and issuance of the Consideration Shares.
- 4.5. The Board has weighed the benefits against the potential costs to the Group as elaborated above and is of the view that the Proposed Acquisition and the allotment and issuance of the Consideration Shares to the Seller 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 whilst increasing the number of its cryptocurrency mining machines.
- 4.6. The Seller's acceptance of the Consideration Shares as the bulk of the Purchase Consideration, is also a show of confidence by the Seller, as a substantial Shareholder, in the future plans, viability and anticipated performance of the Group.

5. AUTHORITY FOR THE PROPOSED ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES

5.1. Shareholders' Approval to be Sought at EGM

The allotment and issuance of the Consideration Shares to the Seller will constitute:

- (a.) an issuance of Shares pursuant to Rule 805 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, specific approval for the allotment and issuance of the Consideration Shares from the Shareholders will be sought at the EGM in accordance with Rules 805 and 812(2) of the Listing Rules and section 161 of the Companies Act 1967 of Singapore. The allotment and issuance of the Consideration Shares will not result in a transfer of controlling interest under Rule 803 of the Listing Rules.

5.2. Additional Listing Application

The Company will, in due course, submit an additional listing application ("**ALA**") to the SGX-ST for listing and quotation of the Consideration Shares on the Mainboard.

5.3. SFA

The allotment and issuance of the 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. The Seller is not accepting the Company's offer of the 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 allotment and issuance of the Consideration Shares.

6. FINANCIAL EFFECTS OF THE PROPOSED ALLOTMENT AND ISSUANCE OF THE CONSIDERATION SHARES

6.1. As at the date of this announcement, the issued and paid-up share capital of the Group is S\$101,839,677, comprising 602,677,074 Shares. For illustration only, the pro forma effects on the share capital and the financial effects of the Proposed Acquisition and the allotment and issuance of the Consideration Shares 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 financial effects on the net tangible assets (“NTA”) and gearing are computed based on the latest announced unaudited consolidated financial results of the Group for FY2023 (being the most recently completed financial year) and the assumption that the Proposed Acquisition and the allotment and issuance of the Consideration Shares had been effected on 31 March 2023;
- (c.) the financial effects on the loss per share (“LPS”) are computed based on the latest announced unaudited consolidated financial results of the Group for FY2023 (being the most recently completed financial year) and the assumption that the Proposed Acquisition and the allotment and issuance of the Consideration Shares had been effected on 1 April 2022, and
- (d.) an exchange rate of US\$1.00: S\$1.33 based on the Exchange Rate.

6.2. Share Capital

	Before the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares	After the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares
No. of Shares	602,677,074	610,043,228
Paid-up capital (S\$)	S\$101,839,677 ⁽¹⁾	S\$102,079,077

6.3. NTA

	Before the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares	After the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares
NTA (US\$'000)	8,527 ⁽²⁾	8,727
No. of Shares	602,677,074	610,043,228
NTA per Share (US cents)	1.41	1.43
NTA per Share (Singapore cents)	1.88	1.90

6.4. LPS

	Before the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares	After the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares
Loss attributable to owners	1,793	1,793

	Before the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares	After the Proposed Acquisition and the Allotment and Issuance of The Consideration Shares
of the Company (US\$'000)		
Basic weighted average number of Shares	602,677,074	610,043,228
LPS (US cents)	0.29	0.29
LPS (Singapore cents)	0.39	0.39

Notes:

- (1) Excluding expenses for the allotment and issuance of shares incurred in the financial years ended 31 March 2022, 31 March 2023 and for the half year ended 31 September 2023.
- (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.) additional loans extended by Mark Francis Bedingham to the Company in April and May 2021 amounting to an aggregate of US\$200,000; and (iii.) additional loans extended by Mark Francis Bedingham to the Company in between April 2023 and September 2023 amounting to an aggregate of US\$1.85 million.

7. CIRCULAR AND EGM

- 7.1. The Company will convene the EGM to seek Shareholders' approval for, *inter alia*, the allotment and issuance of the Consideration Shares. A circular containing, *inter alia*, the notice of the EGM, details of the Proposed Acquisition and the allotment and issuance of the Consideration Shares will be despatched to Shareholders in due course ("**Circular**"). The Company will make further announcements to keep shareholders informed, as and when there are further material updates and developments in respect of the Proposed Acquisition.

8. ABSTENTION FROM VOTING

- 8.1. The9 Singapore Pte. Ltd., being the legal owner of 44,568,090 Shares and wholly-owned by the Seller, will abstain from voting on or being appointed as proxy(ies), and its Associates will abstain from voting on or being appointed as proxy(ies) for the ordinary resolution on the allotment and issuance of the Consideration Shares, in accordance with Rule 812(2) of the Listing Rules.

9. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS

- 9.1. The Directors and substantial Shareholders have confirmed to the Company that save as disclosed in this announcement, none of them have, to the best of their knowledge, any connection (including business relationships) with the Seller, their directors or substantial shareholders.
- 9.2. The interests of the Directors and substantial Shareholders in Company as at the date of this announcement are set out as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% Voting Interest	Number of Shares	% Voting Interest	Number of Shares	% Voting Interest ⁽¹⁾
Directors						
Ho Kwok Wai ⁽²⁾	–	–	164,749,871	27.34	164,749,871	27.34

Mark Francis Bedingham ⁽³⁾	–	–	175,918,383	29.19	175,918,383	29.19
Sam Chong Keen	–	–	–	–	–	–
Willem Mark Nabarro	–	–	–	–	–	–
Edna Claudine Leong Lai Yee	–	–	–	–	–	–
Tan Chade Phang	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Jet Palace Holdings Limited ⁽⁴⁾	–	–	33,400,000	5.54%	33,400,000	5.54%
Taipan Grand Investments Limited ⁽⁵⁾	–	–	77,933,000	12.93%	77,933,000	12.93%
The9 Limited ⁽⁶⁾	–	–	44,568,090	7.40%	44,568,090	7.40%
The9 Singapore Pte. Ltd. ⁽⁶⁾	44,568,090	7.40%	–	–	44,568,090	7.40%

Notes:

- (1) Percentage is calculated based on 602,677,074 Shares being the Existing Share Capital.
- (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) Jet Palace Holdings Limited's 33,400,000 Shares are registered in the name of a nominee account.
- (5) Taipan Grand Investments Limited's 77,933,000 Shares are registered in the name of a nominee account.
- (6) 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.

9.3. Save for their respective interests arising by way of their directorships and/or shareholdings in the Company and as disclosed in this announcement, none of the Directors or substantial Shareholders of the Company and their respective associates has any interest, direct or indirect, in the allotment and issuance of the Consideration Shares in connection with the Proposed Acquisition.

10. DOCUMENTS AVAILABLE FOR INSPECTION

- 10.1. 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 memorandum and articles of association of the Company;
 - (b.) the Agreement, and
 - (c.) the annual report of the Company for FY2023.

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.

11. DIRECTORS' RESPONSIBILITY STATEMENT

- 11.1. 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 Proposed Acquisition, the allotment and issuance of the Consideration Shares, the Company and its subsidiaries, 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.

12. CAUTION IN TRADING

- 12.1. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors should note that completion of the Proposed Acquisition and allotment and issuance of the Consideration Shares are subject to fulfilment of various conditions as set out in the Agreement and will be subjected to the receipt of approval in principle of the SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard. Those who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisers.

FOR AND ON BEHALF OF THE BOARD

Mark Francis Bedingham
President and Chief Executive Officer
12 March 2024