



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

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**ACQUISITION OF 3,000 CRYPTOCURRENCY MINING MACHINES FROM THE9 LIMITED (“THE9”) FURTHER TO MOU WITH THE9 DATED 15 JULY 2021 IN CONSIDERATION FOR THE PROPOSED ALLOTMENT AND ISSUANCE OF 7,834,757 ORDINARY SHARES OF THE COMPANY TO THE9**

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**1. INTRODUCTION**

The Board of Directors (“**Board**”) of SMI Vantage Limited (“**Company**” and together with its subsidiaries, “**Group**”) refers to the Company’s announcements of 15 July 2021, 24 August 2021 and 27 September 2021 (“**Announcements**”) and wishes to announce that the Company had through its wholly-owned subsidiary, SMI CS Pte. Ltd. (Company Registration No. 201400700Z) (“**SMI CS**”) on 24 November 2021, issued a purchase order to NBTC Limited (Company Registration No. 13246763)(“**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 RMB 4.68) 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 (“**Purchase of Cryptocurrency Mining Machines**”).

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 ordinary shares in the equity capital of the Company (“**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 subject to the Company obtaining the approval of the shareholders of the Company (“**Shareholders**”) for the proposed allotment and issuance of The9 Consideration Shares (as defined below) at an extraordinary general meeting of the Company (“**EGM**”) to be convened in due course (“**Proposed Allotment and Issuance of The9 Consideration Shares**”).

**2. PURCHASE OF CRYPTOCURRENCY MINING MACHINES**

2.1 **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 direct and deemed interest in 8.6% of the Company’s entire equity share capital, comprising 44,333,333 Shares.

2.2 **Principal Terms of the Purchase of Cryptocurrency Mining Machines and 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.

*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 volume weighted average price (“**VWAP**”) of S\$0.10 per Share, for the last 30 full market days on which the Shares were traded on the mainboard (“**Mainboard**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) prior to the date of the Purchase Order.

- The9 Consideration Shares** : An aggregate of 7,834,757 new Shares (constituting approximately 1.53% of the Company’s entire existing equity share capital of the Company, being 513,535,187 Shares, and 1.50% of the Company’s entire enlarged share capital upon completion of the allotment and issuance of The9 Consideration Shares) 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 between S\$ and RMB shall be S\$1.00 to RMB 4.68.

### 2.3 Relative Figures under Rule 1006 of the Listing Manual of the SGX-ST (“Listing Rules”).

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 Cryptocurrency Mining Machines are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable <sup>(1)</sup>
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group’s net loss.	Not applicable <sup>(2)</sup>
(c)	Aggregate value of the Purchase Consideration, compared with the Company’s market capitalisation <sup>(3)</sup> based on the total number of issued shares excluding treasury shares.	1.32%
(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% <sup>(4)</sup>
(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 <sup>(5)</sup>

**Notes:**

- (1) This basis is not applicable as the transaction is not a disposal.
- (2) This basis is not applicable as there are no profits attributable to the 3,000 cryptocurrency mining machines being 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 issuance of the Purchase Order, being S\$0.1043.
- (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 this transaction is not 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 Cryptocurrency Mining Machines (other than for the allotment and issuance of The9 Consideration Shares).

Notwithstanding the foregoing, under Rule 1009 of the Listing Rules, the Company is required to announce the Purchase of Cryptocurrency Mining Machines as soon as possible after the terms have been agreed as the Purchase Consideration may be satisfied (subject to Shareholders' approval at the EGM) by the Proposed Allotment and Issuance of The9 Consideration Shares.

**2.4 Authority for the Proposed Allotment and Issuance of The9 Consideration Shares.** The allotment and issuance of the The9 Consideration Shares to The9 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 Proposed Allotment and Issuance of The9 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 Act. The Proposed Allotment and Issuance of The9 Consideration Shares will not result in a transfer of controlling interest under Rule 803 of the Listing Rules.

**2.5 ALA.** The Proposed Allotment and Issuance of The9 Consideration Shares is also subject to the approval in-principle of the SGX-ST for the listing and quotation of The9 Consideration Shares on the Mainboard and the Company will submit an additional listing application ("**ALA**") to the SGX-ST for The9 Consideration Shares in due course.

**2.6 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.

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 Group 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, viability and anticipated performance of the Group.

- 2.6 **Proposed Business Diversification.** The Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares presents an opportunity for the Company to begin new operating business activities under the new cryptocurrency business, which is in line with the Company's intention to pivot in a new direction encompassing, *inter alia*, cryptocurrency, SaaS, robotics and other high technology platforms earlier announced by the Company in the Announcements ("**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.

The Company will also be seeking approval of the Shareholders at the EGM for the Proposed Business Diversification.

- 2.7 **Securities and Futures Act (Cap 289) of Singapore ("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. FINANCIAL EFFECTS OF THE PURCHASE OF CRYPTOCURRENCY MINING MACHINES AND PROPOSED ALLOTMENT AND ISSUANCE OF THE9 CONSIDERATION SHARES

As at the date of this announcement, the issued and paid-up share capital of the Group is S\$96,648,628.43, comprising 513,535,187 Shares. For illustration only, the pro forma effects on the share capital and the financial effects of the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 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 FY2021 (being the most recently completed financial year) and the assumption that the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares had been effected on 31 March 2021;
- (c) 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 Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares had been effected on 1 April 2020, and
- (d) an exchange rate of US\$1.00 : S\$1.36 and RMB1.00 to S\$4.68.

#### Share Capital

	<b>Before the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>	<b>After the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>
No. of Shares	513,535,187	521,369,944
Paid-up capital (S\$)	96,648,628.43 <sup>(1)</sup>	97,353,756.64 <sup>(1)</sup>

#### NTA

	<b>Before the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>	<b>After the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>
NTA (US\$'000)	16,770 <sup>(5)</sup>	17,475
No. of Shares	513,535,187	521,369,945
NTA per Share (US cents)	3.27	3.35
NTA per Share (Singapore cents <sup>(1)</sup> )	4.44	4.56

### LPS

	<b>Before the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>	<b>After the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>
Loss attributable to owners of the Company (US\$'000)	(4,537)	(4,537)
Basic weighted average number of Shares	419,829,207	421,674,997
LPS (US cents)	(1.08)	(1.08)
LPS (Singapore cents <sup>(1)</sup> )	(1.47)	(1.46)

### Gearing

	<b>Before the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>	<b>After the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares</b>
Total borrowings (US\$'000)	8,034 <sup>(6)</sup>	8,034
Total equity attributable to owners of the Company (US\$'000)	16,770 <sup>(5)</sup>	17,475
Debt-to-equity ratio <sup>(2)</sup> (times)	0.48	0.46
Total assets (US\$'000)	37,368 <sup>(7)</sup>	38,073
Debt ratio <sup>(3)</sup> (times)	0.22	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.
- (2) The exchange rate used is US\$1:S\$1.36.
- (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 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 June2021 Subscription completed on 1 September 2021.
- (6) As adjusted for (i.) the capitalisation of loans from Mark Bedingham amounting to an aggregate of US\$5,050,582.39 on 12 October 2021, and (ii.) additional loans extended by Mark Bedingham to the Company in April and May 2021 amounting to an aggregate of approximately US\$200,000.00.
- (7) As adjusted for (i) the subscription proceeds of US\$1,187,218 from the June2021 Subscription completed on 1 September 2021, and (ii.) additional loans extended by Mark Bedingham to the Company in April and May 2021 amounting to an aggregate of approximately US\$200,000.00.

#### 4. CIRCULAR AND EGM

The Company will convene the EGM to seek Shareholders' approval for, *inter alia*, the Proposed Allotment and Issuance of The9 Consideration Shares. A circular containing, *inter alia*, the notice of the EGM, details of the Proposed Allotment and Issuance of The9 Consideration Shares will be despatched to Shareholders in due course ("**Circular**"). The Company will make further or other announcements if and when there are material developments in connection with the Purchase of Cryptocurrency Mining Machines and/or the Proposed Allotment and Issuance of The9 Consideration Shares.

#### 5. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, save for their respective shareholding interests in the Company, none of the Directors or controlling Shareholders of the Company have any interest, direct or indirect, in the Purchase of Cryptocurrency Mining Machines, the Proposed Allotment and Issuance of The9 Consideration Shares, The9 or The9 Consideration Shares.

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 <sup>(1)</sup>
<b>Directors</b>				
Ho Kwok Wai <sup>(2)</sup>	–	164,749,871	164,749,871	32.1%
Mark Francis Bedingham <sup>(3)</sup>	–	175,918,383	175,918,383	34.3%
Wong Yen Siang	–	–	–	–
Fong Sing Chak Jack <sup>(4)</sup>	–	1,000,000	1,000,000	0.2%
Wee Sung Leng	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Jet Palace Holdings Limited <sup>(5)</sup>	–	33,400,000	33,400,000	6.5%
Taipan Grand Investments Limited <sup>(6)</sup>	–	77,933,000	77,933,000	15.2%
The9 Limited <sup>(7)</sup>	–	44,333,333	44,333,333	8.6%
The9 Singapore Pte. Ltd. <sup>(7)</sup>	44,333,333	–	44,333,333	8.6%

**Notes:**

- (1) Percentage is calculated based on 513,535,187 Shares as at the date of this announcement.
- (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.

## 6. 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 Purchase Order, and
- (c) the annual report of the Company for FY2020.

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](mailto: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.

## 7. 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 Purchase of Cryptocurrency Mining Machines, the Proposed Allotment and Issuance of The9 Consideration Shares, The9 or The9 Consideration 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.

## 8. CAUTION IN TRADING

Shareholders are advised to read this announcement, the Circular to be issued by the Company in due course, 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

Ho Kwok Wai  
Non-Executive Chairman  
24 November 2021

## ANNEX A: CHANGES IN SHAREHOLDING STRUCTURE

Shareholders <sup>(1)</sup>	As at the date of this Announcement			After the Purchase of Cryptocurrency Mining Machines and the Proposed Allotment and Issuance of The9 Consideration Shares		
	Direct Interest	Deemed Interest	% Voting Rights <sup>(2)</sup>	Direct Interest	Deemed Interest	% Voting Rights <sup>(3)</sup>
<b>Directors</b>						
Ho Kwok Wai <sup>(4)</sup>	–	164,749,871	32.1	–	164,749,871	31.6
Mark Francis Bedingham <sup>(5)</sup>	–	175,918,383	34.3	–	175,918,383	33.7
Wong Yen Siang	–	–	–	–	–	–
Fong Sing Chak Jack <sup>(6)</sup>	–	1,000,000	0.2	–	1,000,000	0.2
Wee Sung Leng	–	–	–	–	–	–
<b>Substantial Shareholders (other than Directors)</b>						
Jet Palace Holdings Limited <sup>(4)</sup>	–	33,400,000	6.5	–	33,400,000	6.4
Taipan Grand Investments Limited <sup>(4)</sup>	–	77,933,000	15.2	–	77,933,000	15.0
The9 Limited <sup>(7)</sup>	–	44,333,333	8.6	–	52,168,090	10.0
The9 Singapore Pte. Ltd. <sup>(7)</sup>	44,333,333	–	8.6	52,168,090	–	10.0
<b>Public Shareholders</b>		127,533,600	24.8		127,533,600	24.5
<b>Total</b>		<b>513,535,187</b>	<b>100.0</b>		<b>521,369,944</b>	<b>100.0</b>

**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 the date of this announcement, 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, the free float of Shares in the hands of the public will decrease to 24.5% (above the minimum 10% prescribed under Rule 723 of the Listing Rules).



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## ANNEX A: CHANGES IN SHAREHOLDING STRUCTURE

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- (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.