

SINGAPORE MYANMAR INVESTCO LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

RESPONSES TO QUESTIONS FROM SINGAPORE STOCK EXCHANGE RELATED TO UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Singapore Myanmar Investco Limited (the “Company” or “SMI” and together with its subsidiaries, the “Group”) refers to the questions raised by Singapore Stock Exchange (“SGX”) in relation to the Company’s unaudited financial results for the period ended 30 September 2020 and appends the requisite replies as follows:

(a) With reference to the unaudited financial statements for the period ended 30 September 2020, it is disclosed that the Group has non-current trade and other receivables of US\$14,599,000.

Please disclose:

(i) The breakdown of the Group’s non-current trade and other receivables;

Answer:

	<u>Group</u> <u>2020</u> <u>US\$’000</u>
<u>Non-current:</u>	
<u>Trade receivables:</u>	
Outside parties	19,019
Less: allowance for impairment	(4,420)
Net trade receivables – subtotal	<u>14,599</u>
Trade and other receivables, non-current	<u>14,599</u>

(ii) The nature of the non-current trade receivables and the nature of the non-current other receivables; and

Answer:

The US\$14.6 million relates to receivables from our local business partner for Travel Retail.

Out of the remaining carrying value of trade receivables from RGS of US\$20.2 million, US\$5.6 million was forecasted to be received in FY2021, hence US\$14.6 mil is classified as non-current assets. Actual payments may be affected by the reopening of Travel Retail, which is currently unconfirmed.

(ii) The Board’s assessment of the recoverability of the non-current trade and other receivables.

The Group has a management services agreement covering key operational areas with the local business partner which means as soon as the airport re-opens it will be able to ensure that payments are quickly resumed. These payments will be aided by a favourable new rental agreement between the local business partner and the airport which will improve the local business partner’s cash generation and ability to repay the Group. With a payment plan in placed with the local partners, the Board is of the

view that measures are in place to facilitate AR recovery and remains cautiously optimistic that the AR would be recoverable upon the opening of the airport and recovery of Travel Retail.

(b) Given the Group's significant short term liabilities of US\$25,326,000 and cash and cash equivalents of only US\$957,000 and noting that the Group has incurred losses of US\$3,097,000 for the period ended 30 September 2020, please disclose the Board's assessment on

(i) Whether the Group's current assets are adequate to meet the Group's short term liabilities of \$25,326,000, including its bases of assessment; and

Operating losses were contained to US\$1.4 million and the Company has implemented stringent cost cutting measures relates to overheads including salaries in both Singapore and Myanmar. These will continue for the rest of the year and into future financial years.

(ii) How the Group intends to fulfil its short-term 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.

Answer:

The Group has approximately USD\$7.5 million of shareholder loans (including accrued interest) and the two shareholders have confirmed that they will not demand payment during this financial year.

The Group has also come to an agreement with its major bank on a payment plan for outstanding loans (approximately USD\$4.6 million) split between interest and principal every three year period. The Group expects to be able to roll over its other facility (approximately USD\$1.5 million) as this is backed by a personal guarantee.

The Group has further negotiated with its suppliers and trade payables are now approximately US\$7.4 million and agreements have been reached with suppliers on future payment plans or return of goods. Out of the trade payables, there is no requirement for the Group to make any payments related to mainly Retail fit-outs, partially financed by its local business partner, as the partner has agreed to defer such payments, amounting to US\$2.0 million.

The Auto related lease liability payments of US\$1.5 million will also be deferred.

Please also disclose the Board's assessment, including its bases of assessment, on the Company's ability to (i) operate as a going concern; and (ii) meet its debt covenants (if any).

Answer:

The Board reviewed this issue at the Board meeting of 12 November and accepted management's view that the business is able to operate on a going concern and to meet its debt obligations.

By Order of the Board

Mark Francis Bedingham
Executive Director, President and CEO
4 December 2020