

SINGAPORE MYANMAR INVESTCO LIMITED
(Registration No. 200505764Z)
(Incorporated in Singapore)

**PROPOSED CONVERSION OF SHAREHOLDERS' LOANS INTO UP TO 22,262,127
DEBT CONVERSION SHARES IN THE CAPITAL OF SINGAPORE MYANMAR
INVESTCO LIMITED**

The Board of Directors of the Company wishes to announce that the Company has on 30 August 2017 entered into conditional Debt Conversion Deeds (collectively "**Debt Conversion Deeds**") with Mr Ho Kwok Wai and Mr Mark Francis Bedingham respectively.

1. PROPOSED DEBT CONVERSION

Pursuant to the Debt Conversion Deeds, Mr Ho Kwok Wai and Mr Mark Francis Bedingham have agreed to convert an aggregate amount of US\$7,889,708.48 into up to 22,262,127 new Shares ("**Debt Conversion Shares**") at the issue price of S\$0.48 per Debt Conversion Share¹ ("**Proposed Debt Conversion**"). The Debt Conversion Shares are issued in repayment of shareholders' loans and accrued interest thereon at a rate of 2.34% per annum, which have been extended by Mr Ho Kwok Wai and Mr Mark Francis Bedingham. The details of the Proposed Debt Conversion are as follows:

¹ Based on a currency conversion rate of US\$1 : S\$1.3544 as at 29 August 2017 (Source: Bloomberg)

Name of Shareholder	Total Outstanding Amount Owed by the Company (US\$)	Before the Proposed Debt Conversion		Details of the Proposed Debt Conversion			After the Proposed Debt Conversion	
		Current number of Shares held	Shareholding percentage ⁽¹⁾	Number of Debt Conversion Shares to be issued in repayment	Number of Debt Conversion Shares as a percentage of the existing share capital of the Company ⁽¹⁾	Number of Debt Conversion Shares as a percentage of the enlarged share capital of the Company ⁽²⁾	Total number of Shares held	Total number of Shares held as a percentage of the enlarged share capital of the Company ⁽²⁾
	Loan: 4,800,000 Interest: 15,854.96							
Mr Ho Kwok Wai	Subtotal: 4,815,854.96	151,161,134	56.97%	13,588,737	5.12%	4.73%	164,749,871	57.29%
	Loan: 3,000,000 Interest: 73,853.52							
Mr Mark Francis Bedingham	Subtotal: 3,073,853.52	15,834,931	5.97%	8,673,390	3.27%	3.02%	24,508,321	8.52%
	7,889,708.48			22,262,127	8.39%	7.74%		

Notes:

- (1) Based on the number of Shares held divided by the existing 265,323,065 Shares before the Proposed Debt Conversion (adjusted for rounding).
(2) Based on the number of Shares held divided by the enlarged 287,585,192 Shares in the Company after the Proposed Debt Conversion (adjusted for rounding).

2. RATIONALE FOR THE DEBT CONVERSION

For the full year ended 31 March 2017, the Group incurred a loss before tax of approximately US\$7.35 million. The Proposed Debt Conversion will enable the Group to (i) improve its net tangible assets value; (ii) reduce its gearing and loss per share and restore the Group to a better financial position. The Proposed Debt Conversion will also better align the interests of Mr Ho Kwok Wai and Mr Mark Francis Bedingham as directors of the Company with that of the shareholders of the Company.

3. CONDITIONS FOR THE PROPOSED DEBT CONVERSION

Completion of the Proposed Debt Conversion is conditional upon, *inter alia*, the fulfilment of the following conditions precedent:-

- (i) approval-in-principle for the listing and quotation of the Debt Conversion Shares on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and, where such approval is subject to conditions, such conditions being acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Debt Conversion Shares on the Mainboard of the SGX-ST are required to be fulfilled on or before the completion date for the Debt Conversion, they are so fulfilled;
- (ii) the approval of the shareholders of the Company (“**Shareholders**”) being obtained in respect of the Debt Conversion, including but not limited to the allotment and issue of the Debt Conversion Shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the Company, Mr Ho Kwok Wai and Mr Mark Francis Bedingham respectively; and
- (iii) the allotment and issue of the Debt Conversion Shares being in compliance with the Securities and Futures Act, Chapter 289 in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore.

4. TERMS OF THE PROPOSED DEBT CONVERSION

Mr Ho Kwok Wai is the Non-Executive Director, Chairman and Controlling Shareholder of the Company, and Mr Mark Francis Bedingham is the Executive Director, President, CEO and Substantial Shareholder of the Company. Loans and advances have been extended by Mr Ho Kwok Wai and Mr Mark Francis Bedingham to the Company from time to time to fund the working capital requirements of the Company. The Company has incurred losses before tax for the full year ended 31 March 2017 of approximately US\$7.35 million. As such, these loans and advances were required to fund working capital requirements for, *inter alia*:

- (i) construction of telecommunication towers;
- (ii) construction of retail shops and purchase of retail merchandise;
- (iii) fitting out of restaurants; and
- (iv) increased manpower costs incurred in relation to the Group’s business expansion.

The loans and advances bear interest at a rate of 2.34% per annum. The loans and advances extended by Mr Ho Kwok Wai are for a term of 2 years, while the loans and advances extended by Mr Mark Francis Bedingham are repayable upon notice being given by Mr Mark Francis Bedingham to the Company. The interest rate of 2.34% is lower than the most favourable rate charged by the Company’s main banker, United Overseas Bank Limited.

The issue price of each Debt Conversion Share is at a 8.47% discount to the volume weighted average price of the Company's shares on 30 August 2017 of S\$0.5244, being the last full market day on which shares were traded prior to the signing of the Debt Conversion Deeds. The discount is within the limits prescribed by Rule 811(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

The Company has not imposed any moratorium on the Debt Conversion Shares.

Pursuant to the terms of the Debt Conversion Deeds, Mr Ho Kwok Wai and Mr Mark Francis Bedingham have respectively agreed to waive their rights to any further interest which accrue on the respective amounts to be converted from 29 August 2017.

5. SHAREHOLDERS' APPROVAL REQUIRED FOR THE PROPOSED DEBT CONVERSION

The allotment and issue of the Debt Conversion Shares require the approval of Shareholders under Section 161 of the Companies Act and Rule 805(1) of the Listing Manual, as the Debt Conversion Shares will not be issued pursuant to the general mandate granted by Shareholders during the extraordinary general meeting on 25 July 2017 ("**2017 EGM**"). In addition, Rules 804 and 812(2) of the Listing Manual provide that an issue of shares must not be placed to the Company's Directors and Substantial Shareholders unless specific Shareholders' approval is obtained for such placement and the Directors and Substantial Shareholders abstain from voting on the resolution approving the placement.

Mr Ho Kwok Wai is the Non-Executive Director, Chairman and Controlling Shareholder of the Company. Mr Mark Francis Bedingham is the Executive Director, President, CEO and Substantial Shareholder of the Company. Mr Ho Kwok Wai and Mr Mark Francis Bedingham are therefore interested persons and the Proposed Debt Conversion is an interested person transaction under Chapter 9 of the Listing Manual.

The amount of the Proposed Debt Conversion is US\$7,889,708.48, representing approximately 32.62% of the audited NTA of the Group for FY2017. As such, Shareholders' approval is required for the Proposed Debt Conversion at an extraordinary general meeting ("**EGM**") to be convened in accordance with Rule 906 of the Listing Manual as the transaction has exceeded 5% of the Group's audited NTA for FY2016.

In relation to the Proposed Debt Conversion, Mr Ho Kwok Wai, Mr Mark Francis Bedingham and their respective associates shall abstain from exercising their voting rights in respect of all existing issued shares in the capital of the Company owned by them respectively in respect of the resolution to approve the allotment and issue of up to 13,588,737 and 8,673,390 Debt Conversion Shares respectively.

6. TOTAL AMOUNT OF INTERESTED PERSON TRANSACTIONS

Save for the Proposed Debt Conversion, there are no interested person transactions, excluding transactions which are less than S\$100,000, entered into by the Group with Mr Ho Kwok Wai, Mr Mark Francis Bedingham, or any other interested persons for the current financial year ending 31 March 2018 up to the date of this announcement.

7. FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION

The table illustrates the financial effects of the Proposed Debt Conversion on (i) the net tangible asset per share of Group (assuming the Proposed Debt Conversion had been completed at the end of that financial year); and (ii) the earnings per share of the Group (assuming that the Proposed Debt Conversion had been completed at the beginning of that financial year) based on the audited financial statements of the Group for the full year ended 31 March 2017 are set out below:

	Before the Proposed Debt Conversion US\$ (cents) (approximate)	After the Proposed Debt Conversion US\$ (cents) (approximate)
Effect of the Proposed Debt Conversion on the net tangible asset per share	9.12	11.12
Effect of the Proposed Debt Conversion on the earnings per share		
- Continued Operations	(1.55)	(1.43)
- Discontinued Operations	(1.11)	(1.03)

8. PROPOSED NEW SHARE ISSUE MANDATE

The Company had at the 2017 EGM, passed a resolution pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual granting the Directors a general mandate (the “**Old Share Issue Mandate**”) to issue and allot new shares and convertible securities in the capital of the Company. In light of the changes to the capital structure of the Company brought about by the Proposed Debt Conversion and the proposed placement to be undertaken by the Company, it is proposed that the Old Share Issue Mandate be revoked and a new share issue mandate (“**Proposed New Share Issue Mandate**”) be granted to the Directors pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual.

Further details of the Proposed New Share Issue Mandate will be included in the circular to be despatched to the Shareholders.

9. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company, after taking into consideration the terms, rationale and financial effects of the Proposed Debt Conversion, is of the opinion that the Proposed Debt Conversion is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

10. CIRCULAR AND EGM

The Company will be convening an EGM to seek Shareholders’ approval for the Proposed Debt Conversion and the Proposed New Share Issue Mandate, and a circular containing, *inter alia*, the notice of the EGM and details of the Proposed Debt Conversion and the Proposed New Share Issue Mandate will be despatched to the Shareholders in due course.

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

12. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that after taking into consideration the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements.

13. DOCUMENTS FOR INSPECTION

Copies of the Debt Conversion Deeds are available for inspection at the registered office of the Company at 300 Beach Road #29-01 The Concourse Singapore 199555 during normal business hours for 3 months from the date of this announcement.

Shareholders and potential investors should note that the Proposed Debt Conversion is subject to the fulfilment of, *inter alia*, the conditions set out above, including the obtaining of the relevant regulatory approvals, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

Mark Francis Bedingham
Executive Director, President and CEO
30 August 2017