

SINGAPORE MYANMAR INVESTCO LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

RESPONSES TO QUESTIONS FROM SINGAPORE STOCK EXCHANGE RELATED TO THE UNAUDITED RESULTS ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

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 results for the third quarter ended 31 December 2018 and appends the requisite replies as follows:

(a) With reference to the unaudited results for the third quarter ended 31 December 2018, please provide explanations for:

(i) Decrease in other income:

Answer:

The elimination for intercompany consultancy income of US\$260K for Q3FY2018 figures was omitted. Whilst there is no impact on the group profit and loss, both other income & expenses are overstated by this amount in the comparatives. The comparative figures adjusted for the omission are given in the table below.

	Q3FY2019 USD	Q3FY2018 (Adjusted) USD	Increase/ Decrease	9 months ended 31/12/2018	9 months ended 31/12/2017	Increase/ Decrease
				FY2019 USD	FY2018 (Adjusted) USD	
\$'000						
Other Income	174	165	5.2%	496	441	12.5%
Administrative expenses	(1,564)	(1,443)	8.4%	(4,698)	(5,509)	-14.7%

After restating the above, the variance in Other Income is not significant.

(ii) Decrease in other assets, current

Answer:

The decrease in other assets in December 2018, current is mainly due to reduction in advance payment of US\$320K. In March 2018, there was delayed arrival of confirmed orders for construction equipment as a result of regulatory issues, which resulted in the higher advance payment.

(iii) **Decrease in liabilities associated with assets classified as held for sale**

Answer:

The decrease in discontinued operations liabilities is mainly due to repayment of penalty to Tower supplier of US\$0.8 million and to customs of US\$0.2 million.

(b) Breakdown of trade & other receivables as at 31 December 2018 and 31st March 2018, and provide an explanation for the variances

Answer:

	Mar-18	Dec-18	Var	Comments
<u>Trade Receivables</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
Third Parties	24,041	29,921	5,879	(i)
Less: Allowance for impairment	(42)	(42)	-	(ii)
<u>Other receivables</u>				
Joint Ventures	256	373	116	(ii)
GST/commercial tax receivable	331	223	(109)	(ii)
Deferred consideration from disposal of subsidiaries disposed	839	737	(102)	(ii)
Others	111	218	107	(ii)
Subtotal	25,536	31,430	5,895	
Less: Allowance for impairment	(401)	(401)	-	
Total trade and other receivables	25,135	31,029	5,895	

(i) The table below provides the breakdown of Trade Receivables from our local business partners (LBP), which account for 71% of total trade receivables. Our retail LBP, Royal Golden Sky Company Limited (RGS), has grown their sales over the past 9 months and correspondingly, SMI has intentionally increased credit to them so that they can take advantage of the 61% growth in passenger numbers after the closure of T2. In addition, they have stocked an additional 10% of retail space in T1 to cater to the increased passenger numbers. As a result, trade receivables increased correspondingly.

Local Business Partners	Net receivables as at 31 March 2018 USD \$'000	Revenue during the year USD \$'000	Repayment in the year USD \$'000	Net receivables as at 31 Dec 2018 USD \$'000	Variance USD \$'000
PMF Construction Services	3,998	1,841	(1,087)	4,752	754
Royal Golden Sky	11,761	11,668	(8,104)	15,325	3,564
MAR Myanmar Services	1,087	340	(194)	1,233	146
Total	16,846	13,850	(9,385)	21,311	4,465

(ii) No significant variance in Other Receivables.

(c) Please provide the Board’s assessment on the recoverability of the Group’s trade and other receivables and the basis for such an assessment.

We are monitoring the sale performance closely and the stock levels covering more than 65% of sales have been reduced to an acceptable level, allowing for controlled repeat ordering. We continue to work with RGS to help them clear some of the slower moving stock items and collectively, we have approached government to assist in facilitating the importation process which would allow for improved stock management and quicker stock turn. During this period, RGS has to meet their rental obligations as well as pay SMI for the use of the capital investment of the retail fit-outs. Hence, the accounts receivables is expected to remain high but decline to an acceptable 9 months of sales/sell-in over the next 18 months.

(d) In relation to note 17 under paragraph (1)(b)(i), please provide details of the shareholders’ loans including and not limited to terms of the shareholders’ loans, interest payments, and duration of shareholders’ loans.

Date	Shareholder	Loan Amount	Interest rate	Interest accrued	Due Date from date of first disbursement of the loan
10-Jan-18	Patrick Ho Kwok Wai	300,000	2.34% p.a	6,524	
12-Feb-18	Patrick Ho Kwok Wai	700,000	2.34% p.a	13,840	
17-Apr-18	Patrick Ho Kwok Wai	250,000	2.34% p.a	3,954	24 months
16-May-18	Patrick Ho Kwok Wai	200,000	2.34% p.a	2,768	
17-Aug-18	Patrick Ho Kwok Wai	100,000	2.34% p.a	791	
30-Sep-16	Mark Francis Bedingham	200,000	2.34% p.a	10,676	2 months
16-May-17	Mark Francis Bedingham	500,000	2.34% p.a	18,782	2 months
14-Jul-17	Mark Francis Bedingham	500,000	2.34% p.a	16,805	3 months
16-Aug-17	Mark Francis Bedingham	300,000	2.34% p.a	9,490	1 month
12-Dec-17	Mark Francis Bedingham	1,000,000	2.34% p.a	23,725	3 months
19-Mar-18	Mark Francis Bedingham	500,000	2.34% p.a	8,897	3 months
23-Apr-18	Mark Francis Bedingham	250,000	2.34% p.a	3,954	3 months
16-May-18	Mark Francis Bedingham	500,000	2.34% p.a	6,920	1 year
05-Jul-18	Mark Francis Bedingham	750,000	2.34% p.a	7,414	3 months
15-Aug-18	Mark Francis Bedingham	200,000	2.34% p.a	1,582	3 months
11-Sep-18	Mark Francis Bedingham	150,000	2.34% p.a	890	3 months
15-Oct-18	Mark Francis Bedingham	300,000	2.34% p.a	1,186	3 months
		6,700,000		138,198	

The shareholders have indicated that they will roll over these loans until the company’s balance sheet is strong enough to start to retire these loans.