

SINGAPORE MYANMAR INVESTCO LIMITED

(Incorporated in Singapore)
(Company Registration No. 200505764Z)

PROPOSED CAPITALISATION OF OUTSTANDING SHAREHOLDER LOANS AND ALLOTMENT AND ISSUE OF SHARES TO SUBSTANTIAL SHAREHOLDER

1. INTRODUCTION

The Board of Directors (“**Board**”) of Singapore Myanmar Investco Limited (“**Company**”) and together with its subsidiaries, “**Group**”) wishes to announce that the Company had on 1 March 2021, entered into an agreement (“**Conversion Agreement**”) with Mark Francis Bedingham (“**Subscriber**”) for the proposed capitalisation of the Outstanding Amount (as defined below) due and owing under the Loan Agreements (as defined below), and the allotment and issue of 132,910,062 new fully-paid ordinary shares in the capital of the Company (“**New Shares**”) to the Subscriber at the issue price of S\$0.050 per Share (as defined below) (“**Issue Price**”), in full and final settlement of the Company’s obligation to repay the Outstanding Amount, pursuant to the terms and subject to the conditions of the Conversion Agreement.

2. THE PROPOSED SUBSCRIPTION

2.1 **Subscriber.** The Subscriber is a director, the chief executive officer and a substantial shareholder of the Company with an existing aggregate direct and deemed interest in 12.1% of the Company’s entire equity share capital, comprising 38,508,321 issued and fully-paid ordinary shares in the share capital of the company (“**Shares**”).

2.2 **Background.** The Company and the Subscriber had entered into, *inter alia*, 10 separate loan agreements on 28 September 2016, 20 April 2017, 17 July 2017, 16 August 2017, 11 December 2017, 16 March 2018, 17 April 2018, 15 May 2018, 3 July 2018 and 14 August 2018, pursuant to which the Subscriber extended cash loans to the Company at an interest rate of 2.34% per annum (“**Loan Agreements**”), details of which are set out in **Annex A**.

The total amount under the Loan Agreements comprising principal and all accrued interest as at 28 February 2021, which the Company has not repaid and remains due and owing to the Subscriber, is US\$5,050,582.39 (“**Outstanding Amount**”).

Pursuant to the Conversion Agreement, the Subscriber shall subscribe for and the Company shall allot and issue to the Subscriber, the New Shares, in full and final discharge and settlement of the Company’s obligation to repay the Outstanding Amount to the Subscriber under the Loan Agreements, subject to the terms and conditions of the Conversion Agreement (“**Proposed Subscription**”).

2.3 **Principal Terms.** The principal terms of the Conversion Agreement are summarised as follows:

Proposed Subscription : Subject to the terms and conditions of the Conversion Agreement, the Company shall allot and issue to the Subscriber, and the Subscriber shall subscribe for, the New Shares at the Issue Price, fractional entitlements to be disregarded, in consideration for the sum of US\$5,050,582.39, which shall be fully satisfied in lieu of repayment by the Company to the Subscriber of the Outstanding Amount under the Loan Agreements.

Issue Price : The Issue Price represents a 127.3% premium to the volume weighted average price of the Shares traded on the main board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Mainboard**”) on 26 February 2021 (“**VWAP**”), being the last full market day on which the Shares were traded on the Mainboard prior to the signing of the Conversion Agreement.

New Shares : **132,910,062** new Shares (constituting approximately 41.9% of the Company’s entire existing equity share capital as at the date of this announcement and 29.5% of the

Company's entire enlarged equity share capital including the New Shares and PPCF Shares (as defined below)) to be allotted and issued by the Company to the Subscriber and listed and quoted on the Mainboard.

Status : The New 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 Subscription, 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 New Shares.

No Other Entitlements : Save pursuant to the express terms and conditions of the Conversion Agreement, the Proposed Subscription does not confer on the Subscriber, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.

Undertakings : The Company will cause to be submitted to the Securities Industry Council ("**SIC**"), an application for the Whitewash Waiver (as defined below) and thereafter, an additional listing application ("**ALA**") to SGX-ST for the listing and quotation of the New Shares on the Mainboard.

The Subscriber will, until and subject to completion of the Proposed Subscription, not take any action to enforce his right to repayment of the Outstanding Amount (or any part thereof) from the Company under the Loan Agreements.

2.4 **Securities and Futures Act (Cap 289) of Singapore ("SFA")**. The Conversion Agreement and the Proposed Subscription, including the allotment and issuance of the New Shares to the Subscriber, is entered into 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 and the Subscriber is not accepting the Company's offer of the New 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.

2.5 **Authority**. The allotment and issuance of the New Shares to the Subscriber pursuant to the Proposed Subscription will result in the Subscriber's aggregate deemed and direct interest in the Company's entire equity share capital increasing from 12.1% (comprising 38,508,321 Shares) to 38.0% (comprising 171,418,383 Shares) on a total enlarged basis (taking into account the PPCF Shares (as defined below)), with the free float of Shares in the hands of the public decreasing to 25.5% (above the minimum 10% prescribed under Rule 723 of the Listing Rules), and amount to:

- (a) a transfer of a controlling interest in the Company to the Subscriber pursuant to Rule 803 of the Listing Manual of the SGX-ST ("**Listing Rules**");
- (b) an issue of Shares to a director of the Company ("**Director**") pursuant to Rule 804 of the Listing Rules;
- (c) an issue of Shares to a substantial Shareholder and a Director pursuant to Rule 812(1)(a) of the Listing Rules, and
- (d) an interested person transaction pursuant to Rule 906(1) of the Listing Rules, as the Outstanding Amount (being the consideration price for the New Shares) is 35.2% of the latest audited consolidated net tangible assets of the Group of US\$14.4 million as at 31 March 2020. As at the date of this announcement, the Group has not entered into any transactions with the Subscriber in the current financial year ending 31 March 2020 save in relation to the allotment and issuance of 14,000,000 Shares to the Subscriber pursuant to the SMI Performance Share Plan on 4 June 2020 at the issue price of S\$0.021 per Share (being the market price on 27 March 2020, the date of the grant).

Accordingly, the New Shares will be allotted and issued to the Subscriber pursuant to specific approval of the shareholders of the Company (“**Shareholders**”) to be obtained at an extraordinary general meeting of the Company (“**EGM**”) to be convened in due course (with the Subscriber and his associates abstaining), in accordance with Rules 803, 804, 812(2) and 906 of the Listing Rules.

- 2.6 **Singapore Code on Take-overs and Mergers (“Code”).** The Proposed Subscription is also subject to:
- (a) the waiver by SIC of the obligation of the Subscriber and parties acting in concert with him to make a mandatory take-over offer for all other Shares in existence arising from the allotment and issuance of the New Shares, pursuant to Rule 14 of the Code (“**Whitewash Waiver**”), and the fulfilment of any such condition that the SIC may impose which are reasonably acceptable to the Company and the Subscriber, and
 - (b) the waiver by a majority of the Independent Shareholders (as defined below) by ordinary resolution on a poll taken (with the Subscriber and parties acting in concert with him abstaining), at the EGM, of their right to receive a general offer from the Subscriber and parties acting in concert with him for all other Shares in existence, arising from the allotment and issuance of the New Shares to the Subscriber, pursuant to Rule 14 of the Code (“**Whitewash Resolution**”).
- 2.7 **IFA.** The Company will, in due course, appoint an independent financial adviser (“**IFA**”) pursuant to Paragraph 2(e) of Appendix 1 of the Code, to provide an opinion to the Shareholders who are considered independent for the purpose of the Whitewash Resolution (“**Independent Shareholders**”). The IFA’s opinion will be included in the Circular (as defined below).
- 2.8 **Conditions Precedent.** The Proposed Subscription is subject to, *inter alia*, certain conditions precedent, including the following (“**Conditions Precedent**”):
- (a) the Shares not being suspended by the SGX-ST from trading on the Mainboard other than in relation to trading halts not exceeding three (3) market days pending announcements of the Company;
 - (b) an opinion by the IFA:
 - (i.) pursuant to Rule 921(4)(a) of the Listing Rules stating whether the Proposed Subscription (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Rules) is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders, and
 - (ii.) stating whether the allotment and issuance of the New Shares to the Subscriber pursuant to the Proposed Subscription, which is subject to the Whitewash Resolution, is fair and reasonable and if the Recommending Directors (being the Directors other than the Subscriber) should recommend that the Independent Shareholders should vote in favour of the Whitewash Resolution;
 - (c) all required consents and approvals, including:
 - (i.) the granting of the Whitewash Waiver by SIC;
 - (ii.) the approval-in-principle of the SGX-ST for, *inter alia*, the listing and quotation of the New Shares on the Mainboard;
 - (iii.) specific approval of the Shareholders (with the Subscriber and his associates abstaining) pursuant to Rules 803, 804, 812(2) and 906 of the Listing Rules at the EGM for the Proposed Subscription and the allotment and issuance of the New Shares to the Subscriber, and
 - (iv.) approval of the Whitewash Resolution as described in Paragraph 2.6(b) above.
- 2.9 **Representations and Warranties of the Subscriber.** The Subscriber has represented, warranted and undertaken to and with the Company in the Conversion Agreement, *inter alia*, that:
- (a) the Subscriber acknowledges that his subscription for the New Shares is made pursuant to the Company’s reliance on the ‘safe harbour’ exemptions for a private placement under section 272B of the SFA and in compliance with all the conditions of these exemptions in the SFA therein;

- (b) the Subscriber is an accredited investor as defined in the SFA is subscribing for the New Shares as principal for his own benefit and will not be holding the New Shares on trust or for the benefit of other parties;
- (c) the Subscriber 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 New 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;
- (d) save as disclosed in Paragraph 2 herein, the Subscriber has no other relationship or dealings with the Company, and is not a person acting in concert with any other Shareholder;
- (e) the Subscriber has recused and will recuse himself from all of the Board's deliberations and decision-making processes relating to any matter concerning the Proposed Subscription or the Conversion Agreement, and:
 - (i.) the Subscriber and his associates will abstain from voting on or being appointed as proxies for the Shareholders' resolutions; and
 - (ii.) the Subscriber and parties acting in concert with him will abstain from voting or being appointed as proxies for the Whitewash Resolution

in connection herewith, at the EGM.

2.10 **Rationale and Use of Proceeds.** The allotment and issuance of the New Shares by the Company to the Subscriber under the Proposed Subscription is in lieu of cash repayment by the Company to the Subscriber of the Outstanding Amount due and owing under the Loan Agreements and accordingly, no cash proceeds will be received by the Company from the Subscriber. Subject to and upon completion of the allotment and issue of the New Shares to the Subscriber under the Proposed Subscription, the Loan Agreements shall be irrevocably and unconditionally terminated and settled, and the Company shall be fully, absolutely, finally and forever exonerated, released and discharged from the Loan Agreements, and the Subscriber shall have no further or other claims of any nature whatsoever against the Company, arising out of or in relation to the Outstanding Amount and/or the Loan Agreements.

The Proposed Subscription will enable the Group to augment its capital base by converting the Outstanding Amount into equity of the Company and significantly strengthen the Group's balance sheet and improve its debt-equity position.

Upon completion of the Proposed Subscription, the aggregate amount owing by the Group to the Subscriber will be reduced from approximately US\$5.5 million as at the date of Conversion Agreement to approximately US\$475,208 under two (2) other loan agreements between the Company and the Subscriber dated 10 September 2018 and 11 October 2018 for loans by the Subscriber to the Company that are not proposed to be capitalised under the Conversion Agreement. This will provide opportunities for the Group to raise funds from the public and financial institutions in future due to the Group's improved balance sheet. The short-term obligation to repay the Outstanding Amount would be settled and the Group's cash can be used for other purposes.

No placement agent is appointed by the Company for the purpose of the Proposed Subscription pursuant to the Conversion Agreement.

The Board (with the Subscriber abstaining) is of the view that the Proposed Subscription is beneficial to and in the interests of the Company and enable the Group to improve its working capital position and reduce its indebtedness and gearing while conserving its cash resources. The Proposed Subscription is also a show of confidence by the Subscriber in the future plans, viability and anticipated performance of the Group.

The Board is of the opinion that after taking into consideration the present financial position of the Group, including its banking facilities, its bank and cash balances, the working capital available to the Group is sufficient to meet its present requirements.

2.11 **Financial Adviser.** The Company has appointed PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") as its financial adviser for the Proposed Subscription and pursuant to the terms of its engagement with PPCF, will allot and issue to PPCF, 1,250,000 new Shares at the Issue Price, amounting in value to S\$62,500.00, in

consideration of part of the professional fees due to PPCF (“**PPCF Shares**”). The PPCF Shares will be allotted and issued to PPCF pursuant to specific approval of the Shareholders to be obtained at the EGM in accordance with Rule 811(3) of the Listing Rules and subject to the same selling restrictions described in Paragraph 2.4 above.

2.12 **Financial Effects.** As at the date of this announcement, the issued and paid-up share capital of the Group is S\$88,952,762.62, comprising 316,996,792 Shares. For illustration only, the pro forma effects on the share capital and the financial effects of the Proposed Subscription 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 consolidated financial results of the Group for FY2020 and the assumption that the Proposed Subscription had been effected on 31 March 2020; and
- (c) the financial effects on the loss per share (“**LPS**”) are computed based on the latest announced consolidated financial results of the Group for FY2020 and the assumption that the Proposed Subscription had been effected on 1 April 2019.

Share Capital

	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and issuance of PPCF Shares
No. of Shares	316,996,792	449,906,854	451,156,854
Paid-up capital (S\$)	88,952,762.62	95,598,265.72	95,660,765.72

NTA

	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and issuance of PPCF Shares
NTA (US\$'000)	14,364	19,415	19,415
No. of Shares	316,996,792	449,906,854	451,156,854
NTA per Share (US cents)	4.53	4.32	4.30
NTA per Share (Singapore cents ⁽¹⁾)	6.03	5.74	5.72

LPS

	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and issuance of PPCF Shares
Loss attributable to owners of the Company (US\$'000)	(10,335)	(10,335)	(10,335)
Basic weighted average number of Shares	302,996,792	435,906,854	437,156,854

	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and issuance of PPCF Shares
LPS (US cents)	(3.41)	(2.37)	(2.36)
LPS (Singapore cents ⁽¹⁾)	(4.54)	(3.15)	(3.14)

Gearing

	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and issuance of PPCF Shares
Total borrowings (US\$'000)	12,538	7,487	7,487
Total equity attributable to owners of the Company (US\$'000)	14,856	19,907	19,907
Debt-to-equity ratio ⁽²⁾ (times)	0.84	0.38	0.38
Total assets (US\$'000)	41,505	41,505	41,505
Debt ratio ⁽³⁾ (times)	0.30	0.18	0.18

Notes:

- (1) The exchange rate used is US\$1:S\$1.3297
- (2) Debt-to-equity ratio is computed using total borrowings divided by total equity attributable to owners of the Company.
- (3) Debt ratio is computed using total borrowings divided by total assets.

3. ALA, CIRCULAR AND EGM

The Company will submit an application for the Whitewash Waiver to SIC, and thereafter, the ALA to SGX-ST for the listing and quotation of the New Shares on the Mainboard.

The Company will convene the EGM to seek Shareholders' approval for the allotment and issuance of the New Shares to the Subscriber pursuant to the Proposed Subscription and the Whitewash Resolution. A circular containing, *inter alia*, the notice of the EGM, details of the Proposed Subscription and Whitewash Resolution, and opinion from the IFA will be despatched to the Shareholders in due course ("**Circular**"). The Company will make further or other announcements if and when there are material developments in connection with the Conversion Agreement and Proposed Subscription.

4. STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 917(4)(a)(ii), the Company's Audit Committee having considered the terms and of the rationale for the Conversion Agreement, will obtain the opinion of the IFA before forming its view, which will be set out in the Circular.

5. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

Save as described in Paragraphs 2.1 and 2.2 above and save for their respective shareholding interests in the Shares (as the case may be), (a) none of the Directors, controlling Shareholders or substantial Shareholders or their respective associates of the Company has any interest, direct or indirect, in the Conversion Agreement, Proposed Subscription or New Shares, and (b) the Subscriber has no other relationships or dealings with the Company.

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 Conversion Agreement; 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 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 Conversion Agreement, Proposed Subscription, Subscriber, Loan Agreements, New 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

As at the date of this announcement, Shareholders should be cautioned that Conversion Agreement and Proposed Subscription are subject to, *inter alia*, fulfilment of the Conditions Precedent and there is no assurance that they will proceed or proceed on their present terms.

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
1 March 2021

Loan Agreements

No.	Date of Loan	Interest Rate per annum (%)	Principal Loan Amount (US\$)	Accrued interest as of 28 February 2021 (US\$)	Outstanding Amount including all accrued interest as of 28 February 2021 (US\$)
1.	28 September 2016	2.34	200,000.00	21,694.76	221,694.76
2.	20 April 2017	2.34	500,000.00	44,484.30	544,484.30
3.	17 July 2017	2.34	500,000.00	42,507.22	542,507.22
4.	16 August 2017	2.34	300,000.00	24,911.46	324,911.46
5.	11 December 2017	2.34	1,000,000.00	75,129.04	1,075,129.04
6.	16 March 2018	2.34	500,000.00	34,598.90	534,598.90
7.	17 April 2018	2.34	250,000.00	16,805.18	266,805.18
8.	15 May 2018	2.34	500,000.00	32,621.82	532,621.82
9.	3 July 2018	2.34	750,000.00	45,967.11	795,967.11
10.	14 August 2018	2.34	200,000.00	11,862.60	211,862.60
Total			4,700,000.00	349,844.89	5,050,582.39