



ENTRY INTO (I) SHARES PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF 1,696,636 SHARES IN THE CAPITAL OF STRAND HOTEL INTERNATIONAL LIMITED AND (II) CONDITIONAL SUBSCRIPTION AGREEMENT FOR THE ISSUE OF UNLISTED CONVERTIBLE BONDS IN PRINCIPAL AMOUNT OF US\$3,190,000 AT COUPON RATE OF 5% PER ANNUM DUE THREE (3) YEARS FROM THE DATE OF ISSUANCE

1. INTRODUCTION

The Board of Directors (“**Board**”) of Memories Group Limited (“**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company, has today entered into a shares purchase agreement (“**Shares Purchase Agreement**”) with Oakfame Investment Limited (“**Oakfame**”) and its holding company, Sun Hung Kai & Co. Limited (“**SHK**”), for the proposed acquisition of 1,696,636 shares in the capital of Strand Hotel International Limited (“**Target**”) which represents 15.28% of the total issued and paid up shares of the Target (“**Proposed Acquisition**”) in accordance with and subject to the terms and conditions as stipulated in the Shares Purchase Agreement. The Company has also, on this day, entered into a conditional convertible bond subscription agreement (“**CB Subscription Agreement**”) with Oakfame pursuant to which the Company has agreed to issue and Oakfame has agreed to subscribe for the Convertible Bonds (as defined herein), upon the satisfaction of certain conditions, on the completion of the Proposed Acquisition.

2. CONSIDERATION

The consideration that is payable by the Company to Oakfame under the Shares Purchase Agreement (“**Consideration**”) shall be fully settled by way of issuance of unlisted convertible bonds in the principal amount of US\$3,190,000 at the coupon rate of 5% per annum (“**Convertible Bonds**”). Assuming conversion at the Maturity Date (as defined herein), the maximum amount of the Consideration will be US\$3,668,500.

The Consideration was arrived at based on willing-buyer and willing-seller basis taking into account, amongst others, the estimated total enterprise value of MHIL and MCIL (both terms are as defined below). The unaudited net asset value¹ of the Target is US\$10,768,030 as at 31 March 2019.

Completion of the Proposed Acquisition is to take place within seven (7) days of the Company’s receipt of the listing and quotation notice from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing of and quotation for the Conversion Shares (as defined herein) on the Catalist of the SGX-ST.





3. INFORMATION ON THE TARGET¹

The Target is a company incorporated in the British Virgin Islands and has, at the date of the Shares Purchase Agreement, a total of 11,101,191 issued and paid up shares.

The Target is a joint venture partner with the Directorate of Hotels and Tourism Development (formerly known as Myanmar Hotels and Tourism Services), the Republic of the Union of Myanmar and holds a 50% shareholding interest in Myanmar Hotel International Company Limited (“**MHIL**”). MHIL has acquired long-term leasehold rights and the rights to develop, operate and manage three iconic hotels in Yangon, namely, the Strand Hotel, the Inya Lake Hotel and Hotel G Yangon (formerly known as the Thamada Hotel).

The Target had also entered into another joint venture arrangement with GCP Hospitality Management Limited and holds an 80% shareholding interest in Myanmar Cruise International Limited (“**MCIL**”) which owns a boat cruise in Yangon.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Company is engaged in tourism-related businesses focused on Myanmar, predominantly in three (3) business segments, namely, the Experiences Segment, the Services Segment and the Hotels Segment. As such, the Proposed Acquisition is in the ordinary course of business and the Company believes that the assets held by MHIL have long term value creation potential and the Proposed Acquisition is in line with the Company’s business plan to expand the Company’s portfolios under the Hotel Segment to own, develop and/or operate more hotels and lodges in Myanmar.

5. SALIENT TERMS OF THE CONVERTIBLE BONDS

5.1 Subscriber

The sole subscriber for the Convertible Bonds shall be Oakfame.

Oakframe is a wholly-owned subsidiary of SHK², an investment firm that is listed on The Stock Exchange of Hong Kong Limited. Since its inception in 1969, SHK has owned and operated market leading businesses in financial services. It is also the major shareholder of leading consumer finance firm United Asia Finance and a substantial shareholder of Everbright Sun Hung Kai.

As at the date of this Announcement, Oakfame and SHK (a) do not hold any ordinary shares of the Company (“**Shares**”); (b) are not related to any of the Directors, substantial shareholders of the Company or their respective associates; and (c) are not restricted persons under Rule 812(1) of the Catalist Rules.

¹ Information obtained from Oakfame

² Information on SHK taken from <http://www.shkco.com>





Assuming full conversion of the Convertible Bonds on the Maturity Date, the Subscriber will hold up to 19,829,729 Shares representing 3.77% of the Company's enlarged share capital of 525,391,324 Shares ("**Enlarged Share Capital**"), taking into consideration the outstanding 3,890,640 Shares to be issued to U Kun Naung Myint Wai in relation to the Company's acquisition of Kayah Resort³. Accordingly, the allotment and issuance of the Conversion Shares will not result in a transfer of controlling interest in the Company.

5.2 **Maturity Date**

The maturity date of the Convertible Bonds is three (3) years from the date of issuance of the Convertible Bonds ("**Maturity Date**").

5.3 **Conversion Price**

The conversion price shall be US\$0.185 ("**Conversion Price**") which is equivalent to S\$0.250 (based on the exchange rate of US\$1 to S\$1.35) and it represents a 177.77% premium over the weighted average price of the Company's Shares of S\$0.09 for trades done on the SGX-ST on the preceding market day of the Shares Purchase Agreement.

The Conversion Price is subject to customary adjustments including adjustments for share consolidation, share subdivision, dividend and distribution and issuance of new securities at a price lower than the Conversion Price.

Oakfame has the right to convert, at any time before the Maturity Date, the principal amount including any accrued coupon/ interest, of the Convertible Bonds, in part or in whole, into the Shares at the Conversion Price ("**Conversion Shares**").

5.4 **Coupon Rate**

The Convertible Bonds bear simple interest from the date of the CB Subscription Agreement at the rate of 5% per annum accrued on a daily basis on the principal amount of the Convertible Bonds. The interest shall not capitalise into the principal amount of the Convertible Bonds.

5.5 **Transferability**

The Convertible Bonds will be issued at the principal amount and, subject to the Company's approval, which shall not be unreasonably withheld, Oakfame may transfer, in part or in whole, the Convertible Bonds to any party. Approval however is not required for transfer by Oakfame to its affiliate, that is, an entity that is controlled by common major shareholders of Oakfame.

5.6 **Early Redemption**

Oakfame has the right to request the Company to redeem, in part or in whole, the outstanding principal amount, including any accrued interest if:

- (a) Yoma Strategic Holdings Ltd. and First Myanmar Investment Public Company Limited collectively hold less than 20% of the outstanding shares of the Company;

³ Please refer to the Company's press release dated 30 May 2018 and announcement dated 7 June 2018 for details on the acquisition.



- (b) the Company disposes of a substantial portion of its business or assets unless proceeds from such disposal are reinvested into existing businesses of the Company and/or its group entities within six (6) months of disposal into the then existing businesses of the Company or Group but shall not include any disposal carried out with the consent of holders of 50.0% of the aggregate principal amount of Convertible Bonds then outstanding or in connection with an internal corporate restructuring within the Group; or
- (c) an event of default under the CB Subscription Agreement has occurred.

6. APPROVALS FOR THE LISTING AND QUOTATION OF THE CONVERSION SHARES

The obligation of Oakfame to subscribe for the Convertible Bonds is subject to the Company having obtained the listing and quotation notice from the SGX-ST for the listing of and quotation of the Conversion Shares on the Catalist Board of the SGX-ST and all consents, approvals and authorisations having been obtained by the Company and the same continuing to be in full force and effect.

The Company will be making an application to the SGX-ST, via its Sponsor, for the listing and quotation of the Conversion Shares on the Catalist Board of the SGX-ST. It will make the necessary announcement upon receipt of the listing approval from the SGX-ST

7. CONVERSION SHARES

The Conversion Shares, when issued, will be valid, fully paid, free from any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third party right, or interest, other encumbrance or security interest of any kind or any type of agreement or arrangement having similar effect and shall rank *pari passu* in all respect with all other shares then in issue, except for any dividends, rights, allotments or other distributions, the record date for which is before the relevant conversion date of the Convertible Bonds.

Assuming that all of the Convertible Bonds are converted on the Maturity Date, the conversion amount will be US\$3,668,500 (equivalent to approximately S\$4,952,475 based on the exchange rate of US\$1 to S\$1.35), comprising principal amount of US\$3,190,000 and the aggregate accrued interest of US\$478,500. Accordingly, based on the Conversion Price, the maximum number of Conversion Shares to be allotted and issued will be up to 19,829,729 Shares. For the avoidance of doubt, any adjustment to the Conversion Price arising from the adjustment event is disregarded.

8. AUTHORITY TO ISSUE CONVERSION SHARES

The Conversion Shares will be issued pursuant to the general mandate (“**Share Issue Mandate**”) approved by the shareholders of the Company on at the annual general meeting held on 25 July 2018. The proposed issuance and allotment of the Conversion Shares is within the limits of the Share Issue Mandate. Accordingly, specific shareholder approval from shareholders of the Company for the issuance and allotment of the Conversion Shares is not required.



9. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The issuance of the Convertible Bonds is undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act (Chapter 289 of Singapore). As such, no filing of any other offering circular, information memorandum or prospectus will be required to be issued or registered with any authority or otherwise in connection with the offering of the Convertible Bonds under Singapore law.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or other substantial shareholders of the Company or their respective associates have any interest, direct or indirect, in the Proposed Acquisition and the subscription of the Convertible Bonds (other than that arising from their shareholdings in the Company, if any).

11. 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 Proposed Acquisition, and proposed issue of the Convertible Bonds, 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 its proper form and context.

12. FURTHER ANNOUNCEMENT

The Company will make further announcements upon the Company's receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Conversion Shares and upon the issuance of the Convertible Bonds to the Subscriber.

By Order of the Board

Cyrus Pun
Chief Executive Officer
26 April 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's continuing sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).