



Memories Group Limited
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED ACQUISITIONS OF 100% OF THE ENTIRE ISSUED AND FULLY PAID-UP CAPITAL OF SM ASSET HOLDINGS PTE. LTD. AND 20% OF THE REMAINING INTEREST IN MOKAN (S) PTE. LTD. WHICH IS A SUBSIDIARY OF SM ASSET HOLDINGS PTE. LTD. ("PROPOSED ACQUISITIONS")

1. INTRODUCTION

- 1.1 The Board of Directors ("**Board**" or "**Directors**") of Memories Group Limited (the "**Company**") is pleased to announce that it had, on 25 July 2018, entered into three conditional share purchase agreements (collectively, the "**SPAs**") with certain vendors, as described further in this Announcement (collectively "**Vendors**").
- 1.2 Two of the SPAs relate to the proposed acquisition of 100% of the entire issued and fully paid up capital of SM Asset Holdings Pte. Ltd. ("**SMAH**") which are entered into between the Company and (a) Samena Mandalay Holdings ("**Samena Mandalay**") in respect of its 19,200 ordinary shares in the capital of SMAH representing approximately 73.14% in SMAH (the "**Samena SMAH Shares**"); and (b) the remaining 15 other shareholders (the "**15 Other Shareholders**") in respect of the remaining 7,050 ordinary shares in the capital of SMAH representing 26.86% (the "**Other SMAH Shares**"). Samena Mandalay is an investment vehicle of Samena Special Situations Fund III L.P., a private equity fund managed by Samena Capital¹. Samena Capital is a principal investment group focusing on the Subcontinent, Asia, Middle East and North Africa (collectively, the SAMENA region) and currently manages total capital of approximately US\$1.0 billion¹.
- For the purpose of this Announcement, the Samena SMAH Shares and the Other SMAH Shares shall be collectively known as the "**SMAH Shares**".
- 1.3 The third SPA relates to the proposed acquisition of 20 ordinary shares in the capital of Mokan (S) Pte. Ltd. ("**Mokan**") representing 20% in Mokan (the "**Mokan Shares**") from Pyai Phyo Tun ("**Mokan Vendor**"). The remaining 80% in Mokan is owned by SMAH.
- 1.4 Samena Mandalay, 15 Other Shareholders and the Mokan Vendor (collectively, the "**Vendors**") are not related to the Directors or controlling shareholders of the Company or their respective associates.

¹ Data from Samena Capital



2. INFORMATION ON ASSETS

- 2.1 SMAH is a company incorporated under the laws of Singapore and is an investment holding company. Its wholly-owned subsidiaries owns Hotel Suggati, a three-star hotel in Mawlamyaing which is currently in its construction phase under the supervision of the Memories Group.
- 2.2 Moka is a 80%-subsidiary of SMAH incorporated under the laws of Singapore and is an investment holding company. The remaining 20% of Moka is owned by the Moka Vendor. Its wholly-owned subsidiary holds the development rights of Bo Ywe Island, Nga Mann Island and Kyun Pila Island (collectively, the “**Islands**”), together with Awei Pila which is a five-star resort located on the Kyun Pila Island and which is currently in its construction phase under the supervision of the Memories Group.

Please refer to the media release for more information on Hotel Suggati, the Islands and Awei Pila.

3. CONSIDERATION

- 3.1 The aggregate consideration for the purchase of the assets, namely Hotel Suggati, the development rights of the Islands and Awei Pila, is US\$40,656,250 (the “**Consideration**”) and was arrived at arm’s length negotiation based on, amongst others, the independent valuation report dated 24 July 2018 issued by the independent valuer, Jones Lang La Salle, which was commissioned by the Company for the purposes of the Proposed Acquisitions.
- 3.2 The Company and the Vendors have agreed under the respective SPAs that payment of the Consideration shall be as follows:-

(a) SMAH

SMAH’s share of the Consideration will amount to US\$25,920,000² and it will be satisfied by way of the issuance and allotment of 141,004,800 new ordinary shares in the capital of the Company (the “**Samena Consideration Shares**”) at the issue price of S\$0.25 per Samena Consideration Share credited as fully-paid up on the Completion Date (as hereinafter defined). Upon the allotment and issuance of the Samena Consideration Shares, Samena Mandalay will hold approximately 28.11%³ interest in the Company based on the enlarged share capital of the Company of 501,670,955 ordinary shares in the capital of the Company (the “**Shares**”)(the “**Enlarged Share Capital**”).

² Parties have agreed to an exchange rate of US\$1: S\$1.36 for the purpose of determining the number of Samena Consideration Shares and Moka Consideration Shares (collectively, the “**Consideration Shares**”). The issue price of S\$0.25 per Consideration Share represents a 16.9% premium over the weighted average price of the Company’s shares of S\$0.2138 for trades done on the SGX-ST on 20 July 2018, being the full market day on which the Company’s Shares were traded prior to the date of the sales and purchase agreement dated 25 July 2018.

³ The computation is based on the enlarged share capital of the Company of 501,670,955 shares comprising the existing issued share capital of the Company of 355,197,822 Shares and Consideration Shares.



(b) 15 Other Shareholders

The aggregate amount of the consideration payable to the 15 other shareholders of SMAH is US\$8,705,000 and will be paid in cash on the Conditions Subsequent Satisfaction Date (as hereinafter defined).

(c) Moka Vendor

The aggregate amount of the consideration payable to the Moka Vendor is US\$6,031,250 and it shall be paid in two tranches. The first tranche shall comprise the issuance and allotment of 5,468,333 new Shares (the “**Moka Consideration Shares**”) at the issue price of S\$0.25 per Moka Consideration Share credited as fully-paid up on the Completion Date (as defined herein), amounting to an aggregate amount of US\$1,005,208². Upon the allotment and issuance of the Moka Consideration Shares, the Moka Vendor will hold approximately 1.09%³ interest in the Company based on the Enlarged Share Capital. The second tranche comprising the amount of US\$5,026,042 shall be in cash payable on the Conditions Subsequent Satisfaction Date.

3.3 Funding

The Company intends to fund the cash consideration to the 15 Other Shareholders and the Moka Vendor by way of a combination of debt/equity fund raising in the capital markets and/or external borrowings.

3.4 Mandate to issue the Samena Consideration Shares and the Moka Consideration Shares

The Company intends to issue the Consideration Shares using the general share issue mandate to be obtained at the forthcoming annual general meeting of the Company to be held on 25 July 2018. It will also be making an application to the SGX-ST through its Sponsor for the listing of and quotation for the Consideration Shares on the Catalist.

4. **RATIONALE FOR THE PROPOSED ACQUISITIONS**

The Proposed Acquisitions are in line with the Company's ordinary course of business (tourism related business) to add to its current portfolio of hotel assets either through the acquisition of well-located hotels with asset enhancement opportunities, or the addition of more hotel management contracts to enable the Group to build up its portfolio of hospitality and tourism assets. The land development rights in the Islands may be used to develop tourism-related hospitality facilities. The Company envisages that the Proposed Acquisitions will provide additional revenue streams and attract new customers for its Hotels segment.



5. SALIENT TERMS OF THE SPAS

5.1 Conditions Precedent

Completion of the Proposed Acquisitions is subject to the certain conditions including but not limited to (a) the approval of the shareholders of the Company being obtained for the proposed issue and allotment of the Consideration Shares (for the avoidance of doubt, the approval of shareholders of the Company for the proposed issue and allotment of the Consideration Shares may be by way of a general share issue mandate or authority to issue shares granted to the Directors during general meeting of the Company); and (b) the concurrent completions of all the acquisitions contemplated under the three SPAs. Completion of the Proposed Acquisitions shall take place within ten (10) Business Days after the satisfaction or fulfilment of the conditions precedent or such other date as may be mutually agreed between the Company and the Vendors (the **"Completion Date"**).

5.2 Conditions Subsequent

Notwithstanding completion of the Proposed Acquisitions, the Company shall be entitled to procure the Vendors to obtain such deliverables and such approvals and otherwise take such steps or actions as may be necessary or required for the purposes of satisfying certain prescribed conditions subsequent which shall be no later than six (6) months from the Completion Date or such later date as the parties may agree in writing (the **"Conditions Subsequent Satisfaction Date"**).

5.3 Put Options

Samena Mandalay and Moka Put Option

- (a) Each of Samena Mandalay and the Moka Vendor and the Company have agreed that in the event that any of the conditions subsequent are not satisfied by the expiry of the Conditions Subsequent Satisfaction Date (the **"Samena Mandalay and Moka Put Option Commencement Date"**), the Company shall have the option (the **"Samena Mandalay and Moka Vendor Put Option"**) to require Samena Mandalay and the Moka Vendor to buy back the Samena SMAH Shares and the Moka Shares, as the case may be, from the Company at the same amount as the Consideration paid to each of them (the **"Samena Mandalay and Moka Put Option Price"**), to be settled and satisfied by way of the In-Kind Settlement (as defined below). The Samena Mandalay and Moka Put Option may be exercised on the Samena Mandalay and Moka Put Option Commencement Date and ending on the 14th calendar day of the Samena Mandalay and Moka Put Option Commencement Date.
- (b) The Samena Mandalay and Moka Vendor Put Option Price payable by Samena Mandalay and the Moka Vendor to the Company pursuant to the exercise of the Samena Mandalay and Moka Vendor Put Option by the Company may be settled and satisfied by way of Samena Mandalay and the Moka Vendor surrendering the Consideration Shares to the Company in full settlement and satisfaction of the Samena Mandalay and Moka Put Option Price (the **"In-kind Settlement"**), subject to all relevant approvals (including such approval of shareholders of the Company as may be required) being obtained for the same. In the event the Company, despite best commercial efforts, is unable to obtain the relevant approvals to allow the Company to accept the surrender of the Consideration Shares by Samena Mandalay and the Moka Vendor



to effect the In-kind Settlement, the parties agree to use their respective best commercial efforts to give full commercial effect to the intention of the parties, including without limitation to find a purchaser for the Consideration Shares and giving the Company the right to such sale proceeds so that the sale and purchase of the Samena SMAH Shares and the Mokan Shares pursuant to the exercise of the Samena Mandalay and Mokan Put Option can be duly completed without any cash outlay being required from Samena Mandalay and the Mokan Vendor.

15 Other Shareholders Put Option

- (c) Each of 15 Other Shareholders and the Company have agreed that in the event that any of the conditions subsequent are not satisfied by the Conditions Subsequent Satisfaction Date (the “**15 Other Shareholders Put Option Commencement Date**”), the Company shall have the option (the “**15 Other Shareholders Put Option**”) to require the 15 Other Shareholders to buy back the Other SMAH Shares from the Company at the same amount as the Consideration paid to each of them (the “**15 Other Shareholders Put Option Price**”). Subject to the 15 Other Shareholders not having received their share of the Consideration, the 15 Other Shareholders Put Option Price payable by them to the Company pursuant to the exercise of the 15 Other Shareholders Put Option by the Company shall be deemed settled and satisfied and the 15 Other Shareholders shall be entitled to receive their respective proportion of the Other SMAH Shares with no additional payment required.

5.4 Moratorium

Each of Samena Mandalay and the Mokan Vendor has also covenanted and undertaken to the Company that it shall not sell, dispose of, realise or transfer or create or allow to subsist any encumbrance over any of the Samena Consideration Shares or the Mokan Consideration Shares, as the case may be, during the period commencing on the Completion Date and ending on the later of (a) the expiry of the Samena Mandalay and Mokan Vendor Put Option Period; and (b) in the event that the Company exercises the Samena Mandalay and Mokan Vendor Put Option, the completion of the Samena Mandalay and Mokan Vendor Put Option.

5.5 Board Representation

As soon as practicable after the satisfaction or fulfilment of the conditions subsequent, the Company will endeavour to procure the appointment of a candidate nominated by Samena Mandalay as a non-executive director of the Company. The appointment will be subject to the review and recommendation of the Nominating Committee of the Company, the approval of the board of directors of the Company and the assessment of the Company’s continuing sponsor, PrimePartners Corporate Finance Pte. Ltd., and compliance with all applicable laws and regulations.



6. CHANGES IN SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS PURSUANT TO THE PROPOSED ACQUISITION

	Before the Proposed Acquisitions ¹		After the Proposed Acquisitions ²	
	Direct and deemed interest		Direct and Deemed interest	
	Number of Shares	%	Number of Shares	%
Directors				
Mr Serge Pun ³	209,026,274	58.85	209,026,274	41.66
Mr Georges Michel Novatin ⁴	-	-	-	-
Mr Tun Tun	-	-	-	-
Mr Basil Chan	-	-	-	-
Mr Robin Lee Chye Beng	-	-	-	-
Ms Judy Chan	-	-	-	-
Substantial shareholders⁵ (other than Directors)				
Yoma Strategic Investments Ltd ("YSIL")	167,078,848	47.04	167,078,848	33.30
First Myanmar Investment Company Limited ("FMI")	41,947,426	11.81	41,947,426	8.36
Ace-Pan Asia Opportunities SPC	41,131,520	11.58	41,131,520	8.20
SHC Capital Holdings Pte Ltd	35,662,759	10.04	35,662,759	7.11
Samena Mandalay			141,004,800	28.11

Notes:

¹ Based on the substantial shareholders shareholding as at the date of this Announcement.

² Computed based on the Enlarged Share Capital of 501,670,955 Shares.

³ Mr. Serge Pun is deemed interested in the Shares held through his shareholding interests in Yoma Strategic Holdings Ltd., which owns the entire shareholding in YSIL; as well as through his shareholding interests in FMI.

⁴ Mr. Georges Michel Novatin holds share awards comprising 1,000,000 shares under the Memories Performance Share Plan.

⁵ Comprise only substantial shareholders with direct interests in the Shares.

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7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisitions, other than through their respective shareholdings in the Company.

8. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcements on the Proposed Acquisitions as and when it is appropriate.

By Order of the Board

Serge Pun
Executive Chairman
25 July 2018

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 Singapore Exchange Securities Trading Limited (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).

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