



SHC CAPITAL ASIA LIMITED

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

PROPOSED ACQUISITION BY SHC CAPITAL ASIA LIMITED OF CERTAIN TOURISM RELATED BUSINESSES IN THE REPUBLIC OF THE UNION OF MYANMAR (THE “PROPOSED ACQUISITION”) – ENTRY INTO AGREEMENTS

Unless otherwise defined, capitalised terms used herein shall bear the meanings ascribed to them in the Company’s announcements dated 24 October 2016, 22 December 2016, 24 December 2016, 21 June 2017, 17 August 2017, 26 September 2017 and 29 September 2017 in relation to the Proposed Acquisition (“**Announcements**”).

1. INTRODUCTION

The Board of Directors of SHC Capital Asia Limited (“**Company**”) refers to the Announcements relating to the Proposed Acquisition.

2. BUYBACK UNDERTAKINGS

2.1. The Board of Directors of the Company wishes to inform the Shareholders that the Company has, as of 20 November 2017, entered into the Buyback Undertakings with YSIL, FMI, the Corporate Vendor and JMR (collectively, the “**Buyback Vendors**”).

2.2. Potential Buyback Events

HAL Business

(a) Since Completion of the HAL APA will not take place at the Restructuring Completion, the Company, the Corporate Vendor and JMR has entered into the Buyback Undertaking (HAL Business) pursuant to which the Company, the Corporate Vendor and JMR will undertake the following:

- (i) if at any time within the period of three (3) years following the completion of the Proposed Acquisition, a Final Ruling (as defined below) is made by the MIC to reject the application for MIC Endorsement for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co; or
- (ii) if at the end of three (3) years following the completion of the Proposed Acquisition, the MIC Endorsement being obtained for the investment activity of HAL SPV and the Long Term Lease of the HAL Land in favour of HAL MM Co has not been obtained,

the Company will take steps to effect the Potential Buyback (as defined below) of the HAL Business, as further elaborated in Section 2.3 below.

BL Business

- (a) Since Completion of the BL APA will not take place at the Restructuring Completion, the Company, YSIL and FMI has entered into the Buyback Undertaking (BOB Business and BL Business) pursuant to which the Company, YSIL and FMI will undertake, *inter alia*, the following:
- (i) if at any time within the period of three (3) years following the completion of the Proposed Acquisition, a Final Ruling is made by the relevant authorities that the BL Land has been demarcated as a heritage site and is otherwise not permitted or approved for any commercial development;
 - (ii) if at any time within the period of three (3) years following the completion of the Proposed Acquisition, a Final Ruling is made by the MIC to reject the application for MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land or otherwise to deny BL MM Co the right to hold or be granted a Long Term Lease of the BL Land; or
 - (iii) at the end of three (3) years following the completion of the Proposed Acquisition, either the MIC Endorsement or MIC Permit (as applicable) for the Long Term Lease of the BL Land in favour of BL MM Co has not been obtained, or BL MM Co has otherwise not obtained all relevant approvals as required under the prevailing laws to allow it to hold or be granted a Long Term Lease of the BL Land,

the Company will take steps to effect the Potential Buyback (as defined below) of the BL Business, as further elaborated in Section 2.3 below.

BOB Business

The BOB Business is considered as domestic air transport and pursuant to the MIL Rules and the Restricted List, the approval of the MOTC is required for an investment in the BOB Business.

In the case of SLTG, MOTC approval was not sought for BOB SPV's acquisition of the 40% of the issued shares of SLTG in the light of the MIC's indication that such approval was not required in the process of obtaining the MIC'S endorsement for the transfer of shares of SLTG to BOB SPV and it is not certain if MOTC may raise any objections in relation to BOB SPV's investment in SLTG in the course of SLTG seeking renewal of its Air Operator Certificate which is due to expire on 30 October 2018.

Accordingly, the Company, YSIL and FMI has entered into the Buyback Undertaking (BOB Business and BL Business) pursuant to which the Company, YSIL and FMI undertake that if at any time on or prior to 31 December 2018, BOB SPV is required to reduce its ownership of shares in SLTG to below a 40% shareholding percentage as a condition or requirement of, or otherwise in connection with, the obtaining, renewing or maintaining the Air Operator Certificates, the Tour Operation Enterprise Licence and Tourist Transport Business Licence for the purposes of the BOB Business, the Company will take steps to effect the Potential Buyback of the BOB Business, as further elaborated in Section 2.3 below.

For the purposes of this Section 2:

“Potential Buyback” means, where applicable, a buyback of the HAL Business, BL Business and/or the BOB Business by the relevant Buyback Vendors upon the occurrence of a Potential Buyback Event.

“Potential Buyback Event” means, the occurrence of any of the following events in relation to the HAL Business, the BL Business and/or the BOB Business (as the case may be) as set out in this Section 2.2, and pursuant to which the Company is required to take steps to effect a Potential Buyback of such business to the relevant Buyback Vendors, in the manner as further elaborated in Section 2.3 below.

For purposes of the foregoing in respect of the HAL Business and the BL Business, a “Final Ruling” is deemed to have been made only if in the reasonable opinion of the new Board of Directors of the Company post-Completion of the Proposed Acquisition (**“New Board”**):

- (a) a final ruling, determination or finding has been made by the relevant authorities from which there are no other or further appeals that may be made, either within the same ministry or agency or other relevant authority, or any other ministry, agency or relevant authority; and
- (b) there are no other methods, avenues or recourse of overruling, re-interpreting or bypassing or otherwise supplementing varying or modifying any ruling, determination or finding referred to in (a) above, including through re-submission, amendment or modification of any applications previously submitted.

In forming its view as aforesaid, the New Board is entitled to seek and rely on such legal and other professional expert advice as they deem fit or appropriate, and any Director who is interested in the Potential Buyback (whether directly or through his associates) shall recuse himself from any deliberations or decision in relation thereto.

2.3. Potential Buyback Terms

Further to the Buyback Undertakings, the relevant Buyback Vendors agreed that in the event of the occurrence of a Potential Buyback Event in relation to any of the BOB Business, the HAL Business and/or the BL Business (as the case may be), the relevant company within the Enlarged Group that owns such Memories Business will, subject to compliance with the provisions of the Buyback Undertakings, effect a disposal of such relevant Memories Business to which the Potential Buyback Event applies back to the relevant Buyback Vendor for cash (**“Potential Buyback”**).

The cash consideration (**“Buyback Consideration”**) payable by the relevant Buyback Vendor for the Potential Buyback of the BOB Business, the HAL Business and/or the BL Business (as the case may be) shall be the same dollar amount paid by the Company for such relevant Memories Business pursuant to the Proposed Acquisition.

Each Potential Buyback of the relevant Memories Business will be treated as an interested person transaction and subject to all the requirements as set out under Chapter 9 of the Catalist Rules (including the seeking of an independent financial adviser’s opinion in relation to the terms of the Potential Buyback), regardless of the value of such transaction and whether the materiality thresholds under Chapter 9 of the Catalist Rules are breached.

The New Board shall procure the necessary steps to be taken to convene an extraordinary general meeting ("**Potential Buyback EGM**") of the Company to seek independent shareholders' approval in relation to the Potential Buyback of the relevant Memories Business, and all of the Vendors, the Buyback Vendors and their respective associates shall abstain from voting at the Potential Buyback EGM.

Upon the approval of the Potential Buyback of the relevant Memories Business at the Potential Buyback EGM, the relevant Buyback Vendor shall be irrevocably and unconditionally obliged to, and shall forthwith take all such steps necessary or relevant for purposes of completing the purchase of the relevant Memories Business which is the subject of the Potential Buyback at the relevant Buyback Consideration.

Further details on the Buyback Undertakings will be provided in the Circular.

3. CAUTIONARY STATEMENT

The Board would like to advise Shareholders and potential investors that Completion of the Proposed Acquisition are subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this Announcement.

Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the Shares. Shareholders and potential investors are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Acquisition carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Teo Yiam Beng Steven
Interim Chief Financial Officer

20 November 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

The Sponsor has not 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).