
FURTHER RESTRUCTURING OF THE GROUP'S TOURISM INVESTMENTS

The Board of Directors of First Myanmar Investment Co., Ltd. (the “Company” and with its subsidiaries, the “Group”) refers to the Company’s announcement dated 5 September 2016 (the “Announcement”) in relation to the restructuring of the Group’s tourism investments.

Subsequent to the Announcement, the Company has on 24 October 2016 entered into a conditional sale and purchase agreement (the “Agreement”) with SHC Capital Asia Limited (“SHC”), Yoma Strategic Investments Ltd. (“YSIL”), and Exemplary Ventures Limited (“EVL”) (each a “Party” and together the “Parties”) pursuant to which the Company, along with YSIL and EVL (together, referred to as the “Vendors”) shall sell to SHC the entire issued and paid-up share capital of a target company to be incorporated by YSIL and/or the Company in agreed proportions (the “Target Company”). In order to implement the terms of the Agreement, the Company may enter into further transactions and/or agreements from time to time as and when necessary.

SHC is a company listed on the Catalist Board of the Singapore Stock Exchange Securities Trading Limited (“SGX”), while YSIL is an affiliated company of the Group.

Subject to, amongst others, the necessary regulatory approvals being obtained, and the satisfactory due diligence of the assets, the Target Company and/or its subsidiaries will acquire the following tourism-related businesses in Myanmar (the “Target Businesses”), either by way of share acquisition, or through an interest in the holding company acquiring the asset:

- (i) the hot-air balloon business operating under the name ‘Balloons over Bagan’ with operations in Bagan and Inle Lake, Myanmar, including operating locations used for the storage and warehousing of hot-air balloons (“BOB Business”);
- (ii) Pun Hlaing Lodge, a boutique hotel development under construction in Pun Hlaing Estate, which shall be owned and held by Pun Hlaing Lodge Hotel Management Limited, a foreign investment company approved by the Myanmar Investment Commission;
- (iii) a proposed commercial and tourism-related hospitality development to be constructed and developed in Nyaung U, Myanmar which is currently owned and held by Chindwin Investments Limited (“BL Business”);
- (iv) a hotel operating under the name ‘Hpa-An Lodge’ and located in Hpa-An Township, Kayin State, Myanmar which is currently owned, operated, managed and held under Traditional Lodge Company Limited; and
- (v) a tourism and destination management business operating under the name ‘Asia Holidays’ which is currently owned, operated, managed and held under Asia Holiday Travels & Tours Co., Ltd.

Having acquired the Target Businesses, the Target Company shall then be acquired by SHC for a consideration of S\$ 70,675,130 (approximately Ks. 64.7 billion¹) (the “Consideration”). The Consideration shall be satisfied by issuance and allotment of new ordinary shares (the “Consideration Shares”) in the capital of SHC at the issue price of S\$ 0.263 per share to the Vendors, and/or their nominees. The Consideration Shares shall be listed and quoted on the Catalist Board of SGX.

The Consideration Shares are to be allotted to each Party as follows:

Party	Number of Shares	Percentage of Consideration Shares
the Company	41,947,426	15.61%
YSIL	167,078,848	62.17%
EVL and/or its nominees	59,700,457	22.22%
Total	268,726,731	100.00%

The Consideration was arrived at after arm’s length negotiations between the Parties on a willing-buyer and willing-seller basis.

RATIONALE

The Board strongly believes in the growth potential of the tourism sector and wishes to expand the Group’s exposure to this key industry. The current restructuring allows the Group to participate in a variety of tourism-related ventures while still maintaining an interest in the iconic ‘Balloons over Bagan’ business. With a new portfolio of hospitality businesses, the Group will be well placed to participate in the future success of Myanmar’s tourism industry.

U Theim Wai, the Company’s Executive Chairman, commented, “Tourism will continue to be an important sector in Myanmar, and we believe the restructuring of our tourism-related assets into a dedicated platform, in partnership with other tourism operators in Myanmar, will provide long-term value for our shareholders. Our participation in SHC will allow us to crystallize the value in tourism investments and realise synergies while gaining access to a wider capital base to participate in the strong growth of the Myanmar tourism market.”

SHC will transform into a Myanmar-focused tourism company which will be uniquely positioned to acquire and develop new tourism-related assets in Myanmar. SHC will be appointing a new CEO, Mr. Michel Novatin, to lead its management team. Mr. Novatin is an industry veteran with over 40 years of experience in managing luxury hotels, including leading roles in Kempinski Hotels, Steigenberger Hotels and Resorts, and the Danone Group.

FINANCIAL EFFECTS

Subject to the completion of the Agreement, the Company shall exchange any existing interests in the Target Businesses for a 15.61% equity stake in the Target Company, which shall be subsequently exchanged for a 13.43% equity stake in SHC. Although this is a non-cash transaction, the Company is liable for its pro-rata share of the transaction fees, which are expected to total approximately Ks. 338.8 million¹.

¹ Based on the Reference Exchange Rate published by the Central Bank of Myanmar on 21 October 2016

As at the date of this announcement, the Company's investment in Chindwin Holdings Pte. Ltd. ("CHPL") which currently holds interests in the BOB Business and BL Business, was Ks. 6.37 billion which represents approximately 3.28% of the Group's consolidated net tangible assets. The acquisition of shares in the Target Company is not expected to have a material impact on the Group's consolidated earnings per share for the current financial year ending 31 March 2017.

CAUTIONARY STATEMENT

The Directors of the Company would like to advise shareholders that, although the Agreement has been entered into, completion is subject to conditions precedent which include the results of legal, financial and other due diligence. Shareholders and potential investors are advised to exercise caution when dealing in the Company's shares, as there is no certainty or assurance, as at the date of this announcement, as to whether (i) the terms and conditions of the Agreement may be varied by the Parties or (ii) the Agreement will proceed to completion at all.

BY ORDER OF THE BOARD

Tun Tun
Executive Director
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