

SINGAPORE MYANMAR INVESTCO LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

PROPOSED DISPOSAL OF MYANMAR INFRASTRUCTURE GROUP PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of Singapore Myanmar Investco Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), wishes to announce that the Company has on 20 October 2016 entered into a sale and purchase agreement ("**SPA**") with Shining Star International Holdings Limited (the "**Purchaser**"), for the proposed disposal (the "**Proposed Disposal**") of the entire interest of the Company in its 97%-owned subsidiary, Myanmar Infrastructure Group Pte. Ltd. ("**MIG**"), comprising 97,000 issued ordinary shares ("**Sale Shares**").

2. INFORMATION ON MIG AND THE PURCHASER

- 2.1 MIG was incorporated in Singapore on 12 March 2014 with a total of 100,000 issued ordinary shares. MIG is an investment holding company holding 99.9% of the issued share capital of TPR Myanmar Ltd. ("**TPR**"), which builds, leases and operates telecommunication infrastructure and towers in Myanmar. The remaining 3,000 issued ordinary shares of MIG are held by a joint venture partner, Golden Infrastructure Group Limited ("**GIG**").
- 2.2 The Purchaser is Shining Star International Holdings Limited, a company belonging to the Shining Star Group. The Shining Star Group is principally involved, *inter alia*, in the real estate, hotel and property management, education, healthcare, sports and tourism businesses in China and Myanmar. The Purchaser is not related to any Directors or Controlling Shareholders of the Company.

3. SALE CONSIDERATION

- 3.1 Subject to the adjustment provisions set out in section 5.3 below, the aggregate sale consideration for the sale of the Sale Shares will be an amount in cash equal to the sum of US\$12,707,000 (the "**Sale Consideration**"), which will be paid by the Purchaser to the Company in the following manner:
- (a) a non-refundable amount of 20% of the Sale Consideration upon the signing of the SPA, out of which 15% of the Sale Consideration shall be deposited in an escrow account ("**Deposit**") and released upon completion and 5% of the Sale Consideration shall be used to fund the co-lease up programme in MIG for its existing telecommunication towers;
 - (b) 50% of the Sale Consideration on the Completion Date (as defined below);
 - (c) subject to paragraph (e) and section 5.2(b) below, 15% of the Sale Consideration three months after the Completion Date;
 - (d) subject to paragraph (e) below, the balance 15% of the Sale Consideration shall be paid in five equal instalments after the Completion Date, each instalment to be paid when contract(s) for every 100 new telecommunication towers are signed by MIG and/or TPR ("**MIG Group**"); and

- (e) the payments in paragraphs (c) and (d) above are contingent on the Purchaser being able to complete the purchase of 100% of the issued shares of MIG.
- 3.2 The Sale Consideration was arrived at by the parties on a willing-buyer-willing-seller basis. In arriving at the Sale Consideration, the Board also took into account; *inter alia*, the following factors:
- (a) The historical financial position and performance of the MIG Group; and
 - (b) The unaudited net assets value of MIG as at 31 July 2016.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The rationale for and benefits of the Proposed Disposal are, *inter alia*, as follows:

- 4.1 The business of construction, operation and leasing of telecommunications infrastructure (“**Telecom Business**”) is a capital intensive undertaking. In light of the Company’s expansion into other businesses in Myanmar, the Proposed Disposal will allow the Company to focus its efforts on less capital intensive and potentially better performing business segments for faster returns on investments, such as its duty-free and retail business, in order to improve the Company’s performance and strengthen its balance sheet.
- 4.2 The rollout and construction of the telecommunications towers were slower than projected. With the Company’s limited resources and limited buyers in the Telecom Business, the Proposed Disposal represents the Company’s best opportunity to realize the value of MIG at net asset value and deploy the capital originally intended for the Telecom Business in a more advantageous manner.
- 4.3 The impact of the Proposed Disposal on the Company would be to strengthen the Company’s balance sheet and improve its overall liquidity. The Proposed Disposal will allow the Group to restructure its existing businesses to achieve a stronger financial performance.

5. SALIENT TERMS

5.1 Conditions Precedent

The completion of the Proposed Disposal is conditional upon, *inter alia*, the following:

- (a) The passing at a general meeting of the Company of an ordinary resolution in the agreed form to approve the terms of the SPA;
- (b) The passing at a general meeting of the Purchaser of an ordinary resolution in the agreed form to approve the terms of the SPA;
- (c) All third party consents which are necessary in connection with the transfer of the Sale Shares having been obtained (including but not limited to waivers of pre-emption rights by GIG), and if subject to conditions, on such conditions acceptable to the Purchaser; and
- (d) The Company shall have terminated the service agreement dated 1 October 2015 between the Company and MIG for the provision of certain services by the Company to MIG.

5.2 Material terms

The material terms of the Proposed Disposal, *inter alia*, are as follows:

- (a) All outstanding loans due to the Group by MIG and TPR shall be forgiven prior to completion in view that the Sale Consideration has taken into account such

indebtedness to be forgiven, and the Company shall indemnify the Purchaser for any tax liabilities incurred by MIG in respect of such forgiven indebtedness;

- (b) The Company is required to procure the sale of all the issued shares of MIG by exercising its drag along rights pursuant to the joint venture and shareholder agreement between the Company and GIG dated 1 June 2014, and the Sale Consideration shall be reduced by US\$2,000,000 in the event that the Purchaser is unable to purchase all the issued shares of MIG within a period of up to 8 months after the issue of the relevant drag along notice;
- (c) The Company shall indemnify the Purchaser for all claims and damages incurred as a result of claims by third parties against MIG;
- (d) The Company's liability for any claims by the Purchaser for a breach of the Company's representations and warranties shall be limited to a period of three months after completion, for a maximum aggregate amount of US\$1,000,000. Any aforesaid claims by the Purchaser will be offset against the amount to be paid by the Purchaser under section 3(c) of this announcement;
- (e) The Purchaser shall present a certificate of creditworthiness from a financial institution verifying that the Purchaser has immediately available funds for the Proposed Disposal;
- (f) In the event any sum due under the SPA is not paid by the deadline stipulated therein, the party due to pay the sum shall pay interest at 2 percentage points above LIBOR from the date payment is due until the date of payment. Interest shall accrue on a daily basis and be compounded quarterly; and
- (g) The Company shall provide a non-compete and non-solicitation undertaking for similar business in Myanmar for a period of three years.

5.3 Adjustment Provisions

A joint physical stock-taking exercise of the inventory of the MIG Group shall occur the day after the Completion Date, and the Purchase Price shall be adjusted based on the net asset value of MIG as at the Completion Date, taking into account the value of the stock as ascertained during the stock-taking exercise. The Purchaser shall use best endeavours to prepare the completion accounts upon which the final Purchase Price will be determined and deliver the same within 14 business days from the Completion Date (as defined below).

5.4 Long-stop date

The long stop date for the fulfilment of the conditions precedent set out in section 5.1 of this announcement is 30 June 2017 or such later date as the parties may agree.

5.5 Completion

Completion shall take place on the second business day after the conditions precedent set out in section 5.1 of this announcement are fulfilled, subject always to completion taking place by 30 June 2017 ("**Completion Date**"), whereby the Company shall transfer the Sale Shares against payment of the Sale Consideration as provided in section 3.1(b) of this announcement.

The Completion Date may be extended to 31 December 2017, after which any further extensions will be subject to mutual agreement.

6. **VALUE OF SALE SHARES**

The net asset value and net loss before tax attributable to the Sale Shares for the financial year ended 31 March 2016 ("**FY2016**") were US\$(4,408,593) and US\$(2,753,124) respectively. As

part of the Proposed Disposal, the Company will forgive the debts owed by MIG and TPR (including further loans granted subsequent to 31 March 2016 until completion). After adjustment for the waiver of the indebtedness, the net asset value of the Sale Shares for FY2016 would be US\$11,321,202. The Company's share of the net asset value of MIG, being 97%, is US\$10,981,563.

The excess of sale proceeds based on the Sale Consideration less the net asset value of MIG of US\$10,981,603 as at 31 March 2016 is US\$1,725,437, resulting in a gain of US\$1,725,437 being recognised on the Proposed Disposal as at 31 March 2016.

No valuation report was commissioned by the Company in respect of the Sale Shares.

7. USE OF PROCEEDS

The Company expects to utilise the net proceeds from the Proposed Disposal of approximately US\$12,607,000 ("**Net Proceeds**") (after deducting transaction expenses of approximately US\$100,000) in the following manner:

- (a) 30% of the Net Proceeds to repay existing loans and borrowings; and
- (b) The remaining 70% of the Net Proceeds for working capital and business expansion.

Pending the deployment of the Net Proceeds for the purpose mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after completion.

8.1 NTA

The effect of the Proposed Disposal on the NTA (defined as shareholders' fund less intangible assets) per share of the Group for FY2016, assuming that the Proposed Disposal had been effected at the end of FY2016 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000) ⁽¹⁾	9,955	11,680
Number of Shares (thousands) ⁽²⁾	211,134	211,134
NTA per share (US\$/cents)	4.72	5.53

Notes:

- (1) Based on net tangible assets of the Group as at 31 March 2016.
- (2) Based on 211,134,050 issued ordinary shares of the Company as at the date of this Announcement.

8.2 Earnings Per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2016, assuming that the Proposed Disposal had been effected at the beginning of FY2016 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net (loss)/gain attributable to ordinary shareholders of the Company (US\$'000)	(318)	1,406
Number of Shares (thousands)	211,134	211,134
Basic EPS share (US cents)	(0.15)	0.67

Notes:

- (1) Based on losses incurred by the Group as at 31 March 2016.
- (2) Based on 211,134,050 issued ordinary shares of the Company as at the date of this Announcement

9. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST Listing Manual**”) are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value as at 31 March 2016	-43%
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits for FY2016	838%
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	14%
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on MIG’s audited net assets value of US\$(4,408,593) as at 31 March 2016 and the Group’s audited consolidated net assets value of US\$9,955,043 as at 31 March 2016. Assuming the waiver of the indebtedness at 31 March 2016, then the ratio would be 110%.
- (2) Based on MIG’s audited net loss before tax of US\$(2,753,321) for FY2016 and the Group’s audited consolidated loss before tax of US\$(318,869) for FY2016. The ratio calculation is exaggerated owing to the relatively large loss of the disposed business.

- (3) Based on the Sale Consideration of US\$12,707,000 and the Company's market capitalisation of S\$88.7 million on 19 October 2016 (being the market day preceding the date of the SPA).

On the basis of Rule 1006 (above, the Proposed Disposal is a "major transaction" as defined in Rule 1014 of the SGX-ST Listing Manual. Accordingly, the approval of the Shareholders at an extraordinary general meeting ("**EGM**") is required for the Proposed Disposal.

10. SERVICE CONTRACT

There are no directors proposed to be appointed to the Company in connection with the Proposed Disposal.

11. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

The Company has been informed that its Non-Executive Chairman and controlling shareholder, Mr Ho Kwok Wai, has given an undertaking to the Purchaser to vote in favour of the Proposed Disposal.

12. CIRCULAR AND DOCUMENTS FOR INSPECTION

The circular to the Shareholders containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of the EGM of the Company will be despatched by the Company to the Shareholders in due course.

A copy of the SPA is available for inspection at the registered office of the Company at 300 Beach Road, #29-01, The Concourse, Singapore 199555 during normal business hours for 3 months from the date of this announcement.

13. RESPONSIBILITY STATEMENT

The Directors have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out above, including the obtaining of the relevant regulatory approvals, and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial tax or other professional advisers. Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Mark Francis Bedingham
Executive Director, President and CEO
20 October 2016