

SINGAPORE MYANMAR INVESTCO LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

PROPOSED DISPOSAL OF ASSETS OF TPR MYANMAR 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’s 97%-owned subsidiary, Myanmar Infrastructure Group Pte. Ltd. (“**MIG**”), its 99.99%-owned subsidiary, TPR Myanmar Ltd (“**TPR**”), has on 11 April 2019 entered into a tower transfer agreement (the “**Agreement**”) with Irrawaddy Green Towers Limited (the “**Purchaser**”) and Irrawaddy Towers Asset Holding Pte. Ltd. (the “**Purchaser Parent**”) for the sale of all TPR’s telecommunications towers and tower leases in Myanmar (the “**Assets**”) (the “**Proposed Disposal**”).

2. INFORMATION ON TPR AND THE PURCHASER

- 2.1 TPR was incorporated in Myanmar on 5 May 2014 and is a 99.99% subsidiary of Myanmar Infrastructure Group Pte. Ltd., the Company’s 97%-owned subsidiary. TPR builds, leases and operates telecommunication infrastructure and towers in Myanmar. The remaining 1 issued ordinary share of TPR is held by a nominee of the Company.
- 2.2 The Purchaser is Irrawaddy Green Towers Limited, the largest independent tower company in Myanmar with over 3,000 telecommunications towers. The Purchaser and its shareholders (including the Purchaser Parent) have rolled out more than 100,000 telecommunications towers in Asia, Middle East, Africa and America. The Purchaser is an independent third party purchaser.

3. PURCHASE PRICE

- 3.1 The aggregate purchase price for the Proposed Disposal will be an amount in cash equal to the sum of approximately US\$8,000,000 (the “**Purchase Price**”), payable by the Purchaser Parent to MIG in the following manner:
- (a) 10% within 15 business days from the fulfilment of the conditions set out in section 5.1(a) and (b) of this announcement;
 - (b) 75% within 15 business days from the fulfilment of the conditions set out in section 5.1(c) to (e) of this announcement; and
 - (c) the balance 15% shall be released within 15 business days upon fulfilment of the conditions set out in section 5.1(f) and (g) of this announcement.
- 3.2 The Purchase Price was arrived at by the parties on a willing-buyer-willing-seller basis. In arriving at the Purchase Price, the Board also took into account; *inter alia*, the following factors:
- (a) The historical financial position and performance of TPR; and
 - (b) The unaudited net assets value and EBITDA of TPR as at 31 December 2018.

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 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 telecommunications infrastructure market is undergoing rapid consolidation leaving limited opportunities for smaller players. TPR with its small market share is likely to underperform versus its larger competitors.
- 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 develop 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 Purchaser has received a copy of the notice issued by the Group to Tiger Infrastructure Pte. Ltd. terminating the share sale agreement dated 1 June 2018;
- (b) The Group having opened a data room and made accessible to the Purchaser, copies of all documents relating to the Assets which are necessary for the Proposed Disposal;
- (c) The consent of Ooredoo Myanmar Limited ("**OML**") (being the Group's major customer for the Assets) for the Proposed Disposal having been obtained;
- (d) The transfer and/or assignment of the necessary site lease agreements and such other agreements necessary for the smooth and uninterrupted operation of the Assets;
- (e) The delivery of all documents necessary for the smooth and uninterrupted operations of the Assets to the Purchaser, including but not limited to copies of the notice of transfer and/or assignment of agreements issued to lessees of the Assets;
- (f) The Group having received the approval of shareholders in a general meeting to be convened for the Proposed Disposal and
- (g) The approval(s) from all relevant third parties having been obtained, including the Department of Post and Telegraph, the Myanmar Investment Commission, the Directorate of Investment and Company Administration, and customers other than OML.

5.2 Material terms

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

- (a) Upon payment of the amount specified in section 3.1(b) of this announcement, the management of TPR's business and telecommunications towers shall be handed over and managed by the Purchaser. All costs and expenses shall be borne by the Purchaser commencing from the handover date and the Purchaser shall be entitled to keep all monies generated from the operations of TPR until completion of the transfer of the legal and beneficial ownership of the Assets;
- (b) All services rendered, expenses incurred, accounts receivables and accounts payables of TPR accrued prior to the handover of the Assets shall be accrued to the Group's benefit. Following the handover of the Assets, all services rendered, expenses incurred, accounts receivables and accounts payables of TPR accrued on or after the handover of the Assets shall accrue to the benefit of the Purchaser until completion or return of the Assets (as the case may be);
- (c) In the event that any of the conditions precedent are not fulfilled, all monies paid by the Purchaser shall be refunded and the Assets shall be returned to TPR; and
- (d) Any claim by the Purchaser for a breach of warranties by TPR shall be limited to 15% of the Purchase Price, save that TPR shall indemnify the Purchaser against any and all claims and liabilities that may arise by or in connection to the actions taken by the minority shareholder of MIG or Tiger Infrastructure Pte. Ltd..

5.3 Long-stop date

The long stop date for the fulfilment of the conditions precedent set out in section 5.1 of this announcement is 31 March 2020 or such later date as the parties may agree.

5.4 Completion

The completion of the transfer of the legal and beneficial ownership of the Assets shall take place following fulfilment of the last of the conditions precedent set out in section 5.1 of this announcement.

6. **VALUE OF SALE ASSETS**

The audited net book value of the Sale Assets in TPR as at 31 March 2018 was US\$ 13,503,732. The deficit of sale proceeds less the net asset value of US\$13,503,732 as at 31 March 2018 is US\$5,577,631, resulting in a loss being recognised on the Proposed Disposal as at 31 March 2018. The Company's share of the loss, being 97%, is US\$5,410,302.

The unaudited net book value of these Assets in TPR as at 31 December 2018 was US\$11,058,410, which reduction was due to TPR's disposal of tower stock, other equipment and depreciation. The deficit of sale proceeds less the net asset value of US\$11,058,410 as at 31 December 2018 is US\$3,132,309, resulting in a loss being recognised on the Proposed Disposal as at 31 December 2018. The Company's share of the loss, being 97%, is US\$3,038,339.

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

7. **USE OF PROCEEDS**

The Company expects to utilise the net proceeds from the Proposed Disposal of approximately US\$7,926,100 ("**Net Proceeds**") (after deducting transaction expenses of approximately US\$73,900) largely towards funding its working capital, servicing bank loans and other operating requirements.

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 for the most recently completed and announced financial year (being FY2018) 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. The Transactional Costs are disregarded for the purposes of calculating the financial effects.

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 FY2018, assuming that the Proposed Disposal had been effected at the end of FY2018 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000) ⁽¹⁾	29,447	24,036
Number of Shares (thousands) ⁽²⁾	302,997	302,997
NTA per share (US\$/cents)	9.72	7.93

Notes:

- (1) Based on net tangible assets of the Group as at 31 March 2018.
- (2) Based on 302,996,792 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 FY2018, assuming that the Proposed Disposal had been effected at the beginning of FY2018 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to ordinary shareholders of the Company (US\$'000) ⁽¹⁾	(10,729)	(16,139)
Weighted average number of Shares (thousands) ⁽²⁾	273,775	273,775
Basic EPS share (US cents)	(3.92)	(5.90)

Notes:

- (1) Based on losses incurred by the Group as at 31 March 2018.
- (2) Based on 273,775,383 weighted average number of shares of the Company for FY2018.

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 December 2018	41% ⁽¹⁾
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits for the nine months ended 31 December 2018 (" 9M2019 ")	120% ⁽²⁾
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	24% ⁽³⁾
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 TPR's unaudited net book value of Sale Assets of US\$11,058,410 as at 31 December 2018 and the Group's unaudited consolidated net assets value of US\$26,905,462 as at 31 December 2018.
- (2) Based on TPR's unaudited net loss before tax of US\$3,038,339 for 9M2019 and the Group's unaudited consolidated loss before tax of US\$5,578,996 for 9M2019.
- (3) Based on an exchange rate of US\$1: S\$1.3518 and the market capitalisation of the Company of S\$45,449,519 calculated based on the Company's issued ordinary shares of 302,996,792 shares as at 10 April 2019 (being the market day preceding the date of the Agreement). Source: Bloomberg L.P.

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 of the Company 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.

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 Agreement 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.

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
12 April 2019