

## SINGAPORE MYANMAR INVESTCO LIMITED

(Registration No. 200505764Z)

(Incorporated in Singapore)

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### PROPOSED DISPOSAL OF TPR MYANMAR LIMITED

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#### 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 and the Company’s 97%-owned subsidiary, Myanmar Infrastructure Group Pte. Ltd. (“**MIG**”) has on 1 June 2018 entered into a share sale agreement (“**SSA**”) with Tiger Infrastructure Pte. Ltd. (the “**Purchaser**”), for the proposed disposal (the “**Proposed Disposal**”) of (i) the entire interest of the Company in its 99.9%-owned indirect subsidiary, TPR Myanmar Limited (“**TPR**”) held by MIG, comprising 9,999 issued ordinary shares (“**Sale Shares**”), and (ii) all tower stock and power equipment stock held by TPR in its warehouse and at the port (“**Sale Stock**”).

#### 2. INFORMATION ON TPR AND THE PURCHASER

- 2.1 TPR was incorporated in Myanmar on 5 May 2014 and is a subsidiary of MIG. 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 Tiger Infrastructure Pte. Ltd., involved in the supply of infrastructure engineering design and consultancy services. The Purchaser’s 99%-owned subsidiary Tiger Infrastructure Myanmar (TIM) Co., Ltd builds, leases and operates telecommunication infrastructure and towers in Myanmar. The Purchaser is an independent third party purchaser.

#### 3. SALE CONSIDERATION

- 3.1 The aggregate sale consideration for the Proposed Disposal will be an amount in cash equal to the sum of approximately US\$10,800,000 (the “**Sale Consideration**”), comprising
- (a) the purchase price for the sale of the Sale Shares, being an amount in cash equal to the sum of approximately US\$9,800,000 (the “**Purchase Price**”), which will be paid by the Purchaser to MIG in the following manner:
    - i. an amount of S\$980,000 within 3 business days of the date of the SSA, non-refundable unless the SSA is terminated due to the failure of MIG to meet the conditions precedent set out in section 5.1 of this announcement or a material breach by MIG and/or the Company, or if MIG terminates the SSA due to a material breach by the Buyer; and
    - ii. the balance Purchase Price on the date of completion (“**Completion Date**”); and
  - (b) the consideration for the sale of the Sale Stock, being an amount in cash equal to the sum of US\$1,000,000, which will be paid by the Purchaser to MIG within 3 business days from the date of the SSA.
- 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 TPR; and

- (b) The unaudited net assets value and EBITDA of TPR as at 31 March 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 (“**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 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 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 Company having received the approval of its shareholders in a general meeting to be convened for the Proposed Disposal;
- (b) The passing at a general meeting of the Purchaser of an ordinary resolution in the agreed form to approve the terms of the SSA;
- (c) All third party consents which are necessary in connection with the transfer of the Sale Shares having been obtained, and if subject to conditions, on such conditions acceptable to the Purchaser; and
- (d) TPR owning and leasing 100 revenue generating towers to TPR’s customers.

##### **5.2 Material terms**

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

- (a) The Company shall provide the Buyer office space for the staff of TPR for a period of up to six months after the Completion Date at a one-time fee of US\$50,000, payable within 7 days of the Completion Date; and
- (b) In the event any sum due under the SSA is not paid by the deadline stipulated therein, the party due to pay the sum shall pay interest on that sum at the rate of 6% per annum from the date payment is due until the date of actual payment. Interest shall accrue on a daily basis and be compounded quarterly.

##### **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 December 2018 or such later date as the parties may agree.

#### 5.4 Completion

- (a) The Completion of the sale of the Sale Shares shall take place following fulfilment of the conditions precedent set out in section 5.1 of this announcement.
- (b) The Sale Stock shall be delivered to the Buyer in the following manner:
  - i. Sale Stock located at TPR's warehouse shall be delivered within 3 business days of the date of the SSA; and
  - ii. Sale Stock located at the port shall be delivered within 45 days of the date of the SSA.

#### 6. **VALUE OF SALE SHARES**

The net asset value and net loss before tax attributable to the Sale Shares (including the Sale Stock) for the financial year ended 31 March 2018 ("**FY2018**") were US\$5,540,738 and US\$(6,563,703) respectively.

As part of the Proposed Disposal, MIG will forgive the debts owed by TPR. After adjustment for the waiver of the indebtedness, the net asset value of the Sale Shares (including the Sale Stock) at 31 March 2018 would be US\$11,697,874.

The deficit of sale proceeds based on the Sale Consideration less the net asset value of TPR of US\$11,697,874 at 31 March 2018 is US\$897,874, resulting in a loss of US\$897,874 being recognised on the Proposed Disposal as at 31 March 2018. The Company's share of the loss, being 97%, is US\$870,937.

No valuation report was commissioned by the Company in respect of the Sale Shares (including the Sale Stock).

#### 7. **USE OF PROCEEDS**

The Company expects to utilise the net proceeds from the Proposed Disposal of approximately US\$10,700,000 ("**Net Proceeds**") (after deducting transaction expenses of approximately US\$100,000) 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 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) <sup>(1)</sup>	30,412	29,541
Number of Shares (thousands) <sup>(2)</sup>	302,997	302,997
NTA per share (US\$/cents)	10.04	9.75

**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) <sup>(1)</sup>	(9,764)	(10,635)
Weighted average number of Shares (thousands) <sup>(2)</sup>	273,775	273,775
Basic EPS share (US cents)	(3.57)	(3.88)

**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 March 2018	18% <sup>(1)</sup>
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits for FY2018	67% <sup>(2)</sup>
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	17% <sup>(3)</sup>
Rule 1006 (d)	The number of equity securities issued by	Not applicable

	the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	
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 assets value of US\$5,540,738 as at 31 March 2018 and the Group's unaudited consolidated net assets value of US\$30,412,400 as at 31 March 2018.
- (2) Based on TPR's unaudited net loss before tax of US\$(6,563,699) for FY2018 and the Group's unaudited consolidated loss before tax of US\$(9,763,609) for FY2018.
- (3) The Company's weighted average share price as at 31 May 2018 being the market day preceding the date of the SSA is S\$0.2809. Source: Bloomberg L.P.

The market capitalisation of the Company is S\$85,111,799, based on 302,996,792 shares in issue as at 31 May 2018 (being the market day preceding the date of the SSA) and the weighted average share price of the Company's shares transacted on the SGX-ST on the same date of S\$0.2809. Based on the Sale Consideration of US\$10,800,000 and exchange rate of US\$/S\$1.3376.

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 SSA 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. ON-GOING DISPUTE WITH GIG**

As disclosed by the Company in its previous announcements of 20 December 2016, 18 January 2017, 27 January 2017 and 8 May 2017 respectively, the Company's joint venture partner, Golden Infrastructure Group Limited ("GIG") has made certain allegations against the Company, its directors and other management personnel, and its external auditors in respect of their joint venture in MIG (which is the holding company of TPR, whose shares are proposed to be sold as disclosed in this Announcement), including matters relating to the joint venture agreement governing MIG. Please refer to further details set out in the aforesaid announcements.

In light of the proposed disposal of the Sale Shares involving TPR (a subsidiary of MIG) and past actions of GIG during the time when the Company was proposing to dispose of MIG, the Board anticipates that GIG will continue to threaten to commence or instigate civil and criminal actions against the the Company, its directors and other management personnel, and its external auditors, MIG, TPR and other subsidiary (which GIG deems fit) in Singapore and overseas jurisdictions, including Germany, the United Kingdom, and other jurisdictions which may be convenient to GIG, in order to pursue their interest in this matter.

Notwithstanding the aforesaid, at the date of this announcement, neither the Company nor its subsidiary has received any writ of summons or statement of claim filed by GIG in Singapore or any other jurisdiction, and the Board is also not aware of any civil legal suit that has been filed or criminal investigations conducted against the Company, or any of its directors or other management personnel, or its external auditors, in relation to the above.

**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  
4 June 2018