



Thai Beverage Public Company Limited

ANNOUNCEMENT

Date: 12 October 2017

To: Singapore Exchange Securities Trading Limited

Subject: Acquisition of 75% Shareholding Interest in Myanmar Supply Chain and Service Co., Ltd. and Myanmar Distillery Co., Ltd. by International Beverage Holdings (Singapore) Pte. Limited

Thai Beverage Public Company Limited (“**THBEV**”, together with its subsidiaries, the “**THBEV Group**”) is pleased to announce that our indirect wholly-owned subsidiary, International Beverage Holdings (Singapore) Pte. Limited (“**IBHL Singapore**”), has today acquired, from four third-party vendors, an aggregate 75% interest in the shares of Myanmar Supply Chain and Service Co., Ltd. (“**MSC**”) and Myanmar Distillery Co., Ltd. (“**MDC**”), companies incorporated in Republic of the Union of Myanmar (“**Myanmar**”), through:

- (a) the acquisition of 5% direct stake in MSC and MDC; and
- (b) the acquisition of 70% indirect stake in MSC and MDC through the acquisition of 100% of the shares in Alliance Asia Investment Private Limited (“**AAIPL**”) and Alliance Strategic Investments Pte. Ltd. (“**ASIPL**”), which are investment holding companies incorporated in Singapore, holding an aggregate of 70% of the shares in MSC and MDC, (the “**Acquisition**”).

MSC and MDC operate two production facilities, i.e. distillery, blending and bottling plants in Yangon and Mandalay, together with related businesses under the spirits brand, Grand Royal. Grand Royal is the largest and number one whisky player in Myanmar, providing customers and consumers with exceptional high quality products and outstanding services.

Accordingly, MSC, MDC, AAIPL and ASIPL are now indirect subsidiaries of THBEV through IBHL Singapore.

The cash considerations for the purchase of the target shares in MSC, MDC, AAIPL and ASIPL are, subject to the satisfaction of certain terms and conditions in the definitive agreements, approximately USD 6.9 million, USD 42.5 million, USD 494.4 million and USD 197.8 million, respectively. For AAIPL and ASIPL, the foregoing amounts include shareholder’s loans in the amount of USD 18.9 million for AAIPL and USD 55.0 million for ASIPL, which have accordingly been assigned by the vendors for the benefit of IBHL Singapore. These consideration figures were calculated pursuant to negotiations between parties on a willing buyer, willing seller basis, taking into consideration, *inter alia*, the earnings, financial position, and management experience of the target businesses, the potential for growth in the spirits business in Myanmar as well as THBEV’s Vision 2020 strategy to expand the business in Southeast Asia.



Based on the latest available audited financial statements of MSC, MDC, AAIPL and ASIPL for their financial years ended 31 March 2017, the net tangible assets value of the target shares in MSC, MDC, AAIPL and ASIPL were approximately USD 1.7 million, USD 2.5 million, USD 41.4 million and USD 5.0 million, respectively. The book value of the target shares in MSC, MDC, AAIPL and ASIPL were approximately USD 1.9 million, USD 3.1 million, USD 41.4 million and USD 5.0 million, respectively. There is no available open market value of the target shares.

The aforesaid Acquisition was funded with a combination of internally generated cashflow and external bank borrowings.

Illustrative Financial Effects

For illustrative purposes only, the financial effects of the Acquisition as set out below are prepared based on the latest announced financial statements of THBEV for the nine-month period ended 30 June 2017 (“**9M2017**”) which have been reviewed by THBEV’s external auditors (“**9M2017 Financials**”), and on the assumption that the full year financial statements of MSC and MDC for their financial years ended 31 March 2017 were incorporated in the 9M2017 Financials:

- on the assumption that the Acquisition had been effected at the end of 9M2017, the net tangible assets per share of THBEV is expected to decrease from Baht 4.79 to Baht 3.94 as a result of the Acquisition; and
- on the assumption that the Acquisition had been effected at the beginning of 9M2017, the earnings per share of THBEV is expected to increase from Baht 1.18 to Baht 1.20 as a result of the Acquisition.

To the best knowledge of the directors of THBEV (the “**Directors**”), none of the Directors or substantial shareholders of THBEV has any interest, direct or indirect (other than through their respective shareholdings in THBEV), in the Acquisition.

Please be informed accordingly.

Yours faithfully,

Nantika Ninvoraskul
Company Secretary