



CB
SECURITIES

Market Value Assessment Report
for
Myanmar Thilawa SEZ Holdings
Public Limited

May 4, 2016

1. Scope of Work

CB Securities has been appointed by Myanmar Thilawa SEZ Holdings Public Limited ("MTSH") as the lead securities company to advise and support MTSH for successful listing and trading of its outstanding shares on the Yangon Stock Exchange. During this process, CB Securities is required to perform market value assessment (interchangeably used as valuation) to determine the initial listing price of shares for MTSH in accordance with the guidelines of the Securities & Exchange Commission of Myanmar (SECM) and the YSX.

2. Information Relied Upon

The management of MTSH has provided the following information to CB Securities:

- Audited financial statements for 2013-14 and 2014-15 for MTSH and Myanmar Japan Thilawa Development (MJTD)
- Audited financial statements for 2014-15 for Thilawa Property Development Limited (TPD)
- Unaudited financial statements as at September 2015-16 for MTSH and TPD
- Projections of financial statements for MTSH and TPD for 2015-16, 2016-17 and 2017-18
- Projections of financial statements for MJTD for 2015-16 and 2016-17

All the statements, projections and documents outlined above have been vetted by the management of MTSH and/or respective companies. CB Securities has also relied upon the information provided during the meetings and other correspondences with the management of MTSH throughout the process.

3. Objective of the Report

The objective of the Report is to determine the initial listing price of MTSH on Yangon Stock Exchange as part of receiving the listing approval from relevant authorities and regulatory bodies.

4. Market Value Assessment Methodology

To determine the value of MTSH, CB Securities employs the following valuation methods:

I) Historical Pricing Method

This method deduces the value of the firm based on the weighted average of the historical prices that happened over the counter (OTC) of MTSH during the past six months and past three months.

II) Comparable Method using Price to Earnings Ratio

This method determines the value of MTSH by comparing it with comparable companies that share key business and financial characteristics, performance drivers and risks. MTSH is benchmarked against these comparable companies using various financial ratios and statistics. P/E Ratio is used under this method.

There is no comparable public company in Myanmar comparable to MTSH. Therefore, five companies that are similar to MTSH, from the neighboring countries such as Thailand, Vietnam, China, are selected for analysis.

III) Comparable Method using Price to Book Value Ratio

This method determines the value of MTSH by comparing it with comparable companies that share key business and financial characteristics, performance drivers and risks. MTSH is benchmarked against these comparable companies using various financial ratios and statistics. P/B Ratio is used under this method.

There is no comparable public company in Myanmar comparable to MTSH. Therefore, five companies that are similar to MTSH, from the neighboring countries such as Thailand, Vietnam, China, are selected for analysis.

IV) Discounted Free Cash Flow to Firm Method

Unlike the previous methods, this method intends to measure the intrinsic value of MTSH. Valuation is done through the present value principle by discounting the expected cash flows at a discount rate that reflects both the riskiness of the cash flows and financing mix used to acquire the asset of MTSH. The value of MTSH then is determined by four factors—its capacity to generate cash flows, the expected growth rate of these cash flows, the length of time it will take for the firm to reach stable growth, and the cost of capital.

5. Market Value Assessment Summary

Different values of the firm have been derived from different valuation methods. The valuation based on the weighted average price on OTC could not give the accurate value of the company since the liquidity of previous OTC markets before the launch of Yangon Stock Exchange, was not high. The valuation method based on P/E Ratio has weakness because the earnings of the comparable companies are not in the same stage of development as MTSB. On the other hand, the discounted cash flow method heavily relies on the assumptions and projections of business performance in future; the projections beyond two-year horizon can be inaccurate.

Of all the valuation methods employed, the most conservative range of value is derived from the Price to Book valuation where the market price of the firm was compared against its value on the books. Therefore, CB Securities recommends the initial listing price of MMK 40,500 which is the average of the maximum and minimum values derived by the Price to Book Valuation method.

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5. The Report highlights the alternative approaches to value assessment, identifies various factors affecting the assessment, summarizes the methodology adopted keeping in view the circumstances of MTSH, and arrives at the value of MTSH.
6. Market value assessment is a highly subjective exercise and the opinion on assessment may differ from one firm to another depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions.
7. Market value assessment does not include the auditing of financial data provided by the management of MTSH, and therefore CB Securities does not take any responsibility for its accuracy and completeness.
8. Market value assessment should not be considered as an opinion on the achievability of financial projections either mentioned in, or relied upon for this Report.
9. While all reasonable care has been taken to ensure that the advice given in the Report is fair and equitable, neither CB Securities nor its constituents including its partners & others shall in any

way be responsible for any inadvertent error or any such inaccuracies in this Report pursuant to data provided by management of MTSH.

10. The Report is to be read in whole and together with the Disclosure Document.