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## PROPOSED ACQUISITION OF 34% INTEREST IN DIGITAL MONEY MYANMAR CO., LTD.

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### 1. INTRODUCTION

The board of directors (the “**Board**”) of Yoma Strategic Holdings Ltd. (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Yoma Strategic Investments Ltd. (“**YSIL**”), has on 5 March 2018 entered into a share purchase agreement (the “**SPA**”) with First Myanmar Investment Company Limited (“**FMI**”) to acquire 34% interest in Digital Wave Money Myanmar Co., Ltd. (“**Wave Money**”) comprising 340,000 ordinary shares and 10,310,500 redeemable preference shares (“**Sale Shares**”) on the terms and conditions of the SPA (the “**Proposed Acquisition**”).

### 2. INFORMATION ON WAVE MONEY

- 2.1 Wave Money was established in 2015 as a joint venture between Telenor South East Asia Investment Pte. Ltd. (“**TSE**”), Telenor Go Pte. Ltd. (“**TnGO**”), Telenor Global Services Singapore Pte. Ltd. (“**TGS**”) (TSE, TnGO and TGS shall collectively be known as, “**Telenor**”) in respect of 51% interest and Yoma Bank Limited (“**Yoma Bank**”) in respect of 49% interest in Wave Money. Subsequently in May 2016, Yoma Bank transferred 44% interest in Wave Money to FMI so as to comply with a notification issued by the Central Bank of Myanmar. As at the date of this Announcement, Telenor holds 51% interest, FMI holds 44% interest and Yoma Bank holds 5% interest in Wave Money.
- 2.2 Wave Money is in the financial services sector to offer mobile payment solutions and services in Myanmar. It was the first licensed provider under Myanmar’s Mobile Financial Services Regulation and is permitted for foreign investment.

### 3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 As part of the Company’s strategy to focus on domestic consumption and the Myanmar consumer, financial services represents an attractive economic sector which leverages the country’s GDP growth. The Group is currently involved in the business of vehicle leasing through Yoma Fleet Limited and sees significant opportunities to grow this business and other financial services.
- 3.2 The Company believes that Myanmar is a fertile market for mobile money to take off given that vast majority of the population does not have access to any kind of financial services. Mobile money is an efficient way for people to pay or transfer money in the country and is simple.
- 3.3 Wave Money is a dominant player in the Myanmar mobile money sector and the Proposed Acquisition would establish financial services as another core pillar for the Company through an investment in a rapidly growing and relatively untapped segment. Further, as the dominant Fintech player in Myanmar, Wave Money is well suited to collaborate with the Fintech ecosystem in Singapore and further strengthen its market position.

**YOMA STRATEGIC HOLDINGS LTD.**

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## 4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

### 4.1 Sale and Purchase

Pursuant to the SPA, FMI shall sell and the Company, through its wholly-owned subsidiary, Yoma Strategic Investments Ltd., shall purchase the Sale Shares, free from all encumbrances and together with all rights, interests and benefits attaching thereto as at completion of the SPA ("**Completion Date**") subject to the terms and conditions of the SPA. Following Completion, Wave Money will become an associated company of the Group.

### 4.2 Salient Terms of the SPA

#### 4.2.1 Conditions Precedent

The obligations of the parties to complete the sale and purchase of the Sale Shares under this Agreement shall be subject to the fulfilment and satisfaction of the following conditions precedent on or prior to the Completion Date:-

- (a) the receipt of a written consent from Telenor for the transfer of the Sale Shares by FMI to YSIL on terms acceptable to YSIL, Yoma Bank and FMI;
- (b) the execution of (i) a deed of adherence to accede to the existing shareholders agreement or (ii) a restated and amended shareholders agreement, between the shareholders of Wave Money; and
- (c) the execution of any agreement(s) as may be agreed between the parties.

#### 4.2.2 Consideration

- (a) The aggregate consideration for the Proposed Acquisition is US\$19.4 million in cash ("**Consideration**") and is payable in two tranches, the first tranche of US\$15 million is payable by 31 March 2018 and the second tranche of US\$4.4 million is payable by 31 July 2018. The Consideration will be funded by internal resources.
- (b) The Consideration was arrived at after arm's length negotiations and on a willing-buyer willing-seller basis taking into consideration, amongst others, a valuation prepared by an independent valuer, PricewaterhouseCoopers Myanmar Pte Ltd, appointed by the Company which has indicated that the valuation for 100% interest in Wave Money ranges between US\$38 million to US\$73 million as at 31 December 2017 using discounted cash flow as the primary method. The Consideration of US\$19.4 million reflects an overall valuation for Wave Money of US\$57.0 million which falls within the middle of this range. An Independent Valuation Letter prepared by PricewaterhouseCoopers Myanmar Pte. Ltd., addressed to the Company, is attached to this Announcement and provides details about the valuation methodology and limitations.

#### 4.2.3 Completion Date

The Completion of the SPA is conditional upon the conditions precedents set out in this Announcement having been satisfied or waived in accordance with the terms of the SPA. The long stop date for completion is 31 March 2018 or such later date as the parties may agree in writing.

#### 5. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 (a) to (d) of the Listing Manual of the SGX-ST (“**Listing Manual**”) are as follows:

(a) The net asset value of the assets to be disposed of, compared with the Group’s net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b) The net loss attributable to the Proposed Acquisition compared with the Group’s net profit. <sup>(1)</sup>	(19.25%)
(c) The aggregate consideration <sup>(2)</sup> given for the Proposed Acquisition compared with the Company’s market capitalisation <sup>(3)</sup> based on the total number of issued shares excluding treasury shares.	3.20%
(d) The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue.	Not applicable

Notes:-

- (1) The net loss attributable to the Proposed Acquisition (based on the Group’s 34% interest in the Proposed Acquisition) for the nine-month period ended 31 December 2017 is approximately S\$3.23 million and the Group’s net profit for the same period is approximately S\$16.75 million.
- (2) The aggregate consideration paid by the Group is US\$19.4 million (or approximately S\$25.71 million based on exchange rate of US\$1:S\$1.3255).
- (3) The Company’s market capitalisation of approximately S\$804.77 million is based on its total number of issued Shares of 1,893,575,319 and the closing price of S\$0.425 per Share on 2 March 2018 which is the market day immediately preceding the date of the SPA.

In compliance with Rule 1007(1) of the Listing Manual, as the relative figure computed under Rule 1006(b) is a negative figure, the Company had consulted the SGX-ST and had obtained (a) confirmation that the Proposed Acquisition constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual and (b) a waiver from the requirement to seek shareholders’ approval for the Proposed Acquisition. Please refer to the Company’s announcement dated 5 March 2018 for details of the waiver granted by the SGX-ST.

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

### 6.1 Assumptions

The financial effects of the Placement set out below are purely for illustrative purposes only and do not reflect the actual financial results or positions of the Group after the completion of the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Acquisition. The financial effects of the Placement are prepared based on (a) the latest audited financial information of the Group for the financial year ended 31 March 2017 ("FY2017"); and (b) the financial effects are presented before taking into account fees and expenses to be incurred in relation to the Proposed Acquisition.

### 6.2 Share Capital

<b>As at 31 March 2017</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
<b>Issued and paid up Share capital (S\$'000)</b>	591,504	591,504
<b>Number of Shares ('000)</b>	1,737,688	1,737,688

Note:-

- (1) The share capital after the Proposed Acquisition was computed based on the assumption that the Proposed Acquisition was completed on 31 March 2017.

### 6.3 Net Tangible Assets (NTA)

<b>As at 31 March 2017</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
<b>NTA (S\$'000)</b>	635,435	635,435
<b>Number of Shares ('000)</b>	1,737,688	1,737,688
<b>NTA per Share (cents)</b>	36.57	36.57

Note:-

- (1) The NTA after the Proposed Acquisition was computed based on the assumption that the Proposed Acquisition was completed on 31 March 2017.

#### 6.4 Basic Earnings Per Share (Basic EPS)

<b>FY2017</b>	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
<b>Net Profit attributable to equity holders of the Company (S\$'000)</b>	35,871	30,609
<b>Weighted Average Number of Shares ('000)</b>	1,736,648	1,736,648
<b>Basic EPS (cents)</b>	2.07	1.76

Note:-

- (1) The basic EPS after Proposed Acquisition was computed based on the assumption that the Proposed Acquisition was completed on 1 April 2016.
- (2) The net loss attributable to the Proposed Acquisition (based on the Group's 34% interest in the Proposed Acquisition) for FY2017 is approximately S\$5.26 million and the Group's net profit for the same period is approximately S\$35.87 million.

### 7. INTERESTED PERSON TRANSACTION

- 7.1 Mr. Serge Pun is the Executive Chairman and a Controlling Shareholder of the Company, holding approximately 33.25% direct and deemed interests in the Company as at the date of this Announcement.
- 7.2 Mr. Serge Pun is also the Chairman of FMI and the controlling shareholder of FMI as at the date of this Announcement. FMI is considered an associate of Mr. Serge Pun and accordingly, an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. The Proposed Acquisition is therefore an interested person transaction under Chapter 9 of the Listing Manual.
- 7.3 Based on the latest audited consolidated financial statements of the Group as at 31 March 2017, the net tangible assets less non-controlling interest (the "NTA") of the Group is S\$635.44 million. The Consideration, together with the value of other interested person transactions with Mr. Serge Pun and his associates (excluding those conducted under the shareholders' mandate), represents 4.23% of the NTA of the Group and as such, pursuant to Rule 905 of the Listing Manual, the Company is required to make an immediate announcement on the Proposed Acquisition.

### 8. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

**9. VALUE OF INTERESTED PERSON TRANSACTIONS**

The value of interested person transactions conducted under the shareholders' mandate with Mr. Serge Pun and his associates for the 9-month period ended 31 December 2017 is S\$21.33 million.

**10. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed in this Announcement and for their shareholdings in the Company, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

**11. RESPONSIBILITY STATEMENT**

The Directors of the Company (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and the Directors of the Company jointly and severally accept full responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

**12. SERVICE CONTRACTS**

There are no directors who are proposed to be appointed to the Board of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA and the valuation report will be made available for inspection during normal business hours at the registered office of the Company at 78 Shenton Way, #32-00, Singapore 079120 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Melvyn Pun  
Chief Executive Officer

6 March 2018



## **INDEPENDENT VALUATION LETTER**

5 March 2018

Yoma Strategic Holdings Ltd  
78 Shenton Way #32-00  
Singapore 079120

Dear Sirs,

### **1. INTRODUCTION**

PricewaterhouseCoopers Myanmar Pte Ltd ("**PwC**") has been appointed by Yoma Strategic Holdings Ltd ("**Yoma Strategic**"), to undertake an independent, indicative valuation of 100% of Digital Money Myanmar Limited ("**Wave Money**" or the "**Target**") as at 31 December 2017. This engagement is in connection with Yoma Strategic's proposed acquisition of a 34% interest in Wave Money from an interested party, First Myanmar Investment Company Limited (the "**Transaction**").

This letter is a summary of the Valuation Report dated 5 March 2018 (the "**Report**") and has been prepared as an attachment to Yoma Strategic's announcement of the Transaction required under Chapters 9 and 10 of the SGX Listing Rules, dated 5 March 2018 (the "**Announcement**"). Hence, this letter does not purport to provide the details of the valuation of Wave Money.

### **2. TERMS OF REFERENCE**

#### ***Addressee of this letter***

This letter is addressed strictly to Yoma Strategic and for the intended purpose as set out above and accordingly this letter may not be used or relied upon for any other purpose by, and is not intended to confer any benefit on, any other person. While a copy of this letter may be attached to the Announcement, we assume no responsibility for and do not consent to the reproduction or dissemination of all or any part thereof for any other purpose at any time and in any manner without the prior written consent of PwC in each specific case. Any decision made by the management of Yoma Strategic in relation to the Transaction shall remain the responsibility of the management.

#### ***Scope and definition of value***

PwC has been appointed by Yoma Strategic to undertake an independent, indicative valuation of 100% of the equity of Wave Money (the "**Valuation**"). Wave Money is an early stage





business which launched operations in November 2016 and focuses on the mobile money market in Myanmar. Our basis of valuation is fair value defined as “the price at which a shareholding of a business would be transferred at arms length terms between a willing buyer and a willing seller, both having reasonable knowledge of the relevant facts and neither being compelled to buy or sell.” Our fair value estimate does not reflect any premium which may be paid by a special purchaser who is acting for specific strategic or other reasons, nor does it reflect any control premium / minority discount in valuing a majority / minority shareholding.

Our terms of reference do not require us to provide specific advice on legal, regulatory, accounting, property or taxation matters.

### 3. VALUATION APPROACH

In arriving at our Valuation range, we have largely relied on the Income Approach (Discounted Cash Flow), by discounting Wave Money’s projected operating cash flow streams beyond 31 December 2017. This projected operating cash flow is defined as the cash generated from operations after taking into account requirements for tax, capital expenditure and incremental working capital. These cash flows are then discounted at an appropriate cost of capital taking into account the risk associated with an early stage business.

We have also considered evidence from comparable listed companies and transactions (the Market Approach). We note that we have not identified any publicly listed companies which are truly comparable to Wave Money in terms of the composition of their business activities, geographical spread, size of operations, stage of development, financial performance, leverage, risk profile, future prospects and other relevant criteria. For this reason the Market Approach is only used as a high level cross-check.

### 4. RELIANCE ON INFORMATION

In conducting our Valuation, we have held discussions with the management of Wave Money (“**Management**”) and Yoma Strategic and we have read the information provided by them and other publicly available information, upon which our Valuation analysis is based. Further, PwC has relied upon representations of Yoma Strategic that all material information available to them with respect to Wave Money that is relevant for the purpose of our Valuation, has been disclosed to us.

In undertaking the Valuation, we considered, *inter alia*, the following:

- a) Financial forecasts and supporting information for Wave Money for the period 1 January 2018 to 31 December 2020 (the “**Projections**”), as provided by Management.
- b) Discussions with Yoma Strategic and Management on the Wave Money business model, the mobile money market in Myanmar and the Projections.
- c) Management’s guidance on expected revenue growth rates and profit margins after 2020.
- d) The results of our secondary research on the mobile money market in Myanmar and Wave Money’s market position.
- e) The findings of some limited interviews conducted with users, agents and competitors of Wave Money in Myanmar.





- f) Benchmarks from other more developed mobile money markets in Africa and South East Asia.
- g) Guideline pricing multiples of publicly listed companies operating in the mobile money sector, and analyst reports citing valuations of mobile money businesses.

We have relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

## 5. CRITICAL ASSUMPTIONS

Our Valuation is based on various assumptions with respect to Wave Money, including its present and future financial performance, its strategy and the market and economic environment in which it will operate in the future. These assumptions are based on the information we have been provided with and our discussions with Yoma Strategic and Management, as well as our own independent research. They reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties.

In particular we have relied on the following critical assumptions and representations:

- a) The information provided fairly reflects the financial and operating position of Wave Money.
- b) Wave Money achieves the forecasts used in our Income Approach, which are based on downward adjustments to Management's expectations for the business going forward.
- c) Wave Money continues to operate as a going-concern and has sufficient liquidity to achieve the forecasts and grow thereafter into perpetuity.
- d) There will be no material changes, after the date of this Valuation, in the economic and market conditions assumed in the Valuation.
- e) There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor any litigation pending or threatened, which would have a material impact on the valuation of Wave Money.
- f) There are no surplus assets not disclosed to us, which would have a material impact on the value of Wave Money.
- g) There will be no material changes in Mobile Financial Services Regulation that would result in a significant change in the assumptions underlying the Projections;
- h) There is no debt or surplus cash in the business.

## 6. KEY RISKS AND LIMITATIONS

We note the following key risks and limitations in our Valuation analysis:

- a) Wave Money is an early stage business with virtually no historical track record with which to assess the reasonableness of growth forecasts. It is also operating in the mobile money industry, which is a new market in Myanmar. As a result there is limited information available to assess the future prospects of the business, which are therefore significantly more uncertain than would be the case with a mature business operating in a developed market. As a result our valuation range may not have captured all possible scenarios that impact value. Key risk factors for Wave Money include:
- Addressable market (based on population census figures) may be different to the actual population.
  - Market penetration for mobile money takes up in line with observed benchmarks in other markets.
  - Rapid development of the banking system in Myanmar may reduce the addressable market for mobile money service providers.
  - More competitors enter the sector, eroding Wave Money's market share.
  - The type of cash-handling service that characterises Wave Money's business model could suffer fraud, corruption or IT / security breaches, impacting the reputation and business of Wave Money and the market.
  - Stricter regulation could slow down the market growth. For example, stricter control of cash handling and transfer, reporting and transparency, reserve or capital requirements, which could be more professionally handled by financial institutions.
  - As with most early stage businesses, Wave Money could face various risks in terms of achieving scale, retaining key team members, pricing/cost issues, service replication, processes not in place, etc.
  - Potential political risks, or risks associating with emerging markets, could negatively impact growth and the regulatory environment.
  - At present, Wave Money's smart phone application users have to be Telenor subscribers. The business would therefore suffer if Telenor faced challenges to its core business.
  - As mobile money is a nascent industry in Myanmar, it is likely that the business model will have to change in time. For example, the agent network which is critical now may become irrelevant in the long term as technology use develops.
- b) As well as the risks noted above, there are also a range of potential upsides, some of which could have a major impact by leveraging Wave Money's positioning in the digital / payment ecosystem.
- c) The Projections provided by Management only extend to 2020, at which point Wave Money is still forecast to be growing significantly. Management has only been able to provide limited, high level, guidance on revenue and margin trends after 2020.



- d) Certain assumptions, such as working capital requirements, were not provided by Management in the Projections. We have had to make assumptions about these variables based on benchmark information.
- e) We have only carried out limited scope commercial due diligence on Wave Money. We have not carried out a consumer survey and therefore we may not have identified all commercial risks which might be relevant to the Valuation.
- f) We have not performed any technical or operational due diligence on Wave Money. For example, we have not carried out technical due diligence on the technology platform and its ability to support the high growth in the Projections.
- g) We are not expressing an opinion on the commercial merits or structure of the Transaction and neither are we required to nor have we conducted a comprehensive review of the business, operational or financial condition of Wave Money. Hence, this letter does not purport to contain all the information that may be necessary or desirable to fully evaluate the Transaction and cannot solely be the basis for the investment decision.
- h) In arriving at our Valuation conclusion, we have not had regard to any general or specific investment objectives, financial situation or individual circumstances of any investor or potential investor and, accordingly, it may not be relied upon as such by any person.
- i) Our results depend on forecasts for Wave Money. However, because events and circumstances frequently do not occur as expected, there will usually be differences between predicted and actual results, and those differences may be material. This is especially true in the case of an early stage business, such as Wave Money, operating in a developing market such as Myanmar. Accordingly, we take no responsibility for the achievement of predicted results and are not opining on how closely actual results achieved will correspond to those predicted for Wave Money.
- j) Our Valuation conclusion is based upon the information available as at the date of this letter. Economic conditions, market factors and changes in the performance of Wave Money may result in our conclusions becoming quickly outdated and may require updating from time to time or before any major decisions are taken based on the Valuation. This is especially true in the case of an early stage business such as Wave Money. We assume no responsibility to update this letter for events and circumstances after the date of this letter.
- k) As you are aware, Myanmar has been subject to sanctions imposed by certain territories, primarily the US and EU, for a number of years and these have only recently been suspended. As in any newly emerging country, the existing local business practices, and the legal and regulatory frameworks may be unclear, imprecise or contradictory. In many respects, these may also be subject to sudden, unpredictable or inexplicable changes. The avenues and processes available for clarifying and redressing any such issues may not be as sophisticated as in other more developed countries, or even readily available.
- l) In addition, the interpretation, administration and implementation of any such practices, laws and regulations may be arbitrary or may vary significantly depending on the government or court official attending to the matter. As a result of this situation, while we have performed the Valuation with reasonable skill and care expected of professionals with fair experience of advising clients on investments in Myanmar, this obligation should be



read in light of the circumstances in which are operating in - essentially an environment where there may be limited information or clarity available on local business practices and legal and regulatory frameworks.

m) By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. In the case of an early-stage business such as Wave Money, there are still significant risks and uncertainties associated with a successful and profitable commercialisation of the business model. There is, therefore, no indisputable single value and we have expressed our analysis as falling within a likely range. In the case of an early stage business this range is necessarily wider.

## 7. CONCLUSION

Based upon and subject to the foregoing and other information used in the preparation of this letter, PwC has arrived at an equity valuation range of US\$ 38m to US\$ 73m for 100% of the equity of Wave Money as at 31 December 2017.

Yours faithfully,

For and on behalf of PricewaterhouseCoopers Myanmar Pte Ltd

A handwritten signature in blue ink, appearing to read 'Lie Kok Keong', is written over a light blue horizontal line.

Lie Kok Keong

Partner