
ACQUISITION OF COMMERCIAL UNITS IN ZONE A, STAR CITY

1. INTRODUCTION

The Board of Directors of Yoma Strategic Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform shareholders that its seventy per cent. (70%) subsidiary, Thanlyin Estate Development Ltd. (“**TED**”), has entered into a sale and purchase agreement to acquire commercial units with an aggregate floor area of approximately 18,900 square meters in Building A2 of Zone A, Star City (the “**Proposed A2 Acquisition**”).

2. BACKGROUND

In 2012, the Company obtained shareholders’ approval to acquire seventy per cent. (70%) economic interest in the land development rights in 135 acres of land in an area located in Thanlyin Township (“**Star City**”) by way of a deed of assignment and a joint development deed (together, the “**Star City Agreements**”). It was disclosed in the circular to shareholders dated 10 May 2012 (the “**Circular**”) that at the time when the acquisition was being negotiated, the majority of the residential units in Buildings A1 and A2 of Zone A, Star City, had already been sold and hence the acquisition would not include Buildings A1 and A2. It was also disclosed in the Circular that the first phase of the proposed development of Star City will comprise residential units with a commercial area at the first level of each building.

RATIONALE

Given that TED currently holds the land development rights and manages the on-going development of Star City, the Proposed A2 Acquisition will align the ownership of development interest in Star City which will enhance the operational and management decision-making process. Further, whilst commercial leasing in Star City is currently at a nascent stage, it is envisaged that rental rates for commercial units will become more competitive as the population density of the residential units increase. Although there are commercial units in Buildings A1 and A2 of Zone A, Star City, TED will only acquire the commercial units in Building A2 of Zone A, Star City (the “**A2 Commercial Units**”) as the commercial units in A2 comprise a gym which is an essential facility to attract residents in Star City and is a key feature for Building A5 which will be used as service apartments.

3. CONSIDERATION

The valuation of the commercial units in Building A2 of Zone A, Star City, which was arrived at by the independent valuer appointed by the Company, Jones Lang La Salle, is US\$2.12 million and, accordingly, the Company’s seventy per cent. (70%) interest shall be US\$1.48 million (approximately S\$1.89 million based on the exchange rate of US\$1: S\$1.275) (the “**Consideration**”).

The Company used the proceeds from the placement completed in July 2014 to fund its pro rata portion of the Consideration.

4. SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT

Under the agreement, Yangon Land Co., Ltd (“**YLC**”), a wholly-owned subsidiary of Serge Pun & Associates (Myanmar) Limited (“**SPA**”), will transfer its seventy per cent. (70%) interest in the A2 Commercial Units and First Myanmar Investment Company (“**FMI**”) will also transfer its thirty per cent. (30%) interest in the A2 Commercial Units to TED. Each of SPA and YLC has also provided the usual warranties in relation to the A2 Commercial Units.

In addition, supplementary Star City Agreements were also executed to acknowledge and confirm that the rights and interests of the Company to manage and control Star City, through its wholly-owned subsidiaries, Yoma Development Group Limited and Lion Century Properties Limited, under the Star City Agreements will be extended to include the A2 Commercial Units. All the existing terms of the Star City Agreements will remain unchanged.

5. INTERESTED PERSON TRANSACTIONS

Mr. Serge Pun is the Executive Chairman and a Controlling Shareholder of the Company, holding approximately 37.32% direct and deemed interests in the Company as at the date of this Announcement.

Mr. Serge Pun is also the Chairman of SPA and the controlling shareholder of SPA and YLC as at the date of this Announcement. Both SPA and YLC are considered associates of Mr. Serge Pun and accordingly, interested persons of the Company for the purposes of Chapter 9 of the SGX-ST Listing Manual. The Proposed A2 Acquisition is therefore an interested person transaction under Chapter 9 of the SGX-ST Listing Manual.

Based on the latest audited consolidated financial statements of the Group as at 30 September 2014, the net tangible assets less non-controlling interest (the “**NTA**”) of the Group is S\$358.87 million. The value of the transaction is S\$1.89 million and this when aggregated with all the values of the interested person transactions together is 3.2% (excluding transactions transacted under the shareholders mandate). As such, the Company decided to make an immediate announcement on the sale and purchase agreements.

The value of the transaction, being the Consideration, is US\$1.48 million which is approximately S\$1.89 million (the “**Zone A2 Commercial Units Price**”). This when aggregated with all the values of the interested person transaction (excluding transactions less than S\$100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920) is S\$13.47 million, representing approximately 3.75% of the latest audited consolidated NTA.

6. VALUE OF INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) for the 6-month period ended 30 September 2014 with Mr. Serge Pun and his associates is S\$11.58 million.

7. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of the Company is of the view that the terms of the Proposed A2 Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

BY ORDER OF THE BOARD

Andrew Rickards
Chief Executive Officer

2 November 2014