
PROPOSED JOINT VENTURE TO DEVELOP A COMMERCIAL AND RESIDENTIAL PROJECT IN RESPECT OF LAND IN FMI CITY AS AN INTERESTED PERSON TRANSACTION

I PROPOSED JOINT VENTURE

- 1.1 The Board of Directors (the “**Board**”) of Yoma Strategic Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has agreed with First Myanmar Investment Co., Ltd (“**FMI**”) to jointly develop 2 plots of land at FMI City, Yangon (the “**Proposed Joint Venture**”).

Description of the Land

- 1.2 The 2 plots of land are located in FMI City, Hlaing Tharyar Township, Yangon, and are adjacent to one another. They are designated for construction into a residential and commercial development and the aggregate land area is 1.345 acres (together, the “**FMI City Gate Sites**”).
- 1.3 FMI Garden Development Ltd. (“**FMI Garden**”) has been granted 60 year leases for the FMI City Gate Sites (both of which commenced in December 2004). FMI Garden is wholly-owned by FMI and Serge Pun & Associates (Myanmar) Limited (“**SPA**”). FMI and SPA will undergo a restructuring of their respective interests in FMI Garden such that a wholly-owned new subsidiary of FMI will enter into the Proposed Joint Venture with the Company.
- 1.4 The parties intend to develop a mixed-use residential and commercial development with approximately 90 residential units and 19,900 sqft of commercial leasing space at the FMI City Gate Sites.

Consideration

- 1.5 The FMI City Gate Sites were valued by Jones Lang La Salle, an independent valuer appointed by the Company, at US\$3.2 million and accordingly, the parties agreed that this value shall be considered FMI’s equity contribution in the proposed joint venture company. SPA has agreed to waive its right to appoint a second independent valuer under the First Right of Refusal Deed dated 17 August 2006.
- 1.6 The Company will explore various financing options to fund the Proposed Joint Venture.

Salient terms of the Proposed Joint Venture

- 1.7 Under the Proposed Joint Venture, Yoma Development Group Pte Ltd (“**YDG**”), a wholly-owned subsidiary of the Company, and a new subsidiary of FMI to be incorporated will establish a new Myanmar company (the “**New Myanmar Company**”). Upon the establishment of the New Myanmar Company, parties will procure that the rights of and interests on the FMI City Gate Sites

be held by the New Myanmar Company through a long term lease to be approved by the Myanmar Investment Commission and in exchange, the new subsidiary of FMI will be allotted and issued shares equivalent to 20% of the New Myanmar Company. YDG will hold the remaining 80% interest. Parties will fund the construction of the FMI City Gate Sites by way of equity and debt. YDG's pro rata contribution to the Proposed Joint Venture are currently estimated to be up to US\$15 million and FMI will also contribute its pro rata portion of any additional funding.

Interested Person Transaction

- 1.8 Mr. Serge Pun is the Executive Chairman and a Controlling Shareholder of the Company, holding approximately 41.67% direct and deemed interests in the Company as at the date of this Announcement.
- 1.9 Mr. Serge Pun is also the Chairman of FMI and the controlling shareholder of FMI as at the date of this Announcement. FMI is deemed to be 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 Joint Venture is therefore an interested person transaction under Chapter 9 of the Listing Manual.
- 1.10 Based on the latest audited consolidated financial statements of the Group as at 31 March 2013, the net tangible assets less non-controlling interest (the "NTA") of the Group is S\$357.5 million. The Company's estimated funding costs in the Proposed Joint Venture represents 5.2% 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 Joint Venture.

2 RATIONALE

- 2.1 The FMI City Gate Sites are situated within the compound of FMI City, a housing development of the Company. However, they were not part of the land use rights acquired by the Company in 2006 as they were not available for development at that time. FMI City is Myanmar's first gated community with its own security and estate management services.
- 2.2 The Company has seen strong sales at FMI City since 2012 and given that there is limited land for development in the FMI City vicinity, the Company is of the view that it is the right time to develop the FMI City Gate Sites. Moreover, given the maturity of the estate, the development will be in an already established community with proven demand for more residential and commercial space.

3 VALUE OF INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions for the 9-month period ended 31 December 2013 with Mr. Serge Pun and his associates is S\$22.99 million and the aggregate value of all interested person transactions for the financial year ended 31 March 2013 is S\$113.8 million.

4 AUDIT AND RISK MANAGEMENT COMMITTEE STATEMENT

The Audit and Risk Management Committee of the Company is of the view that the risks and rewards of the Proposed Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Proposed Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

By Order of the Board

Andrew Rickards
Chief Executive Officer
11 March 2014