
PROPOSED RESTRUCTURING OF INTEREST IN THE GRAND CENTRAL PROJECT IN DALIAN

1 INTRODUCTION

- 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 the Company has on 16 November 2011, through its indirect wholly-owned subsidiary, Wyndale International Limited (“**Wyndale**”), entered into separate conditional agreements with GCREF Acquisitions IX Limited (“**GCREF**”) and JPA Company Limited (“**JPA**”) to restructure the Company’s interest in the Grand Central project in Dalian, the People’s Republic of China (the “**Proposed Restructuring**”).
- 1.2 The Grand Central project comprises an office building (the “**Office**”), a serviced residence building (the “**Apartment**”) and a shopping mall (the “**Mall**”). Each of the Office, Apartment and Mall is held by special purpose vehicles, 恒泽天城（大连）实业有限公司 (“**WOFE 1**”), 旺泽（大连）实业有限公司 (“**WOFE 2**”) and 迅祥（大连）实业有限公司 (“**WOFE 3**”) respectively.
- 1.3 Each of WOFE1, WOFE 2 and WOFE 3 are wholly-owned subsidiaries of Winner Sight Investments Limited (“**WSI**”), a joint-venture vehicle set up for the purpose of holding the investments in the Grand Central project. The Company currently owns a 27% interest in WSI through Wyndale. The other shareholders of WSI are (a) GCREF, which holds a 50% interest in WSI; (b) Pridetop Limited (“**Pridetop**”), which holds a 20% interest in WSI; and (c) Delight Results Limited (“**DRL**”), which holds a 3% interest in WSI. Both Pridetop and DRL are wholly-owned by the controlling shareholder and Executive Chairman of the Company, Mr. Serge Pun.
- 1.4 On 12 August 2009, Gifted Champion Limited (“**GCL**”) had granted a loan facility of RMB 22 million to Wyndale (the “**Wyndale Shareholder’s Loan**”), secured on, *inter alia*, 16.3% of the issued shares of Wyndale and a floating charge over the assets of Wyndale. The Wyndale Shareholder’s Loan was applied towards the satisfaction of Wyndale’s shareholder contribution in WSI to construct and develop the Grand Central project. GCL subsequently assigned all of its rights under the Wyndale Shareholder’s Loan and the security documents in relation to the Wyndale Shareholder’s Loan to JPA by way of a deed of assignment. JPA and GCL are held by a common shareholder. The Wyndale Shareholder’s Loan was due on 20 August 2011 but Wyndale received a written notice from JPA to extend the due date of repayment for 2 months. Subsequently, JPA verbally agreed not to exercise its rights over the repayment of the Wyndale Shareholder’s Loan pending parties’ negotiation of the Proposed Restructuring.

The Proposed Restructuring

- 1.5 Under the Proposed Restructuring, Wyndale will (a) transfer 24.6% of its interest in WSI to GCREF and the remaining 2.4% interest in WSI to JPA (b) repay JPA a sum of RMB 6 million and (c) pay JPA default interest under the Wyndale Shareholder’s Loan at the rate of 2% per calendar month, which will accrue from 18 November 2011 up to and including the date of completion of the JPA SPA (as defined below) (the “**Accrued Interest**”), in exchange for a 100% interest in WOFE 3 and the full settlement of the Wyndale Shareholder’s Loan. On completion of the Proposed Restructuring, the Company will effectively have a 100% interest in the Mall.

Relative figures under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”)

- 1.6 The relative figures computed on the bases set out in Rule 1006 of the Listing Manual for the Proposed Restructuring are set out below. The computed figures are based on the unaudited financial statements of the Group for the period ended 30 September 2011.

Rule 1006(a) The net asset value of the 27% interest in WSI compared with the Group’s net asset value ⁽¹⁾	26.2
Rule 1006(b) The net profits attributable to the 27% interest in WSI compared with the Group’s net profits ⁽²⁾	3.3%
Rule 1006(c) The aggregate consideration given for the 27% interest in WSI compared with the Company’s market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares	65.9%
Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.

Notes:

- (1) The Group’s net asset value as at 30 September 2011 is approximately S\$134.5 million.
- (2) The Group’s net profit attributable to shareholders for the period ended 30 September 2011 is approximately S\$2.5 million
- (3) The Company’s market capitalisation of approximately S\$60.7million is based on its total number of issued shares of 527,647,342 and the weighted average traded price of S\$0.115 per share on 15 November 2011.

- 1.7 The relative figures computed on the basis of Rule 1006(a) and Rule 1006(c) of the Listing Manual above exceed 20% and the Proposed Restructuring will accordingly, be classified as a major transaction under Rule 1014(1) of the Listing Manual. Therefore, the Proposed Restructuring is conditional upon the approval of shareholders of the Company.

2 RATIONALE FOR THE PROPOSED RESTRUCTURING

- 2.1 The current shareholders of WSI have mutually decided to terminate the joint venture arrangement as they recognised the need for more autonomy in business directions.
- 2.2 Under the current structure, the Company has no effective control over the management of the assets in the Grand Central project. It merely holds a minority interest of 27% interest in WSI and it is not able to influence or exercise control over the decisions in relation to the Grand Central project. The Proposed Restructuring will give the Company clear and total control of the Mall (instead of a mere participation through its interest in WSI) and allows the Company to determine the future development of the Mall at its sole discretion. The Company would also be able to take into account all the revenue obtained from the Mall.

- 2.3 Based on the latest audited financial statements of the Company for the financial year ended 31 March 2011, the book value of the 27% interest in WSI is RMB 173 million. Taking into account the Wyndale Shareholder's Loan, the net book value of the 27% interest in WSI is RMB 151 million (RMB 173 million less RMB 22 million). Based on an independent valuation report by Savills plc dated 31 August 2011 (the "**Valuation Report**"), the net asset value of the Grand Central project is RMB 731 million while the net asset value of the Mall is RMB 181 million. Wyndale's 27% interest in the Grand Central project would be RMB 197 million. Under the terms of the agreements with JPA, JPA will waive repayment of an aggregate of RMB 16 million of the Wyndale Shareholder's Loan in consideration for a 2.4% interest in WSI. The Company intends to repay the remaining RMB 6 million of the Wyndale Shareholder's Loan to JPA in cash using internal funds. Taking into account this cash repayment, the deemed net asset value of the Mall under the Proposed Restructuring is RMB 175 million. Accordingly, the Group will record an increase in its net assets of RMB 24 million from the Proposed Restructuring, being the difference in value between the net book value of the 27% interest in WSI (i.e. RMB 151 million) and the value of the Mall/WOFE 3 assuming the Proposed Restructuring is completed (i.e. RMB 175 million).
- 2.4 JPA has agreed to accept the transfer of 2.4% interest in WSI in exchange for a discharge of the amount of RMB 16 million of the Wyndale Shareholder's Loan. The Board considers this discharge to be expedient and cost effective as it avoids the need for the Group to seek additional refinancing in relation to the Wyndale Shareholders' Loan.

3 PRINCIPAL TERMS OF THE AGREEMENTS WITH GCREF

- 3.1 On 16 November 2011, Wyndale and GCREF entered into a conditional Sale and Purchase Agreement (the "**GCREF SPA**"). In addition, the Company has also on 16 November 2011 entered into an agreement with GCREF to guarantee the obligations of Wyndale under the GCREF SPA (the "**YSH Guarantee**"). The YSH Guarantee will only take effect upon the completion of the GCREF SPA.

GCREF SPA - Consideration

- 3.2 In consideration for the transfer of a 24.6% interest in WSI from Wyndale to GCREF and the assignment to GCREF of an aggregate of HK\$90,770,108 of outstanding shareholders loans owed by WSI to Wyndale, GCREF will procure WSI to grant Wyndale an option to have the entire issued and outstanding share capital of WOFE 3 transferred to Wyndale (the "**Option**"), exercisable at any time from 15 June 2012 to 15 December 2012 (the "**Option Period**"), provided that, *inter alia*, Wyndale has performed all its obligations under the GCREF SPA.
- 3.3 The aggregate consideration for Wyndale's 24.6% interest in WSI was arrived at on a willing-buyer willing-seller basis after taking into consideration the values attributed to the Grand Central project and the Mall in the Valuation Report as set out in paragraph 2.3 above.
- 3.4 The Mall/WOFE 3 was selected to satisfy the consideration for Wyndale's 24.6% interest in WSI as the value of the Mall/WOFE 3 based on the Valuation Report most closely approximates the value of Wyndale's 27% interest in WSI.

GCREF SPA - Condition precedent

- 3.5 The GCREF SPA is conditional upon, *inter alia*, the Company obtaining approval from its shareholders of the Proposed Restructuring and the execution, delivery and performance of the GCREF SPA and the YSH Guarantee.

GCREF SPA - Completion

- 3.6 The completion of the GCREF SPA is scheduled to take place on one business day after the condition precedents have been fulfilled or waived, or at such other date as may be mutually agreed between Wyndale and GCREF.

- 3.7 Wyndale shall use best efforts to cause the satisfaction of the conditions precedent by 29 December 2011. The longstop date of the GCREF SPA is 31 January 2012.

GCREF SPA - Material Covenants

- 3.8 GCREF covenants with Wyndale that from the date of completion of the GCREF SPA until the earlier of (a) the effective transfer of the shares of WOFE 3 to Wyndale or (b) the expiry of the Option Period or (c) the occurrence of an event of default, it shall, *inter alia*:

- (i) maintain the corporate existence of itself, WSI and WOFE3;
- (ii) maintain at all times legal and beneficial ownership of 76.7% of the shares in WSI;
- (iii) procure that no less than half of the number of the directors of WOFE 3 are appointed solely by GCREF;
- (iv) procure WSI to execute such documents as WOFE 3 may reasonably require in respect of its ordinary course of business; and
- (v) promptly inform Wyndale in writing of any occurrence of which it becomes aware which materially adversely affects the GCREF's ability to perform any of the obligations in relation to GCREF's covenants.

- 3.9 Except as otherwise (a) required in the ordinary course of business of WOFE 3 including, without limitation, obtaining any third party financing in connection with the operational costs and expenses of WOFE 3, (b) required to perform or pay Wyndale's obligations contained in the GCREF SPA or any of the obligations or liabilities due under existing loan agreements, (c) required in accordance with any applicable laws or (d) required to perform any obligations or liabilities that may arise from Wyndale's failure to perform its respective obligations under the GCREF SPA, from the date of completion of the GCREF SPA until the earlier of (i) the effective transfer of the shares of WOFE 3 to Wyndale or (ii) the expiry of the Option Period or (iii) the occurrence of an event of default, GCREF covenants not to, and shall procure that WSI and WOFE 3 not to, *inter alia*:

- (i) sell, charge, mortgage, encumber or otherwise dispose of any of any shares in WOFE 3;
- (ii) effect any change in the legal and beneficial ownership of WOFE 3;
- (iii) terminate, amend or supplement the shareholders' agreement in relation to WSI entered into by the shareholders of WSI or give any consent or waiver which materially and adversely affects Wyndale's right to exercise the Option;
- (iv) take any step with a view to bankrupt, dissolve, liquidate or wind-up WOFE 3; or
- (v) do any act or things or refrain from doing any act or things which materially adversely affects the Wyndale's right to exercise the Option.

GCREF SPA - Other salient terms

- 3.10 GCREF shall procure that, from the date of the GCREF SPA to the earlier of (a) the effective date of transfer of the entire issued and outstanding share capital of WOFE 3 to Wyndale, (b) the expiry of the Option Period or (c) the termination of the GCREF SPA, WOFE 3 shall not distribute any dividends, cash, distributions or benefits of any kind other than payments required (i) to perform or pay any obligations or liabilities due under existing loan obligations, (ii) for the operating costs and expenses of the Mall, WOFE 3 or WOFE 3's business or (iii) to perform or pay any other obligations or liabilities that may arise from Wyndale's failure to perform its obligations under the GCREF SPA.

- 3.11 In the event that Wyndale is unable to exercise the Option or is prevented from being legally vested with the shares of WOFE 3 due to a lack of governmental approvals, and provided that, *inter alia*, Wyndale has performed its obligations under the GCREF SPA, GCREF shall effect the sale of the shares of WOFE 3 or the Mall and pay to Wyndale the net sale proceeds arising from such sale.

YSH Guarantee

- 3.12 Recognising that the Proposed Restructuring and the GCREF SPA is in the best interest of the Company and the Group, the Company has, subject to shareholders' approval, entered into the YSH Guarantee to secure the performance of Wyndale's obligations commitments, undertakings, indemnities and covenants under the GCREF SPA.

4 PRINCIPAL TERMS OF THE AGREEMENTS WITH JPA

- 4.1 On 16 November 2011, Wyndale and JPA entered into a conditional Sale and Purchase Agreement (the "JPA SPA") and a Settlement Agreement (the "Settlement Agreement").
- 4.2 Under the terms of the JPA SPA, in consideration for the transfer of a 2.4% interest in WSI from Wyndale to JPA and the assignment to JPA of an aggregate of HK\$8,855,620 of the outstanding shareholders loans owed by WSI to Wyndale, Wyndale shall be released from the obligation of repaying an aggregate of RMB 16 million of the Wyndale Shareholder's Loan.
- 4.3 Under the terms of the Settlement Agreement, in consideration for the entry into the JPA SPA, the repayment by Wyndale to JPA of the remaining RMB 6 million of the Wyndale Shareholder's Loan in cash and the payment by Wyndale of the Accrued Interest to JPA, JPA will release Wyndale from all liability under the security documents in relation to the Wyndale Shareholder's Loan including, *inter alia*, the mortgage over 16.3% of the issued shares of Wyndale and the floating charge over the assets of Wyndale..
- 4.4 The aggregate consideration of RMB 16 million for Wyndale's 2.4% interest in WSI was arrived at on a willing-buyer, willing-seller basis after taking into consideration the values attributed to the Grand Central and the Mall in the Valuation Report and the outstanding amount of the Wyndale Shareholder's Loan.
- 4.5 In addition, under the terms of the JPA SPA, Wyndale and WOFE 3 also undertakes to grant JPA a right of first refusal in the event that Wyndale intends to dispose of the share capital of WOFE 3 or in the event that WOFE 3 intends to dispose of the Mall. The right is to be in a form to be agreed between the JPA, Wyndale and WOFE 3 and is intended to be effective upon the completion of the transfer of shares of WOFE 3 from WSI to Wyndale.
- 4.6 JPA has also requested, and the Company has agreed, subject to approval by shareholders of the Company, to provide a guarantee to JPA to secure the obligations of Wyndale under the JPA SPA and the Settlement Agreement.
- 4.7 The JPA Agreement is conditional upon, *inter alia*, the Company obtaining approval from its shareholders for the Proposed Restructuring and the execution, delivery and performance of the JPA Agreement.
- 4.8 The completion of the JPA SPA is scheduled to take place one business day after the condition precedents have been fulfilled or waived, or at such other date as may be mutually agreed between Wyndale and JPA.
- 4.9 Wyndale shall use best efforts to cause the satisfaction of the conditions precedent by 29 December 2011. The long-stop date of the JPA SPA is 31 January 2012, after which, the JPA SPA will automatically terminate unless otherwise agreed by JPA.

5 UNDERTAKING TO VOTE

Mr. Serge Pun, the controlling shareholder of the Company, who directly and indirectly holds an aggregate of 50.02% of the issued and paid up share capital of the Company, has undertaken to vote in favour of the Proposed Restructuring.

6 PROFORMA FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

The financial effects of the Proposed Restructuring set out below are purely for illustrative purposes and do not reflect the future actual financial results or positions of the Group after the completion of the Proposed Restructuring. The financial effects of the Proposed Restructuring are prepared based on the unaudited consolidated financial statements of the Company for the period ended 30 September 2011.

6.1 Net Tangible Assets

Assuming that the Proposed Restructuring had been completed at the end of period ended 30 September 2011, the effect of the Proposed Restructuring on the Net Tangible Assets ("NTA") per share of the Company would have been:-

	Before the Proposed Restructuring	After the Proposed Restructuring ⁽¹⁾
NTA (S\$'000)	122,326	127,050
Number of Shares ('000)	527,647	527,647
NTA per Share (cents)	23.18	24.08

Notes:-

(1) The financial effects as set out above are presented before taking into account fees and expenses to be incurred in relation to the Proposed Restructuring.

6.2 Earnings Per Share ("EPS")

Assuming that the Transactions had been completed at the beginning of the period ended 30 September 2011, the effect of the Proposed Restructuring on the EPS of the Group would have been:-

	Before the Proposed Restructuring	After the Proposed Restructuring ⁽¹⁾
Net profit after tax (S\$'000)	2,553	6,349 ⁽²⁾
Weighted average number of Shares ('000)	527,647	527,647
EPS per Share (cents)	0.48	1.20

Notes:-

(1) The financial effects as set out above are presented before taking into account fees and expenses to be incurred in relation to the Transactions.

(2) After deducting share of profit in WSI for the period ended 30 September of approximately S\$0.09 million and taking into account the gain on the Proposed Restructuring of approximately S\$4.72 million and loss incurred by WOFE 3 for the period ended 30 September 2011 of approximately S\$0.83 million.

7 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling Shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Proposed Restructuring.

8 SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Restructuring. Accordingly, no service contract is proposed to be entered into between the Company and any person in connection with the Proposed Restructuring.

9 CIRCULAR TO SHAREHOLDERS

The Company intends to convene an Extraordinary General Meeting to seek shareholders' approval for the Proposed Restructuring. A circular to shareholders containing further information on the Proposed Restructuring will be issued by the Company and despatched to shareholders in due course.

10 DOCUMENTS FOR INSPECTION

Copies of:

- (i) the GCREF SPA;
- (ii) the YSH Guarantee;
- (iii) the JPA SPA;
- (iv) the Settlement Agreement; and
- (v) the Valuation Report,

are available for inspection during normal business hours at 80 Anson Road, Fuji Xerox Towers #25-05 Singapore 079907 for a period of three (3) months from the date of this Announcement.

ON BEHALF OF THE BOARD

SERGE PUN
Chairman and CEO
17 November 2011