
PROPOSED ACQUISITION OF CONTROLLING INTEREST IN DIGITAL MONEY MYANMAR LIMITED

1. INTRODUCTION

- 1.1 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**”) had on 23 June 2020 entered into a share purchase agreement (the “**SPA**”) with Telenor South East Asia Investment Pte. Ltd., Telenor Go Pte. Ltd., Telenor Global Services Singapore Pte. Ltd., and Telenor Asia Pte. Ltd. (collectively, the “**Vendors**”) to acquire all of the Vendors’ interest in Digital Money Myanmar Limited (“**Wave Money**”), comprising 510,000 ordinary shares and 17,878,050 redeemable preference shares (the “**Sale Shares**”) for an aggregate consideration of US\$76.5 million, upon the terms and subject to the conditions of the SPA (the “**Proposed Acquisition**”). Please see Paragraph 5 of this Announcement for further details on the structure of the Proposed Acquisition.

2. INFORMATION ON WAVE MONEY

- 2.1 Wave Money is a joint venture between the Vendors, YSIL and First Myanmar Investment Public Company Ltd (“**FMI**”) and Yoma Bank Limited (“**Yoma Bank**”) in the financial services sector to offer mobile payment solutions and services. It was the first licensed provider under Myanmar’s Mobile Financial Services Regulations and is permitted to have foreign investment.
- 2.2 As at the date of this Announcement, the shareholders of Wave Money are the Vendors (collectively, 51%), YSIL (34%), FMI (10%) and Yoma Bank (5%).
- 2.3 The Company had on 8 November 2019 announced that it had entered into an agreement to acquire FMI’s 10% interest in Wave Money (the “**10% Acquisition**”) pending approval from The Central Bank of Myanmar (“**CBM**”).
- 2.4 Furthermore, the Company had on 18 May 2020 announced the proposed strategic partnership between Ant Financial Services Group (“**Ant Group**”) and Wave Money to promote financial inclusion for the unbanked and underbanked communities in Myanmar. As part of this partnership, Ant Group will become a substantial minority stakeholder (the “**Ant Investment**”), alongside existing shareholders YSIL (as to 29.5% on the basis that it has completed the 10% Acquisition), Yoma Bank (as to 3.4%) and the Vendors (as to 34.2%).
- 2.5 The Sale Shares represent the entirety of the Vendors’ interest in Wave Money.

3. RATIONALE FOR THE PROPOSED ACQUISITION

- 3.1 As disclosed in Paragraph 10 of the latest announced unaudited financial statements of the Group for the twelve-month period ended 31 March 2020, despite the challenging business environment and economic slowdown, COVID-19 has presented opportunities for the Group to accelerate the digital transformation of some of its businesses, most notably at Wave Money and in its restaurant operations. The Group expects to see continued investor interest in Myanmar which will bring about meaningful strategic investment in these businesses and underscore the confidence in the future of Myanmar and in the Group. Furthermore, in line with the Myanmar Government’s COVID-19 Economic Relief Plan, promoting the use of mobile payment services to accelerate the adoption of cashless solutions is a key priority, and Wave Pay, Wave Money’s mobile wallet offering, continues to gain traction in the current environment. Wave Money has also been

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allowed by the CBM to double its individual daily transfer limit to MMK 1 million to enable the transfer of more money to the people and places which need it the most. Given Myanmar's financial inclusion gap, the Group is excited about the role it can play in shaping the financial services sector through technology.

- 3.2 The Company foresees that both the real estate and financial services pillars will contribute a significant part of the Group's business performance over the next three to five years and therefore is keen to increase its shareholding interest in Wave Money. The Company also believes that taking a controlling stake in Wave Money would allow greater collaboration between Wave Money and the Group's existing businesses. Whilst Wave Money's strategy is to remain an open-ended platform which onboards a variety of service providers and applications in the market, the Group's portfolio of businesses can benefit from this collaboration through the contribution of certain payment functions as well as a closer alignment of new products and features on Wave Pay .

4. SALIENT TERMS OF THE PROPOSED ACQUISITION

Sale and Purchase

- 4.1 Pursuant to the SPA, the Vendors shall sell and YSIL, through Wave HoldCo (as hereinafter defined), shall purchase the Sale Shares, free from encumbrances and together with all rights, interests, and benefits attaching thereto as at completion of the SPA (the "**Completion Date**"), subject to the terms and conditions of SPA. The long stop date for completion is 15 November 2020.

Conditions Precedent

- 4.2 The obligations of the parties to complete the sale and purchase of the Sale Shares under the SPA shall be subject to fulfilment and satisfaction of certain conditions precedent, amongst others, shareholders' approval for the Proposed Acquisition (if required), closing of the Ant Investment and regulatory approval on or prior to the Completion Date.

Consideration

- 4.3 The aggregate consideration for the Proposed Acquisition is US\$76.5 million in cash (the "**Consideration**") and was arrived at on a willing-buyer willing-seller basis. The Company views the Ant Investment as a market comparable transaction to the Proposed Acquisition.
- 4.4 The Consideration will be funded by internal resources and financing activities as further elaborated in Paragraph 5 of this Announcement.

5. PROPOSED RESTRUCTURING

- 5.1 The Company intends to restructure the holding of its interest in Wave Money through a newly incorporated investment holding company in Singapore, Yoma MFS Holdings Pte. Ltd.¹ ("**Wave Holdco**"). Wave Holdco will hold the Group's existing interest in Wave Money, including the 10% Acquisition. As at the date of this Announcement, it is contemplated that the Company would invest up to a further US\$25.0 million in Wave Holdco and a consortium of investors², as new shareholders of Wave Holdco, would contribute the remaining Consideration for the Proposed Acquisition. Upon the completion of the Proposed Acquisition, Wave HoldCo will hold up to 63.76% interest (which includes the Sale Shares) in Wave Money.

¹ YSIL had on 19 June 2020 incorporated a wholly-owned subsidiary which would be used to hold the Company's interest in Wave Money as described in this Announcement. The initial issued and paid up capital of this subsidiary is US\$1.

² More information on the investors would be made upon execution of the definitive agreements relating to the investments in Wave Holdco.

5.2 It is intended that the Company, through YSIL, will remain the direct controlling shareholder of Wave Holdco holding up to 63.86% of Wave Holdco and its effective interest in Wave Money will be up to 40.72% upon completion of the Ant Investment, the 10% Acquisition, the proposed investments in Wave Holdco and the Proposed Acquisition (collectively, the “**Wave Money Transactions**”). For the avoidance of doubt, Wave Holdco will become the direct controlling shareholder of Wave Money upon completion of the Wave Money Transactions.

6. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION

6.1 On the basis that the Wave Money Transactions would be completed on the same day, the relative figures under Rule 1006 of the Listing Manual have been computed based on the final effective percentage in Wave Money to be held by the Company upon completion of the series of transactions.

6.2 To summarise, based on the above and the assumption that the Company would invest up to US\$25.0 million in Wave Holdco, the Company would be acquiring up to an additional 11.2% effective interest in Wave Money. Please see below for the computation of the relative figures under Rule 1006 of the Listing Manual using the latest announced unaudited financial information of the Group for the twelve-month period ended 31 March 2020 on these bases.

(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 profit attributable to the Wave Money Transactions compared with the Group’s net loss. ⁽¹⁾	(0.94%)
(c) The aggregate consideration ⁽²⁾ given for the Wave Money Transactions compared with the Company’s market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares.	5.88%
(d) The number of equity securities issued by the Company as consideration for the Wave Money Transactions, compared with the number of equity securities previously in issue.	Not applicable

Notes:-

- (1) The net profit attributable to the Wave Money Transactions for the twelve-month period ended 31 March 2020 is approximately US\$6.14 million and the Group’s net loss for the same period is approximately US\$73.42 million.
- (2) The aggregate consideration paid by the Group is US\$25.0 million.
- (3) The Company’s market capitalisation of approximately S\$591.3 million is based on its total number of issued Shares of 2,231,220,416 and the closing price of S\$0.265 per Share on 22 June 2020 (being the market day immediately preceding the date of the SPA).

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- 6.3 The Company considers the Wave Money Transactions as a discloseable transaction under Chapter 10 of the Listing Manual given that the absolute relative figure computed in each of Rule 1006 (c) and (d) does not exceed 20%. However, pursuant to Rule 1007 of the Listing Manual, where any of the relative figures is a negative figure, Chapter 10 may still be applicable at the discretion of the Singapore Exchange. The Company has written to consult the Singapore Exchange on the application of Chapter 10 of the Listing Manual for the Proposed Acquisition and will update shareholders on the outcome of such consultation.

7. FINANCIAL EFFECT

7.1 Assumptions

The financial effects of the Wave Money Transactions 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 Wave Money Transactions. No representation is made as to the actual financial position and/or results of the Company after completion of the Wave Money Transactions. The financial effects of the Wave Money Transactions are prepared based on (a) the Wave Money Transactions being as one transaction as it is contemplated that completion will take place on the same day; (b) the latest audited financial information of the Group for the financial year ended 31 March 2019 (“FY2019”); and (c) the financial effects are presented before taking into account fees and expenses to be incurred and any fair value adjustments in relation to the Wave Money Transactions.

7.2 Share Capital

As at 31 March 2019	Before the Wave Money Transactions	After the Wave Money Transactions
Issued and paid up Share capital (US\$'000)	513,716	513,716
Number of Shares ('000)	1,895,820	1,895,820

Note:-

(1) The share capital after the Wave Money Transactions was computed based on the assumption that the Wave Money Transactions was completed on 31 March 2019.

7.3 Net Tangible Assets (NTA)

As at 31 March 2019	Before the Wave Money	After the Wave Money
NTA (US\$'000)	526,664	526,664
Number of Shares ('000)	1,895,820	1,895,820
NTA per Share (cents)	27.78	27.78

Note:-

(1) The NTA after the Wave Money Transactions was computed based on the assumption that the Wave Money was completed on 31 March 2019.

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7.4 Basic Earnings Per Share (Basic EPS)

FY2019	Before the Wave Money Transactions	After the Wave Money Transactions
Net Profit attributable to equity holders of the Company (US\$'000)	34,125	34,167
Weighted Average Number of Shares ('000)	1,907,758	1,907,758
Basic EPS (cents)	1.80	1.80

Notes:-

- (1) The basic EPS after Wave Money Transactions was computed based on the assumption that the Wave Money Transactions were completed on 1 April 2019.
- (2) The net profit attributable to the Wave Money Transactions for FY2019 is approximately US\$0.04million and the Group's net profit for the same period is approximately US\$34.2 million.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition other than through their respective directorships and/or shareholdings in the Company.

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office at 63 Mohamed Sultan Road, #02-14, Sultan-Link, Singapore 239002 for three (3) months after the date of this Announcement.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when appropriate when the transactions contemplated in this Announcement have been completed.

BY ORDER OF THE BOARD

Melvyn Pun
Chief Executive Officer
24 June 2020

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