
ANNOUNCEMENT OF JOINT VENTURE TO DEVELOP THE ESTELLA DEVELOPMENT PROJECT IN STARCITY ESTATE AS AN INTERESTED PERSON TRANSACTION PURSUANT TO RULE 905(1) OF THE LISTING MANUAL

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Yoma Strategic Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that, having assessed the feasibility of the Project (as defined below), the Company had through its 70% owned subsidiary, Thanlyin Estate Development Limited (“**TED**”), entered into an agreement (the “**JV Agreement**”) with Pun Hlaing Links Services Company Limited (“**PHL**” or the “**JV Partner**”) to develop the first mass market landed terraced housing project in StarCity estate known as Project Estella (the “**Project**”).

2. INFORMATION ON THE PROJECT

- 2.1 The site consists of 46.88 acres of land located in Thanlyin Township (the “**Project Land**”) where the land development rights (“**LDR**”) are not held by TED. The Project will consist of a total of approximately 1,050 houses and the development will be undertaken in 5 phases which may be further adjusted subject to market demand.
- 2.2 Construction for phase 1 is expected to commence in mid-October 2023. Each phase, which may overlap with the construction of preceding phases, will take approximately 12 months for completion with the last phase expected to be completed by May 2025, subject to receipt of the requisite approvals from the relevant authorities.

3. INFORMATION ON THE JV PARTNER

PHL is a private company incorporated in Myanmar and is the owner of the golf course in StarCity estate. It holds the LDR in respect of the Project Land. Please refer to paragraph 6.2 for the shareholding details of PHL.

4. RATIONALE AND BENEFIT FOR THE JOINT VENTURE

The Project represents an opportunity for the Group to expand its real estate activities into a mass market landed terraced housing project that targets the underserved middle-income market in Yangon with a demand for modern affordable landed housing.

The Group is of the view that the Project has the potential to replicate the success of City Loft @ StarCity which is the Group’s offering of modern affordable apartments. The Group is confident that there is similar market demand for landed terraced houses given the location of the Project at StarCity.

As part of its future strategy to scale up its real estate development activities by obtaining land bank opportunities in a capital-efficient manner, the Group has also stated its intention to partner with local landowners whereby the landowners contribute their LDR to projects whilst the Group manages the development aspects of projects to capitalise on its expertise as a developer. The Project serves as a pilot project in that regard.

5. THE JOINT VENTURE

- 5.1 A joint venture company, known as YL Development (Star City) Company Limited (the “**JV Company**”), has been incorporated in Myanmar such that TED holds 80% and PHL holds 20% of the shares in the JV Company.

The Group will hold 56% effective interest in the JV Company through its interest in TED.

The remaining 44% effective interest in the JV Company is held by First Myanmar Investment Public Company Limited (“**FMI**”) (through its direct interest in TED and PHL) and Serge Pun & Associates (Myanmar) Limited (“**SPA**”) (through its indirect interest in PHL).

- 5.2 The LDR was valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, an independent valuer appointed by the Company at MMK 195 billion, and accordingly the parties agreed that this value shall be considered as SPA’s and FMI’s contribution in the JV Company in respect of their 44% effective interest. SPA has agreed to waive its rights to appoint a second independent valuer under the First Right of Refusal Deed entered into between SPA and Yoma Strategic Investments Ltd., a wholly owned subsidiary of the Company, dated 17 August 2006.
- 5.3 The Group’s contribution of its 56% effective interest in the JV Company relates to development and construction costs of the Project, which is expected to be up to MMK 248 billion. This amount is expected to be funded through sales proceeds from the Project, in which case, minimal cash contribution will be required from the Group.
- 5.4 Any further costs will be borne by the shareholders of the JV Company in accordance with their respective shareholding interest. The JV Company would be responsible for the development, sales and marketing of the houses of the Project. Any net profits will be distributed to the shareholders of the JV Company as dividends in accordance with their respective shareholding interest.
- 5.5 The Project was entered into by PHL and TED on an arms’ length basis and on normal commercial terms. The terms extended by the Group to PHL are no more favourable than the terms extended by the Group to unrelated third parties.

6. INTERESTED PERSON TRANSACTION

- 6.1 Mr. Serge Pun, the executive chairman and controlling shareholder of the Company, holds approximately 28.07% direct and deemed interests in the Company as at the date of this Announcement.
- 6.2 PHL is 70% owned by Yangon Land Company Limited (“**YLC**”) and 30% owned by FMI. YLC is an indirect wholly owned subsidiary of SPA. Mr. Serge Pun is the chairman of SPA and holds more than approximately 90% direct and indirect interests in SPA. Mr. Serge Pun is also the executive chairman of FMI. He and his associates hold approximately 56.1% interest in FMI. Accordingly, PHL is an interested person of the Company under Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual (“**Listing Manual**”), by virtue of it being an associate of a Director and controlling shareholder of the Company.
- 6.3 Based on the latest audited consolidated financial statements of the Group as at 31 March 2023, the net tangible assets (“**NTA**”) of the Group is approximately US\$376.63 million. The value of the Group’s contribution to the Project represents approximately 25.60% of the NTA of the Group. As such, the Company is required to make an immediate announcement on the Project pursuant to Rule 905(1) of the Listing Manual.

6.4 In addition, TED is 70% owned by the Group and 30% owned by FMI. Mr. Serge Pun is the executive chairman and controlling shareholder of FMI. He and his associates hold approximately 56.1% interest in FMI.

7. STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

7.1 The Audit and Risk Management Committee of the Company has reviewed the terms of the JV Agreement and is of the view that:

- (a) the risks and rewards of the JV Agreement are in proportion to the equity of each joint venture partner; and
- (b) the terms of the JV Agreement are not prejudicial to the interests of the Company and its minority shareholders.

7.2 Further, as the JV Company is a newly incorporated entity, it is noted that PHL did not have an existing equity interest in the JV Company prior to the participation of TED in the JV Company.

7.3 The investment by the Group in the JV Agreement falls within the ambit of Rule 916(2) of the Listing Manual, having satisfied the relevant criteria listed under the said Rule. Accordingly, the Company is not required to obtain shareholder approval for the Project pursuant to Rule 906(1) of the Listing Manual.

7.4 The value of transactions with PHL (excluding transactions less than S\$100,000 and transactions conducted under the shareholders mandate) for the current financial year ending 31 March 2024 is approximately US\$0.01 million as at the date of this Announcement. The value of all transactions with interested persons (excluding transactions less than S\$100,000 and transactions conducted under the shareholders mandate) for the current financial year ending 31 March 2024 is approximately US\$0.11 million as at the date of this Announcement.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Jaime Alfonso Antonio Eder Zobel de Ayala, a non-executive non-independent director of the Company, is also a non-executive director of FMI.

Save as disclosed in this Announcement and other than their respective shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct and indirect, in the above transaction.

BY ORDER OF THE BOARD

Melvyn Pun
Chief Executive Officer
6 October 2023