Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Yoma Strategic Holdings Ltd

Stock code: Z59

Meeting details:
Date: 28 January 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. In the chairman & CEO's statement, in the management discussion and analysis section and in various parts of the annual report, the company has repeatedly referred to the "*uncertain operating environment in the country since 1 February 2021*" [emphasis added] and the COVID-19 pandemic that have severely disrupted the businesses and the operations. In fact, the group has deemed these as "Major Events" (page 38).

Revenue for the financial year ended 30 September 2021 decreased by 15.5% year-over-year to US$87.3 million, with decreases led by Yoma F&B and Yoma Motors. While the group recognised other gains mainly due to currency fluctuations, total comprehensive loss attributable to equity holders of the company amounted to US$(79.1) million in FP2020 (18-month financial period from 1 April 2019 to 30 September 2020) and US$(109.5) million in FY2021 (page 90 – Consolidated statement of comprehensive income).

Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Ground sentiment: Can management help shareholders better understand the sentiment on the ground in Yangon and other major cities? How strong is the consumer sentiment? Are businesses holding back capital expenditure as a matter of prudence? What percentage of the group's staff has been able to work-from-home?**

(ii) **Yoma Land: Has management received any requests for delays in settlement for City Loft @ StarCity? In addition, what is management's view of the demand for City Loft West which is expected to launch in the first half of 2022?** The company has also stated that the group will "continue to benefit as buyers increasingly look to invest and store their wealth in hard assets, in particular real estate" (page 4). **What is the basis of management's view that buyers will increasingly look to invest and store their wealth in real estate, presumably real estate in Myanmar given the "*uncertain operating environment in the country since 1 February 2021*"?**

(iii) **Yoma F&B:** The group made the "strategic decision" to right size its Restaurants platform and closed Little Sheep Hotpot and Auntie Annie's brands. Other ventures, such as Metro Myanmar (distribution platform) and Access Myanmar, were also discontinued via liquidation or disposal. **Can management clarify if these are temporary measures or is the group carrying out the restructuring to refocus the group on the remaining businesses even after the pandemic?**

(iv) **Yoma Fleet: Has management observed any signs of credit deterioration in the leasing business?**

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(v) **Working capital:** As shown in the consolidated statement of cash flows (pages 96 & 97), the group raised net cash from financing activities of US$144.1 million in FP2020 and US$32.6 million in FY2021. Cash and cash equivalents at the end of FY2021 amount to US$26.9 million. **Does the group have sufficient working capital to fund its operations? With US$92.96 million recognised as current borrowings, how will the group be able to repay or refinance its debt as and when they fall due?**

Q2. On 17 January 2022, the company announced that the group would be acquiring from Telenor Group its 51% stake of Digital Money Myanmar Limited ("Wave Money") for USD 53 million.

The company's announcement can be found here:
https://links.sgx.com/FileOpen/ProposedAcquisitionofControllingInterestinDMM.ashx?App=Announcement&FileID=697724

If and when the transaction is concluded, the company will become the largest and controlling shareholder of Wave Money and will continue to drive Wave Money's leading role in Myanmar's fintech sector.

(i) **Can management help shareholders understand the penetration rate of Wave Money in Myanmar? Who are the competitors and what market share does Wave Money have?**

(ii) **Did the board carry out an independent valuation of Wave Money as part of its due diligence process? If not, what was the board approval process?**

(iii) **Does the group have the expertise and experience to manage and grow Wave Money?**

(iv) **Will this significantly alter the risk profile of the group?**

(v) **Has the board evaluated the regulatory risks of Wave Money, given that the fintech space is new and especially so under the "*uncertain operating environment in the country since 1 February 2021?***

(vi) **How is the group seeking out new investors for Yoma MFS to co-invest in Wave Money? What progress has been made?**

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Q3. On 29 December 2021, the company announced the proposed restructuring of the investment by Ayala Corporation. The group had entered into a new agreement with Ayala to restructure the subscription of the Second Tranche Placement Shares into a perpetual loan that can only be redeemed by way of allotment and issuance of ordinary shares in the capital of the company.

The Restructured Loan will be redeemed by way of allotment and issuance of Redemption Shares at the share issue price of S$0.45 per Redemption Share. An EGM will be convened to seek shareholders' approval of the Proposed Redemption Shares Issuance.

(i) **Can the board/management help shareholders understand if there are any major capital expenditure required in the next 18-24 months?** As noted in the annual report, the group has already implemented stringent financial management measures, including strict cost controls, cash preservation initiatives, potential asset disposals and the deferral of most capital expenditures.

(ii) **Has the group breached or is at risk of breaching any financial covenant?**

(iii) **How much debt headroom does the group have?**

(iv) **Is the group looking to further improve its financial position?**

(v) **What is the level of engagement between the board and Ayala? Are the potential areas of collaboration or synergy with Ayala Corporation?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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