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## **Media Release**

# **Yoma Strategic increases its interests in its land bank in Myanmar with the acquisition of rights to develop Star City, one of Yangon's most exciting new property developments**

- **Acquisition of 70% economic interest in Star City, a new residential and commercial development near Thanlyin City on the outskirts of Yangon and adjacent to an area expected to be designated as a Special Economic Zone close to the Thanlyin deep sea port**
- **Acquisition cost of S\$91 million to be financed by a 4 for 5 rights issue at a price of 24 Singapore cents per rights share**
- **Yoma also announces strong 3QFY2012 results reflecting the continuing improved economic landscape in Myanmar in particular in the real estate sector**
- **3QFY2012 net profit of S\$1.4 million means that the 9MFY2012 net profit of S\$3.9 million has already exceeded FY2011 net profit of S\$2.79 million.**

**Singapore, 13 February 2012**– Yoma Strategic Holdings Ltd. and its subsidiaries (“Yoma Strategic” or the “Company”, “祐玛战略控股有限公司”, or collectively with its subsidiaries, the “Group”) today announced that it has agreed to acquire a 70% economic interest in the remaining LDRs of Star City, a major new residential and commercial development planned on a 135 acre area adjacent to an area expected to be designated as a Special Economic Zone on the outskirts of Yangon (“Star City Project”). The Star City Project is one of the most exciting new developments in the Yangon area in recent years. The acquisition, which is an interested person transaction and requires shareholders’ approval, will be financed via a 4

for 5 rights issue at 24 cents per share. The rights issue will also require shareholders' approval.

The Group also announces today its third quarter results for the year ending 31 March 2012. Net profit attributable to shareholders has recovered from a net loss of S\$0.5 million for the three months ended 31 December 2010 ("3QFY2011") to S\$1.4 million for the three months ended 31 December 2011("3QFY2012") mainly due to a significant increase in the sales of housing and land development rights ("LDRs") in Myanmar

### **Proposed Acquisition of 70% economic interest in Star City**

Further to the announcement made on 3 January 2012, Yoma Strategic announced that it has on 13 February 2012, entered into a conditional deed of assignment ("DOA") and a conditional joint development deed ("JDD") with various subsidiaries of the SPA Group (comprising Serge Pun & Associates (Myanmar) Limited ("SPA") and its subsidiaries), to acquire 70% of the economic interests in the Star City Project from Yangon Land Co., Ltd. ("YLC"). The acquisition was made possible under an existing First Right of Refusal Deed ("FRRD") that Yoma Strategic has with the SPA Group ("Proposed Acquisition"). The Star City Project does not include two blocks of residential apartments comprising 300 residential units, the majority of which have been sold. The remaining 30% interest in the Star City Project is held by First Myanmar Investment Co., Ltd. ("FMI"), the flagship company of the SPA Group in Myanmar.

Star City is a development of residential and commercial properties, which may ultimately comprise more than 9,000 units of apartments and houses, shopping and commercial areas on a total development area of approximately 135 acres. Residential units at Star City will be targeted at the middle-class population in Myanmar and properties along the perimeter of the estate have views of the Pun Hlaing Links golf course, which is on land adjacent to Star City. In addition, there will be a professional estate management system, 24-hour security, water supply, cleaning services, and a substation to provide 24-hour electricity to all common areas. It is envisaged that there may also be bus, taxi and ferry line services to downtown Yangon.

Under the JDD, the Group will design, develop, manage and operate the Star City Project, while the SPA Group will liaise with the relevant government authorities in Myanmar and obtain such other necessary governmental permits, licenses and approvals as may be required.

The acquisition price for the 70% economic interest in Star City has been arrived at as the mid-point between two internationally reputable expert valuations less a small discount.

#### Rationale for acquisition

Yoma Strategic is approaching the final phase of development in FMI City with only 1,344,000 square feet of LDRs remaining to be developed. Besides the development in FMI City, the Group has no other products in the mass market segment in Myanmar. As such, the Proposed Acquisition will provide the Company with a product development pipeline for the next 6-8 years.

The Star City Project is located in the Thanlyin Township and is adjacent to an area that is expected to be designated as a Special Economic Zone under a new law in Myanmar which may potentially accelerate the social and economic development in the Thanlyin Township area.

There are substantial restrictions in place which prevent a non-Myanmar entity from acquiring an interest in land in Myanmar. However, Yoma Strategic is in an advantageous position by virtue of the FRRD and its directors are of the opinion that it would be beneficial for the Company to capitalise on its rights under the FRRD.

Commenting on the Proposed Acquisition, Mr Andrew Rickards, Chief Executive Officer of Yoma Strategic said: ***“The acquisition of Star City represents a significant boost to our real estate business and should give us a strong pipeline for next 6-8 years while we develop other businesses under the Group in Myanmar. We are in a strong position to capitalise on the growth of Myanmar given our existing businesses there and our affiliation with the SPA Group. We believe that the timing of the proposed acquisition is also opportune, in view of the recent political, social and economic reforms in Myanmar. Barring any unforeseen circumstances, the Board expects the real estate sector to continue to be buoyant.”***

#### **Proposed Rights Issue**

In order to fund the Proposed Acquisition, Yoma Strategic will be undertaking a non-underwritten Rights Issue of up to 422,117,874 Rights Shares at issue price of S\$0.24 for each Rights Share, on the basis of four Rights Shares for every five existing ordinary shares in the capital of the Company (“Proposed Rights Issue”). The issue price represents a

discount of approximately 39.2% to the last traded closing price of S\$0.395 per share as at 10 February 2012.

Assuming full subscription of the Proposed Rights Issue, the net proceeds amounting to approximately S\$100 million will fund the acquisition price of S\$91m and provide working capital for the Star City Project in the form of a S\$5m interest-free loan pursuant to the DOA, and provide an additional approximately S\$4million of working capital for the Group.

As interested persons to the Proposed Acquisition, Mr Serge Pun and Mr Cyrus Pun Chi Yan will abstain from voting on the Proposed Acquisition. Mr Serge Pun has also given an irrevocable undertaking that he will subscribe and pay for his direct and indirect pro rata entitlement to 211,148,414 Rights Shares and for 168,018,254 of the balance of the Rights Shares not subscribed or applied for by other shareholders taking his total commitment to approximately S\$91m, an amount equal to the Acquisition Price. In view of this, the Company has granted Mr Serge Pun the right to set-off the monies payable under his Irrevocable Undertaking against the Acquisition Price payable to him.

### **Financial Highlights of 3QFY12**

The Group has announced that its net profit attributable to shareholders has recovered from a net loss of S\$0.5 million for the three months ended 31 December 2010 (“3QFY2011”) to S\$1.4 million for the three months ended 31 December 2011 (“3QFY2012”) mainly due to a significant increase in the sales of housing and land development rights (“LDRs”) in Myanmar

#### Continued Strong Sales of Housing and LDRs

In 3QFY2012, the Group’s revenue increased 495.3% to S\$9.8 million when compared to S\$1.7 million in 3QFY2011. The significant increase in the revenue was largely attributable to the increase in the sales of housing and LDRs in Myanmar. Sales of housing and LDR contributed to a total of S\$9.1 million in revenue, with S\$7.7 million from the sales of LDRs and S\$1.4 million from the sales of housing. LDRs equivalent to a total of 43 plots of land were sold in the current quarter, compared to seven plots of land for the previous corresponding quarter. The Group’s sales of housing were mainly revenue derived from the sales of Yoma Strategic’s condominium development, Lakeview Apartments, that was recognised on a percentage-of-completion basis.

Revenue from the Group's project management and design team (segmented as "construction related activities") increased to S\$0.4 million in 3QFY2012 compared to S\$0.2 million in the previous corresponding quarter due to new project management contracts in Myanmar. The Group's recent automobile dealership business, which it entered in December 2010, also recognised revenue amounting to S\$0.2 million for the quarter under review.

Yoma Strategic's Executive Chairman, Mr Serge Pun commented: "***The positive sentiments generated from recent developments in Myanmar are seen in the continued buoyancy of the property market and reflected in our performance these few quarters. We believe that with Myanmar's reintegration with the global economy, we will stand to benefit not only from the sales of housing and LDRs, but also from the development of our other business areas.***"

#### Profitability

For the nine months ended 31 December 2011 ("9MFY2012"), net profit attributable to shareholders hit S\$3.9 million compared to a loss of S\$1.0 million for the previous corresponding period. Notably, the 9MFY2012 net profit attributable to shareholders of S\$3.9 million has already exceeded the net profit attributable to shareholders for FY2011 of S\$2.79 million. Gross profit margin fell slightly in 3QFY2012 mainly due to an additional cost related to one of the property developments sold in the previous quarter.

#### Healthy Financial Position

The net assets attributable to the equity holders of the Company increased to S\$137.0 million as at 31 December 2011 as compared to S\$130.37 million as at 31 March 2011 mainly due to the increase in the net profit attributable to shareholders of S\$3.9million for 9MFY2012. Net current assets also improved significantly to S\$15.8 million as at 31 December 2011 from S\$2.3 million as at 31 March 2011, due to the realisation of non-current assets in the form of LDRs becoming cash balances.

Cash and bank balances stood at S\$16.5 million (inclusive of S\$2.25 million held in trust on behalf of the Fontana project in Myanmar) as at 31 December 2011as compared to S\$2.5 million as at 31 March 2011. The improvement in cash position was mainly due to sales proceeds received from the sale of LDRs in the current quarter.

The Group's earnings per share for the nine months ended 31 December 2011 improved to 0.75 Singapore cents and its net asset value per share increased to 25.9 Singapore cents.

### Other Areas of Business

During 3QFY2012, Myanmar Agri-Tech Co Ltd, of which the Group's subsidiary, Plantation Resources Pte Ltd, is the operator, has diversified into planting black pepper in addition to Jatropha Curcas on the existing Maw Tin plantation. However, this is not expected to have any material financial impact on the Group's results for the year.

The Group is also holding an Extraordinary General Meeting on 20 February 2012 to obtain shareholders' approval for the restructuring of the Group's interests in Winner Sight Investments Limited ("WSI"). After the restructuring Yoma Strategic will own a 100% interest in the shopping mall of the Grand Central project in Dalian, China.

### **Myanmar – The Golden Land**

As one of the few Myanmar-focused companies listed in Singapore with strong business associations in Myanmar, through its strategic affiliation with the SPA Group, Yoma Strategic believes that it will stand to benefit from the major developments currently happening in Myanmar. Today, approximately 75% of Yoma Strategic's net assets, and 100% of its revenue come from Myanmar.

The sentiment in the real estate market in Myanmar continues to stay positive, as seen from the continuous strong sales of LDRs recorded by Group in 3QFY2012. In addition, the Group's Fontana Project in Myanmar has received a very strong response and the Group will continue to augment its sales and marketing efforts, as well as explore possible opportunities to collaborate with other parties to optimise sales of housing and LDRs.

As at 31 December 2011, the Group has a balance of LDRs amounting to a total of 7,487,000 square feet in Pun Hlaing Golf Estate (5,837,000 square feet), FMI City – Orchid Garden (1,344,000 square feet), and Evergreen Condominium (306,000 square feet).

The Proposed Acquisition and Proposed Rights Issue are all subject to shareholders' approval at an Extraordinary General Meeting to be convened, as well as the requisite regulatory compliances and approvals.

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**Note to media: This media release is to be read in conjunction with the Group's announcements related to its Third Quarter FY2012 Financial Statements, Proposed Acquisition and Proposed Rights Issue, and Employee Share Option Scheme 2012, released on the SGXnet on the same date.**

**About Yoma Strategic Holdings Ltd. ([www.yomastrategic.com](http://www.yomastrategic.com))**

Listed on the Mainboard of the Singapore Exchange, Yoma Strategic Holdings Ltd., is a leading business corporation with real estate, agriculture and automobile dealership businesses in Myanmar and the People's Republic of China. Together with its affiliate, the SPA Group, the Group is taking a conglomerate approach to build a diversified portfolio of businesses in Myanmar

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