Yoma faces new landscape on its path of diversification

Staying alert: *As Yoma's diversification becomes more substantial, the real estate company and its shareholders will have to watch out for the pitfalls of conglomerates.* PHOTO: REUTERS

HOCK LOCK SIEW
By **KENNETH LIM**
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ANDREW Rickards, the chief executive of Yoma Strategic Holdings, is fond of telling people that he wants to turn the real estate company into the Jardine Matheson of Myanmar. His choice of Jardine Matheson, the storied conglomerate of the Orient, is well thought out, because history is littered with the debris of failed or struggling diversified groups such as Korea's Daewoo or Brazil's EBX Group.

Yoma's diversification efforts offer exciting exposure to the expected growth of Myanmar's economy. But as the diversification becomes more substantial, the company and shareholders will have to watch out for the pitfalls of conglomerates.

Yoma, one of the purest listed Myanmar plays in the world, has been stepping up its diversification over the past year.

In February 2013, it moved into the auto after-sales service business through a joint venture with Mitsubishi. The company's presence in the auto business now includes distribution, not just for Mitsubishi, but also for Sumitomo Corp's Hino brand trucks and buses, as well as rental and leasing.

After failing to win one of the two mobile network licences offered by the Myanmar government, Yoma has nevertheless kept a foot in the door. Ooredoo, one of the winners of those licences, has contracted a Yoma joint venture to help build the infrastructure equipment.

Yoma also has a balloon tourism business that is already up and running.

All of that is in addition to Yoma's traditional real estate business, which has been growing at a steady clip and has been expanding as well into mixed-use projects.

What does all of this diversification mean for Yoma?

The immediate answer is not much, yet. A lot of the new businesses are still in extremely early stages, so real estate still accounts for about 90 per cent of Yoma's business. It remains to be seen how much of Yoma's ambitions today will actually be fulfilled.

The market has also been wary about over-optimism. After its stellar climb in 2012, Yoma's shares now appear to be stuck in a range. The stock has closed between 70 and 80 cents since October 2013, last changing hands at 73 cents on Thursday.

In general, those new businesses can be seen in a positive light.

Yoma happens to operate in what is expected to be a high-growth market in Myanmar. It also happens to be one of the most attractive joint venture partners for companies looking to build a presence in Myanmar.

Which means that from Mr Rickards' office in Myanmar, the world outside looks like juicy growth opportunities everywhere, and he just has to take his pick. That is an enviable position to be in, and it is perfectly reasonable that Mr Rickards and Yoma should strike when the right opportunity comes along. Why leave that money on the table for someone else?

Diversification could also bring benefits in terms of risk management. If Yoma can spread out the sources of its revenue, it could be less exposed to cycles in one particular sector, such as property, or so the theory goes.

The risk argument, however, can be a little, well, risky. That is because the jury is still out on the benefits of conglomerates.

Conglomerates can get too big and complex, which adds costs and inefficiencies into the various businesses, rendering them less competitive than more focused rivals.

Markets also sometimes exact a "conglomerate discount" on diversified companies. The recent example of the Fraser and Neave group suggests that breaking up a conglomerate can be more profitable than keeping it together.

The fact is that conglomerates around the world have had vastly different fortunes. Among India's family empires, for example, the Tata group's strong growth over the past decade contrasts with the fortunes of the Reliance group, which found itself under a mountain of debt.

BCG, the consulting group, has a theory about "premium conglomerates" that management quality is the difference maker.

That is a good place to start for Yoma shareholders. While it is still too early to say what Yoma's new ventures will eventually grow into, shareholders can at least begin to assess whether management has what it takes to run an empire.

Sembcorp buys into Indian power project for $175m

By **LEE MEIXIAN**
leemx@sph.com.sg

SEMBCORP Industries has agreed to acquire 45 per cent of India's NCC Power Projects (NCCPP) for 8.48 billion rupees (S$175 million), and will ink further agreements to take up another 20 per cent to make up a majority stake.

Potential "substantial synergies" drove the investment, Sembcorp said yesterday. NCCPP is currently building a 1,320-megawatt coal-fired power plant along the coast of Nellore in Andhra Pradesh, adjacent to Sembcorp's first power plant investment in India, Thermal Powertech Corporation India (TPCIL).

The proximity of the two plants will enable operational synergies, such as the use of common coal importation and logistics infrastructure. Both plants will also be run by the same Sembcorp management team in Nellore.

The acquisition doubles Sembcorp's power generation capacity in India and boosts its overall power capacity by 1.2 gigawatts from 2014 to 2016 when both plants will become ready, said Macquarie Equities Research analyst Somesh Kumar Agarwal.

The remaining 55 per cent of NCCPP remains jointly owned by Indian conglomerate NCC Ltd and Gayatri Energy Ventures, Sembcorp's project partner for the TPCIL plant.

Sembcorp said it had to obtain formal approval from the Indian authorities that the government's allocation of domestic coal supply for the project would stay unchanged with its taking up an additional stake before it exercised the option.

Sembcorp also has plans to take up an incremental 16 per cent stake in TPCIL, up from its current 49 per cent interest, with Gayatri Energy owning the rest. This will change majority ownership from Gayatri's hands to Sembcorp.

Both power projects, located in India's southern region where economic growth and the demand for electricity is strong, will go towards meeting the country's rising power needs, Sembcorp said.

Urbanisation, industrialisation and the growth of the middle class is expected to drive energy demand and the growth of India's power sector substantially over the next decade.

Construction of the NCCPP project is about 30 per cent completed and is expected to come onstream in early 2016.

Sembcorp's existing TPCIL project is also nearing completion. It is more than 80 per cent finished, with commercial operations targeted to begin in the third quarter of 2014 and the plant's second, 660-megawatt unit expected to start work by the end of the year.

"We believe this year will be slow for Sembcorp's utilities business as there is no new power plant to come on board in 2014 besides TPCIL, while Singapore's power prices may be under pressure," said Mr Agarwal.

Sembcorp will fund the acquisition with internal funds and borrowings.

Its shares closed five cents lower at $5.20 yesterday.

BT Random Fund outperforms STI in Jan

Emerging market worries send world markets and STI down 3.8% and 4.4%

By **CAI HAOXIANG**
haoxiang@sph.com.sg

THE BT Random Fund, along with the rest of the Singapore market and most parts of the world, got off to a rough start in 2014. Our experimental Singapore collection of 10 randomly chosen stocks is down 1.9 per cent year-to-date.

However, we managed to beat the benchmark Straits Times Index (STI), which was down 4.4 per cent. The STI also performed worse than other major indices like the MSCI World (-3.8 per cent) and America's S&P 500 (-3.6 per cent).

Despite being dragged down by OCBC Bank and Craft Print International, the rest of the portfolio stayed stable, partly due to some illiquid stocks and the outperformance of the shipping companies in the portfolio.

If the year so far was marked by emerging market worries as the US Federal Reserve ends or "tapers" its massive bond-buying programme, the BT Random Fund has also been, well, tapering at the ends.

The two clear underperformers in the course of the month were the largest and the smallest stocks in the portfolio. OCBC Bank, with its $32-billion market cap and ranked by Bloomberg Markets in 2012 as the World's Strongest Bank, shed 8.8 per cent of its market value in January and dragged our fund down. (Not a bad consolation number, actually, since we're in the Chinese New Year period.)

It is now trading at the bottom of its 52-week range. The bank is in exclusive talks to take over Hong Kong's family-owned Wing Hang Bank, and investors have been bailing out on fears that the bank is overpaying for the acquisition, leading to a future equity-raising exercise that will dilute their capital.

Shaky start
Performance of BT's random picks so far

NAME	YTD PERF (%)
OCBC Bank	-8.8
Nam Cheong Ltd	1.6
Rickmers Maritime Tr	0.0
Malacca Trust Ltd*	0.0
S'pore Shipping Corp	2.3
PCI Ltd	-2.2
Southern Packaging Gp	4.3
AEI Corp	1.5
Jacks Int'l	-3.3
Craft Print Int'l	-14.8
BT Random Fund	-1.9
MSCI World	-3.8
S&P 500	-3.6
STI	-4.4

*Undergoing exit offer

Disclaimer: This is a hypothetical fund and BT does not endorse any stocks here. Readers should not rely solely on the information published and should seek independent financial advice prior to making any investment decision. The publisher accepts no liability for any loss whatsoever arising from any use of the information published herein.

Source: Bloomberg

At the other end of the spectrum is Craft Print International, the printing company that has made seven years of losses in a row. It is now valued at $3.9 million and down 14.8 per cent. To be fair, the company is not actively traded anyway, with just four trades totalling 39,000 shares and a total value traded of $883 (there's the double eight again, *huat ah!*) made in the last two months, so some volatility is expected on tiny trades made.

The company held its annual general meeting on Jan 23 and all resolutions were passed unanimously. Here's hoping the company does not make an eighth year of losses.

Our top performer was China-based Southern Packing Group, which makes plastic packaging for customers. The company is up 4.3 per cent year-to-date, but on thin trading activity. It said on Jan 16 that it has completed building and relocating its operations to two new factories.

One is expected to "enhance the group's production capacity for rigid packaging materials" and the other has new equipment to "enhance injection stretch blow moulding and extrusion blow moulding capacities" to meet the demands of the food and beverages and personal care packaging materials markets in the Yangtze Delta region.

Meanwhile, the three shipping companies in our portfolio gave stable returns. Nam Cheong (+1.6 per cent) said on Jan 28 that it sold four vessels for US$70 million to a repeat customer. Rickmers Maritime Trust (no change) said it used US$5.8 million from a previous rights issue to repay bank loans. Singapore Shipping Corp said it sold a 30-year-old car cargo ship for US$5.1 million, US$0.9 million above the ship's end-2013 book value. The counter is up 2.3 per cent year-to-date, making it the second best performer in our portfolio.

There were no announcements for PCI Limited, AEI Corp and Jacks International in the past month. Malacca Trust Limited, which is undergoing a delisting process, said that the group making the exit offer currently holds 98.3 per cent of total shares. We will replace this counter with another randomly picked one after it gets delisted.

After a glum start to the year, we can only hope markets do better. An 8.8 per cent return for the year, anyone? It's not much, but we take what we can.

Our top performer was China-based Southern Packing Group, which makes plastic packaging for customers. The company is up 4.3 per cent year-to-date, but on thin trading activity.

IN THE MATTER OF
THE COMPANIES ACT,
CHAPTER 50
AND
IN THE MATTER OF
ACCORD FAMOUS LOGISTICS PTE LTD
Co Reg No. 199801549K
(Members' Voluntary Liquidation)

At an Extraordinary General Meeting of **ACCORD FAMOUS LOGISTICS PTE LTD**, duly convened and held on 25 January 2014 the following was duly passed:-

1. **SPECIAL RESOLUTION**
   RESOLVED THAT the Company be wound up voluntarily pursuant to Section 290(1)(b) of the Companies Act, Cap. 50.
2. **ORDINARY RESOLUTIONS**
   RESOLVED -
   (a) THAT Miss Pang Te Huey of S C Teo & Co of 149 Rochor Road #05-07 Fu Lu Shou Complex Singapore 188425 be and is hereby appointed Liquidator for the purpose of such winding up and that the Liquidator be remunerated on the basis of her usual scale of fee for the work involved, plus out-of-pocket expenses.
   (b) THAT the Liquidator be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or sustained by her in the execution and discharge of her duties in relation thereto.
3. **SPECIAL RESOLUTIONS**
   (a) THAT the Liquidator be authorised to exercise any of the powers given by Section 272 of the Singapore Companies Act, Cap. 50.
   (b) THAT the Liquidator be authorised in her absolute discretion to distribute in specie amongst the members of the Company in accordance with their respective rights and interest therein all or any part of the shares forming part of the assets of the Company.

HENRY TAN HOR THYE
Duly Authorised Corporate Representative
Dated this: 4 February 2014

IN THE MATTER OF
THE COMPANIES ACT,
CHAPTER 50
AND
IN THE MATTER OF
ACCORD FAMOUS LOGISTICS PTE LTD
Co Reg No. 199801549K
(Members' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the creditors of the abovenamed Company which is being wound up voluntarily, are required on or before 3 March 2014 to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their solicitors (if any), to the undersigned the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator are by their solicitors or personally to come in and prove their said debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Miss Pang Te Huey
Liquidator
149 Rochor Road #05-07
Fu Lu Shou Complex
Singapore 188425
Dated this: 4 February 2014

IN THE MATTER OF
THE COMPANIES ACT,
CHAPTER 50
AND
IN THE MATTER OF
ACCORD HOLDINGS PTE LTD
Co Reg No. 200200923N
(Members' Voluntary Liquidation)

At an Extraordinary General Meeting of the Members of **ACCORD HOLDINGS PTE LTD**, duly convened and held on 25 January 2014 the following was duly passed:-

1. **SPECIAL RESOLUTION**
   RESOLVED THAT the Company be wound up voluntarily pursuant to Section 290(1)(b) of the Companies Act, Cap. 50.
2. **ORDINARY RESOLUTIONS**
   RESOLVED -
   (a) THAT Miss Pang Te Huey of S C Teo & Co of 149 Rochor Road #05-07 Fu Lu Shou Complex Singapore 188425 be and is hereby appointed Liquidator for the purpose of such winding up and that the Liquidator be remunerated on the basis of her usual scale of fee for the work involved, plus out-of-pocket expenses.
   (b) THAT the Liquidator be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or sustained by her in the execution and discharge of her duties in relation thereto.
3. **SPECIAL RESOLUTIONS**
   (a) THAT the Liquidator be authorised to exercise any of the powers given by Section 272 of the Singapore Companies Act, Cap. 50.
   (b) THAT the Liquidator be authorised in her absolute discretion to distribute in specie amongst the members of the Company in accordance with their respective rights and interest therein all or any part of the shares forming part of the assets of the Company.

HENRY TAN HOR THYE
Chairman Of The Meeting
Dated this: 4 February 2014

IN THE MATTER OF
THE COMPANIES ACT,
CHAPTER 50
AND
IN THE MATTER OF
ACCORD HOLDINGS PTE LTD
Co Reg No. 200200923N
(Members' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the creditors of the abovenamed Company which is being wound up voluntarily, are required on or before 3 March 2014 to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their solicitors (if any), to the undersigned the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator are by their solicitors or personally to come in and prove their said debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Miss Pang Te Huey
Liquidator
149 Rochor Road #05-07
Fu Lu Shou Complex
Singapore 188425
Dated this: 4 February 2014

**IN THE MATTER OF THE
COMPANIES ACT, CAP. 50
AND
IN THE MATTER OF
WIRO INTERNATIONAL PTE LTD
(IN MEMBERS' VOLUNTARY
WINDING UP)
Co. Reg. No. 199901552K**

NOTICE OF RESOLUTIONS

At an Extraordinary General Meeting of the members of the abovenamed Company duly convened and held at 3 Pickering Street #03-03 Nankin Row China Square Central Singapore 048660 at 11.00 am on 28 January 2014, the Resolutions set out below were duly passed:

RESOLVED:

SPECIAL RESOLUTIONS

(a) That WIRO INTERNATIONAL PTE LTD be wound up voluntarily pursuant to Section 290(1)(b) of the Companies Act, Cap. 50.
(b) That MS TAY PECK SUAN of 3 Pickering Street #03-03 Nankin Row China Square Central Singapore 048660 be appointed liquidator for the purpose of the winding-up.

WILLY WALLA
Director
Singapore, 4th day of February 2014

**IN THE MATTER OF THE
COMPANIES ACT, CAP. 50
AND
IN THE MATTER OF
WIRO INTERNATIONAL PTE LTD
(IN MEMBERS' VOLUNTARY
WINDING UP)
Co. Reg. No. 199901552K**

NOTICE IS HEREBY GIVEN that the creditors of the abovenamed Company, which is being wound up voluntarily, are required on or before 4 March 2014 to send in their names and addresses, and particulars of their debts or claims, and the names and addresses of their solicitors (if any) to the undersigned Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator or, by their solicitors or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice or in default thereof, they will be excluded from the benefit of any distribution made before such debts and claims are proved.

TAY PECK SUAN
Liquidator
3 Pickering Street, #03-03 Nankin
Row, China Squre Central
Singapore 048660
Singapore, 4th day of February 2014

IN THE MATTER OF
THE COMPANIES ACT
(CHAPTER 50)
AND
IN THE MATTER OF
**ASSA ABLOY SOUTH ASIA
PTE. LTD.**
(In Members' Voluntary
Liquidation)
Reg. No. 199804395K

NOTICE OF FINAL MEETING

NOTICE IS HEREBY GIVEN that pursuant to Section 308 of the Companies Act, Cap. 50, the Final Meeting of the abovenamed Company will be held at 10 Arumugam Road #06-00 Lion Building A Singapore 409957, on the 4th day of March 2014 at 10:00 a.m. for the purposes of having an account laid before the meeting showing the manner in which the winding-up has been conducted and the property of the Company has been disposed of and hearing any explanation that may be given by the Liquidator.

Dated this 4th day of
February 2014

Ng Kim Yeow
Liquidator
10 Arumugam Road
#06-00, Lion Building A
Singapore 409957