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## Yoma Strategic starts FY2015 with 243% jump in net profit for 1Q2015

- 1Q2015 net profit attributable to shareholders rose 243.1% year-on-year
- Revenue increases by 13.9%
- Recorded a fair value gain of S\$6.4 million from Star City Building A5

| FINANCIAL HIGHLIGHTS                   |        |        |           |
|--|--------|--------|-----------|
| In S\$ million except otherwise stated | 1Q2015 | 1Q2014 | Change    |
| Revenue                                | 17.3   | 15.2   | 13.9%     |
| Gross Profit                           | 4.9    | 6.0    | (18.3%)   |
| Gross Margin                           | 28.2%  | 39.3%  | (11.1%pt) |
| Net Profit                             | 2.9    | 1.3    | 127.0%    |
| Net Profit attrib. to Shareholders     | 1.4    | 0.4    | 243.1%    |

Singapore, 25 July 2014 – Yoma Strategic Holdings Ltd. (“祐玛战略控股有限公司”, “Yoma Strategic” or collectively with its subsidiaries, the “Group”) is pleased to announce its financial results for the three months ended 30 June 2014 (“1Q2015”).

### 1Q2014 review

The Group’s revenue increased 13.9% to S\$17.3 million in 1Q2015 from S\$15.2 million in the three months ended 30 June 2013 (“1Q2014”), mainly driven by its Real Estate Division. Revenue from the Real Estate Division for 1Q2015 rose 8.6% to S\$15.6 million from S\$14.4 million in 1Q2014 contributing 90% to the revenue. The increase was attributed to sustained sales of land development rights (“LDRs”) and residences in its key flagship projects.

The lower gross profit at S\$4.9 million in 1Q2015 compared to S\$6.0 million in 4Q2014 was partially offset by a fair value gain of S\$6.4 million from completed units in Building A5 in Star City Zone A which have been retained as investment properties for long term leasing purposes. Gross profit margin was lower at 28.2% in 1Q2015 as compared to 39.3% in 1Q2014 due to higher proportion of sales from residences compared to LDRs where the margins are lower.

While administrative and other operating expenses increased to S\$6.5 million in 1Q2015 from S\$4.1 million in 1Q2014, it was lower than the S\$9.6 million recorded in 4Q2014. The Group's net profit attributable to the shareholders increased 243.1% to S\$1.4 million in 1Q2015 from S\$0.4 million in 1Q2014.

Commenting on the financial results, Andrew Rickards, CEO of Yoma Strategic said, "We are pleased to deliver a sound set of results as our Real Estate Division continues to perform strongly despite the seasonality of our business which typically sees a slow first quarter. Business sentiment remains positive and we are excited about our upcoming new launches at Pun Hlaing Golf Estate and Star City."

### **Star City Progress**

As at 31 March 2014, the Group has sold 528 units in Star City's Zone A Buildings A3 and A4. Based on the percentage-of-completion revenue recognition, the Group recognised S\$8.2 million in 1Q2015 for Buildings A3 and A4, significant progress compared to the S\$2.1 million recognised in 1Q2014 although slightly lower than the S\$10.0 million in 4Q2014. This was mainly due to the commencement of the rainy season from May/June which decelerated the pace of construction. The Group expects construction to pick up in the second half of FY2015 with the balance of unrecognised revenue of approximately S\$27.6 million to be recognised within the next 6 to 12 months as construction progresses.

Demand for the apartments in Star City Zone B which was developed in collaboration with a third-party investor has been strong. In total, the Group has sold 724 units and received booking deposits for an additional 134 units out of 1,043 units at Star City Zone B since its launch in April 2013. The incentive fees relating to the Buildings B3 and B4 are expected to be recognised in the coming quarters as and when the sale targets are met.

With the sales momentum expected to remain healthy, Zone C comprising 914 units with improved product features which are expected to be launched by in FY2015 will likely be well-positioned to capture the positive demand.

### **Group's Investment Properties increase substantially**

In line with the Group's strategy to build a base for recurring earnings for the future, investment properties increased to S\$139.15 million as at 30 June 2014 as compared to S\$104.66 million as at 31 March 2014.

The net assets attributable to the equity holders of the Group increased to S\$372.91 million as at 30 June 2014 as compared to S\$371.53 million as at 31 March 2014.

Borrowings for the Group rose to S\$24.2 million as at 30 June 2014 as compared to S\$14.2 million as at 31 March 2014 due to an additional S\$10 million bank loan secured for the company's working capital.

## **Outlook**

2014 is expected to be another momentous year for Myanmar as it plays a crucial role in guiding ASEAN's ten-member economies towards a planned economic integration in 2015. Business sentiment remains favourable and investment flows are expected to be stronger as the Government continues its pace of economic and political reforms, such as the Special Economic Zone (SEZ) Law and the Foreign Investment Law (FIL), both of which were received favourably by the global business community.

"The Group's residential developments are expected to continue to benefit from the growing domestic demand for quality homes as well as the increase in the number of overseas Myanmar Nationals returning to Yangon. Once the condominium law has been enacted, we believe there could be foreign demand as well," said Andrew Rickards. "As such, the Group will continue to look for opportunities to expand its land bank, ideally in already established communities where demand for real estate has already been proven," he added.

The Group is finalising negotiations with Serge Pun & Associates (Myanmar) Ltd to acquire the economic interests of the remaining LDRs in Pun Hlaing Golf Estate ("PHGE") including the golf course and country club, and will be seeking shareholders' approval at an Extraordinary General Meeting. In addition, the Group's move into commercial real estate will be marked by the anticipated completion of the acquisition of the Landmark Development Project in downtown Yangon.

Serge Pun, Yoma Strategic's Executive Chairman concluded, "While real estate remains our strongest growth driver, the Group's other businesses are expected to continue to benefit from favourable market conditions. The recent equity placement will increase the Group's financial capacity to expand its existing businesses. This will provide Yoma Strategic the opportunity to further grow and enhance its portfolio to boost shareholders' returns."

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*\* This press release should be read in conjunction with Yoma Strategic's 1Q2015 results announcement released on 25 July 2014 on the SGX-Net.*

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

Listed on the Main Board of the Singapore Securities Exchange Trading Limited (SGX-ST), Yoma Strategic Holdings Ltd. is a leading business corporation with real estate, agriculture, automotive and luxury tourism businesses in Myanmar and the People's Republic of China. Together with its partner, the SPA Group, the Group is taking a conglomerate approach to build a diversified portfolio of businesses in Myanmar.

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