



YOMA Strategic Holdings Ltd.
78 Shenton Way, #32-00
Singapore 079120
Tel: (65) 6223 2262
Fax: (65) 6223 1990
Reg. No: 196200185E

Yoma Strategic Marks Entry into Myanmar's FMCG Sector by Acquiring a Stake in the ABC Group

Singapore, 27 January 2014 – Yoma Strategic Holdings (祐玛战略控股有限公司), the Singapore-listed conglomerate with operations in Myanmar, has made its first foray into Myanmar's fast-moving consumer goods (FMCG) sector by entering into a definitive Business Sale Agreement (BSA) with the Asia Beverages Co., Ltd. group of companies (the "ABC Group") which is subject to certain conditions. Yoma Strategic, together with PMM Partners Limited¹, will acquire a 30% and 20% interest respectively in ABC Group's assets and businesses relating to the production, branding, marketing and distribution of bottled water, spirits, wines, beers, alcoholic beverages and other FMCG products in Myanmar (the "ABC Group's Assets and Business Operations").

The aggregate consideration² of Yoma Strategic's proposed acquisition of 30% of the ABC Group's Assets and Business Operations is up to US\$11.1 million comprising an initial amount of US\$3.3 million³ and a further amount of up to US\$7.8 million⁴ to be paid at a later stage based on certain performance benchmarks, with funding to be derived from internal resources.

The tie up with one of Myanmar's leading FMCG platforms is a timely, tactical move for Yoma Strategic to be part of a burgeoning sector which is expected to receive high growth in the coming years. With a population of 60 million, Myanmar has one of the largest consumer bases in Southeast Asia and the rapidly increasing influx of foreign FMCG represents vast growth potential in consumer spending. This

¹ As disclosed on 27th August 2013, PMM Partners Limited is an investment company that is jointly managed by Simon Murray & Company ("SMC") and Serge Pun & Associates (Myanmar) Limited ("SPA"). The investment company will invest in businesses with significant operations in and/or exposure to Myanmar. Yoma Strategic has committed to invest an amount of S\$6.4 million in the fund.

² The consideration was arrived at arm's length negotiations on a willing seller-willing buyer basis and after taking into account, *inter alia*, the profitability of the businesses to be acquired. Based on the management accounts as at 30 September 2013, the net tangible asset value of the ABC Group's Assets and Business Operations was US\$6.55 million.

³ The aggregate amount of the initial consideration for 50% of the ABC Group's Assets and Business Operations is US\$5.5 million which shall be paid in 3 payment tranches upon the receipt of the prescribed documents and the satisfaction of certain conditions by the vendors. The first tranche of US\$1,000,000 is expected to be paid within 14 business days from the signing of the agreement.

⁴ The aggregate amount of the additional consideration for 50% of the ABC Group's Assets and Business Operations is US\$13 million which shall be paid in the event that certain performance benchmarks of the ABC Group's Assets and Business Operations for the 2014 and 2015 calendar years are met and in 2 tranches within 14 business days from the delivery and adoption of the audited accounts for each year.

is reflected by the entry of international brands such as Coca-Cola and Heineken into Myanmar following the lift in trade sanctions by Western countries to capture the rise in local demand.

According to a 2013 study by the McKinsey Global Institute (MGI) titled "Myanmar's moment: Unique opportunities, major challenges", forecasts suggest that the consumer products and distribution sector is expected to grow up to US\$100 billion by 2030 as a result of the increase in consumers with sufficient income for discretionary spending.

The ABC Group, established in 2010, has operations throughout Myanmar with 24 branch offices and a staff count of more than 1,000 full-time employees. It has an extensive distribution infrastructure with direct service to over 22,000 points of sale nationwide and is estimated to have a market penetration of over 60 percent in both retail and wholesale outlets. The widespread and currently expanding ABC Group assets already in place will provide Yoma Strategic with a solid, well established platform to utilise for future FMCG ventures.

Commenting on the partnership Yoma Strategic's CEO, Andrew Rickards, said, "This partnership with ABC Group presents significant long-term opportunities for Yoma Strategic to expand its entry into the FMCG sector. In addition to working with ABC Group to scale its current production and distribution capabilities into a larger FMCG platform, we are also looking to establishing relationships with local and international FMCG groups. Beyond that, there are also exciting opportunities for us to create synergies with the other businesses in the Yoma Strategic portfolio."

The ABC Group also has strong market share in the beverage market. High Class Whisky has captured 14% of the whisky market since its launch in 2010, with a 2 percent market share growth per quarter. In addition, the planned launch of RedSquare, a line of premixed alcoholic beverages available in a range of flavours, will offer additional opportunities to broaden its consumer base and is expected to take place in March 2014. The ABC Group is currently in active discussions with leading international companies in the FMCG sector to expand their presence in Myanmar.

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About Yoma Strategic Holdings Ltd. (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.

About Asia Beverages Co., Ltd. Group of Companies (ABC Group)

ABC Group was established in 2010 and engages in the production, branding, marketing and distribution of bottled water, spirits, wines, beers, alcoholic beverages and other FMCG products in Myanmar. It has a strong proprietary distribution network which consists of over 22,000 points of sale

nationwide serving the domestic market in both lower and upper Myanmar. ABC Group currently employs more than 1,000 full time employees in over 24 branches with core business operations located in Mandalay and Yangon. An affiliate of the ABC Group is one of the leading suppliers of quality rectified spirit which is used in the production of alcoholic beverages, including its High Class Whisky, in Myanmar.

Issued on behalf of Yoma Strategic Holdings Ltd. by TODAY Ogilvy Public Relations. For media enquiries, please contact:

Analyst contact:

Ms Jane Kwa, Tel: (65) 9177 0433 Email: janekwa@yomastrategic.com

Group Media contact:

Ms Sylvia Saw McKaige, Email: sylviamckaige@yomastrategic.com

For international media, please contact Cogent Communications:

Ms Shirley Wong, Tel: (65) 6704-9276 Mob: (65) 9752 2269 Email: shirley@cogentcomms.com

Mr Gerald Woon, Tel: (65) 6704-9277, Mob: (65) 9694 8364 Email: woon@cogentcomms.com

For Myanmar media, please contact TODAY Ogilvy Public Relations Myanmar:

Ms Hla Myat Mon, Tel: 95-09-5096881, Email: hla.myatmon@todayogilvy.com

Mr Shane Neubronner, Tel: 95-09-421151418, Email: shane.neubronner@ogilvy.com