
ADDITIONAL INFORMATION IN REGARDS TO THE COMPANY'S FOURTH QUARTER AND FULL YEAR RESULTS ENDED 31 MARCH 2010

The Board of Directors of Yoma Strategic Holdings Ltd (the "Company") wishes to provide additional information in response to the queries received from the Singapore Exchange Limited ("SGX") on 4 June 2010 with respect to the Company's fourth quarter and full year results ended 31 March 2010

Extraction from SGX letter dated 4 June 2010:-

Query (a):-

We note from the income statement that Gross Profit Margin from FY2009 to FY2010 rose from 20.8% to 30.6%. This gave rise to an increase in gross profit of 64% to S\$5.3mil while sales increased by only 12%. Please elaborate on the factors which gave rise to the increase in Gross Profit Margin.

The increase in gross profit margin from 20.8% in FY2009 to 30.6% in FY2010 is mainly due to the increase in gross profit margin of the construction segment. During FY2010, the gross profit margin of the construction segment rose to 30% as compared to 20% in FY2009. The reasons for the increase in FY 2010 are mainly due to:

- 1) V-Pile Singapore Pte Ltd ("VPS"), the Group's first construction subsidiary in Singapore, was newly set up towards the end of FY 2008. During FY2009, it took on a number of contracts with lower margins to establish its track record and managed to increase this margin in FY2010.
- 2) Machineries cost incurred were lower in FY2010 as the subsidiaries were using its own machineries that were purchased instead of renting at a much higher cost from suppliers.

Query (b):-

We note from the income that that the share of profit/(loss) of the associated company has decreased significantly from S\$4.14mil to S\$0.74mil. This share of profit attributed from the associated company also represents a significant 35% of the profit before tax figures.

Kindly provide a review of the significant factors which affected the performance of the associated company, to the extent necessary for a reasonable understanding of its business. In addition, please provide a commentary of any significant factors that will affect the profits of the associated company for the next reporting season and the next 12 months.

The lower share of profit of the associated company is explained by the following:-

- 1) The income statement of the associated company is mainly made up of two components – the operating results and the revaluation surplus resulting from fair value exercise of its investment properties. The revaluation surplus made up a substantial portion of the income statement and the revaluation surplus recognized decreased from HK\$130mil in FY 2009 to HK\$65mil in FY 2010.

In FY2009, the revaluation surplus was much higher because one of the buildings, i.e. office tower, included in the investment properties was completed and hence the revaluation surplus pertaining to the completed building and the land can be recognized in accordance with the relevant accounting standards. In FY 2010, the revaluation surplus was much lower as the remaining two buildings, i.e. shopping centre and apartment are not completed yet as at 31 March 2010 and hence the revaluation surplus recognized for FY 2010 was only for the office tower and the land.

- 2) The associated company is incorporated in Hong Kong with the Hong Kong Dollar (“HK\$”) as its functional currency. HK\$ depreciated by 10% against the Singapore Dollar (“S\$”) in FY2010 as compared to FY2009. As a result, the profit recognized in FY2010 was lower when translated to S\$ in FY2010.

The significant factors that will affect the profits of the associated company for the next reporting season and the next 12 months are as follows:-

- 1) The completion of the remaining two buildings, i.e. shopping centre and apartment, included in the investment properties will result in the recognition of revaluation surplus pertaining to the cost of these two buildings. The completion of these two buildings is expected to be within the current financial year ending 31 March 2011.
- 2) As the investment properties are recognized at fair value, i.e. market value, the conditions of the property market in China will affect the revaluation adjustment recognized.

By the order of the Board
Serge Pun
Chairman and CEO
7 June 2010