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Memories Group posts net loss of \$2.3m

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Myanmar-based tourism firm Memories Group, in its first earnings report since its Catalist debut in January, posted yesterday a net loss of US\$1.7 million (S\$2.3 million) for the three months ended June 30, widening from US\$698,000 in the year-ago period.

The firm - a spin-off of mainboard-listed Yoma Strategic Holdings' tourism-related businesses - also announced it had acquired the development rights to three islands, a 24-villa five-star hotel and a 72-room three-star hotel, all in Myanmar, for a combined purchase price of US\$40.7 million. The acquisitions will be funded by cash and the issue of new shares.

Memories Group has entered three conditional share purchase agreements: two to acquire 100 per cent of SM Asset Holdings (SMAH), and the third to acquire 20 per cent of Mokan, the remaining 80 per cent of which is owned by SMAH.

Through these acquisitions, Memories Group will gain three-star Hotel Suggati and five-star resort Awei Pila, both currently under construction and due to commence operations in December.

It will also hold the development rights to Bo Ywe Island, Nga Mann Island and Kyun Pila Island.

SMAH's share will be satisfied through the issuance and allotment of about 141 million new ordinary shares in the capital of the company, at 25 cents per share. An aggregate US\$8.7 million in cash is payable to 15 other shareholders of SMAH.

The remaining US\$6 million payable to the Mokan vendor will be paid in two tranches: the issuance and allotment of some 5.5 million new shares at 25 cents per share, and a second tranche of US\$5 million cash.

In its earnings report for its first quarter ended June 30, Memories Group said its first-quarter revenue was US\$557,000 from the acquisition of the Hpa An Lodge hotel business, the hotel Kayah Resort, the tourism and destination management business Asia Holidays, and the experiences provider Burma Boating. Loss per share was 0.49 US cent, up from 0.23 US cent for the same period a year before.

In its results announcement yesterday, the group noted that there is a lull in tourism during Myanmar's wet season from April to September.

"Nonetheless, the group will continue to increase its sales and marketing efforts to build brand awareness and attract new customer base for its hotels, experiences and services segments," it said.

Ahead of the peak season which starts at the end of September, the group acquired the four-star hotel Kayah Resort in May and will complete a five-star hotel by the end of FY2019.

Apart from the proposed acquisitions of Hotel Suggati and Awei Pila, the group said it will continue to actively look for other hotel assets.

Under its experiences segment, Memories Group expects its hot air balloon business "to remain healthy barring unforeseen circumstances", while its boating business has secured "healthy pre-bookings" until the end of May next year.

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AT A GLANCE

REVENUE:

US\$557,000 (not meaningful)

NET LOSS:

US\$1.7 million (+145%)