



## Media Release

# Memories Group expands Myanmar tourism portfolio by acquisition of Kayah Resort

- **Kayah Resort located in Loikaw, Kayah State, is a 26-key boutique hotel set to be repositioned as an upscale resort under Memories Group's Keinnara brand**
- **The deal is the second acquisition for the Group since its listing on SGX-Catalist in January 2018**
- **The acquisition will be funded by cash and issuance of new shares**
- **The new shares will be issued at a significant premium of 28%**
- **The Group's Integrated Tourism Platform now covers six of Myanmar's major tourist destinations**

**Singapore, 30 May 2018** – SGX-Catalist listed Memories Group Limited (“Memories Group” or “Company”), a Myanmar-based tourism-focused company, has entered into a sales and purchase agreement with Wa Minn Group of Companies Company Limited (“Wa Minn Group”) and U Kun Naung Myint Wai (“UKNMW”) to acquire Kayah Resort for a purchase price of US\$2.9 million. The vendors are not related to the directors, chief executive officer or controlling shareholders of the Company and their respective associates.

Kayah Resort is a 26-key boutique hotel located in Loikaw, Kayah State, just a 10-minute drive from Loikaw Airport and an hour's flight from Yangon. Kayah Resort boasts 24 bungalows and two executive suites with modern facilities and services such as a swimming pool, restaurant, bar, function hall and airport transfers.

The well-located Kayah Resort enjoys an occupancy rate of 60%<sup>1</sup> in the high season (between October and March), and an occupancy rate of 30%<sup>1</sup> in the low season (between April and September). Its gross operating profit was approximately US\$220,000<sup>2</sup> for the nine-month period ended 31 December 2017.

**Mr. Serge Pun, Executive Chairman of Memories Group commented,** *“It's a great pleasure for me to announce Memories Group's second acquisition of an ideally-located tourism asset since our Singapore listing in January. Our acquisition is well timed and we expect the rebranding and planned improvements to improve Kayah Resort including driving its occupancy rate. From hot-air balloons to luxury resorts and yachting, I'm proud to say our fast-growing integrated tourism platform now has a presence in six of Myanmar's most visited tourist destinations namely Loikaw, Hpa-An, Bagan, Inle Lake, the Mergui Archipelago and Yangon.”*

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<sup>1</sup> Based on internally generated data

<sup>2</sup> Based on internally generated data and exchange rate of 1 US\$: 1,342.01 MMK



The Group intends to upgrade and enhance Kayah Resort's facilities and reposition it as an upscale resort under the Group's four-star Keinnara brand. Consequently, room rates are expected to be revised to generate better yield for its investment. The purchase price of US\$2.9 million represents an 11x multiplier on the hotel's forecasted average operating profit across FY2019 to FY2021.

The purchase will be funded by a cash consideration of US\$1.45 million representing 50% of the purchase price to be paid to the Wa Minn Group (the "**Cash Consideration**"). The remaining 50% of the purchase price will be funded through the issuance of 7,781,280<sup>3</sup> new ordinary shares of the Company ("**Shares**") at an issue price of S\$0.25 per Share to UKNMW (the "**Consideration Shares**"). The issue price of S\$0.25 per Share represents a 28.2% premium over the weighted average price of the Company's Shares of S\$0.1950 for trades done on the SGX-ST on the preceding market day of the sale and purchase agreement dated 29 May 2018.

Payments of the Cash Consideration and issuance of the Consideration Shares will be made in tranches upon the satisfaction of the prescribed conditions precedent and conditions subsequent. The Company intends to use the proceeds raised from the compliance placement which was completed on 4 January 2018 to fund the Cash Consideration. As at the date of completion, the first tranche<sup>4</sup> shall comprise US\$725,000 in cash (being 50% of the Cash Consideration) and 3,890,640 new Shares (being 50% of the Consideration Shares) which shall be allotted and issued within one month from the date of completion. The Company will rely on the general share issue mandate obtained at the extraordinary general meeting held on 18 December 2017 for the issuance of the Consideration Shares. It will also be making an application to the SGX-ST through its Sponsor for the listing of and quotation for the Consideration Shares on Catalist. The Company will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

**Commenting on the acquisition, Mr. Pun** added, *"The agreement by the vendor of Kayah Resort to accept new Memories Group's Shares at a premium is an indication of not only his confidence in the Group but also in its management, strategies and plans in growing to become the leading Myanmar tourism player in the country. It also reflects his positive outlook on the tourism sector in Myanmar as a whole and its continued long-term growth."*

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<sup>3</sup> The number of Consideration Shares is computed based on S\$1,945,320 (being US\$1.45 million at the agreed exchange rate of US\$1:S\$1.3416) at the issue price of S\$0.25 per Share. The Consideration Shares represent approximately 2.21% of the existing issued share capital of the Company of 351,307,182 shares and 2.17% of the enlarged share capital of the Company of 359,088,462 Shares after the issuance and allotment of the Consideration Shares, respectively.

<sup>4</sup> The second tranche shall comprise US\$580,000 in cash (being 40% of the Cash Consideration) and 3,890,640 new Shares (being the remaining 50% of the Consideration Shares) which shall be allotted and issued within one month from the date of satisfaction of the initial conditions subsequent. The final tranche shall comprise US\$145,000 in cash (being the remaining 10% of the Cash Consideration) upon satisfaction of the final conditions subsequent.



**U Kun Naung Myint Wai, Chairman of the Wa Minn Group** further commented, “*We are delighted to be part of Memories Group through this transaction as we view its corporate values and growth plan to be highly promising.*”

Kayah State in eastern Myanmar is home to many distinctive tribal cultures, but the most internationally known is the Kayan, whose ‘long-necked’ women have a tradition of wearing metal coils around their necks. Aside from immersion in the different local cultures, Kayah State offers pristine nature, lush landscapes, scenic hikes and an ‘off the beaten track’ experience to tourists. Another popular attraction is the Kyet Cave in Loikaw, the third longest cave in Myanmar<sup>5</sup>, with an estimated length of 2.2km. Memories Group will also look into enhancing the visitor experience by offering day-trips or excursions for Kayah Resort’s guests to explore the Kayah State’s attractions and experience the different local tribal cultures.

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For more information on Kayah Resort, please visit: <http://www.kayahresort.com/>

Note: This media release is to be read in conjunction with the Company’s announcement issued on SGXNET on 30 May 2018.

## **About Memories Group**

Memories Group is a leading tourism company in Myanmar that operates an “Integrated Tourism Platform” which synergistically connects its Experiences, Services and Hotels Segments under the group to provide a seamless, one-of-a-kind experience aimed at creating lasting memories. Its businesses include (i) Balloons Over Bagan, which is an iconic Myanmar tourist attraction, that operates hot air balloon flights in the Bagan and Inle Lake regions; (ii) Burma Boating, which offers premium and luxurious yacht cruises in the Mergui Archipelago; (iii) Bagan Land that is intended to be developed into a commercial and tourism-related hospitality development located in Nyaung U Township, Bagan; (iv) a destination management company branded under Asia Holidays Travel & Tours Co. Ltd; (v) Hpa-An Lodge, a luxury 19-room boutique resort hotel located in the foothill of Mount Zwegabin in Hpa-An Township of Karen State; (vi) Pun Hlaing Lodge, a 46-room unique ‘urban resort’ located within Pun Hlaing Estate in Hlaing Thayar Township of Yangon, when completed; and (vii) Kayah Resort is a 26-key boutique resort located in Loikaw, Kayah State.

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<sup>5</sup> <http://www.myanmarcaves.com/reports/Report%20Myanmar%20Cave%20Documentation%202015.pdf>



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This press release has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this press release.

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