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- (1) **PROPOSED MANAGEMENT AGREEMENT WITH FIRST MYANMAR INVESTMENT COMPANY LIMITED AND SUCCESSFUL GOAL TRADING CO., LTD. AS A SPECIFIC INTERESTED PERSON TRANSACTION; AND**
 - (2) **PROPOSED ADDITIONAL SCOPE IN THE SHAREHOLDERS' MANDATE FOR RECURRING INTERESTED PERSON TRANSACTIONS.**
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1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Yoma Strategic Holdings Ltd. (the “**Company**”) refers to the announcement made by the Company on 11 June 2010 relating to the conditional strategic co-operation agreement (the “**Strategic Co-operation Agreement**”) to establish and develop the sales and distribution of Dongfeng light trucks with loading capacity exceeding 3 tons (the “**Dongfeng Light Trucks**”) in the automobile market in Myanmar.

Further to the said announcement, the Directors wish to announce that the Company’s wholly-owned subsidiary, Elite Matrix International Limited (“**Elite Matrix**”), had, on 20 August 2010, entered into a conditional management agreement (the “**Management Agreement**”) with First Myanmar Investment Company Limited (“**FMI**”) and its wholly-owned subsidiary, Successful Goal Trading Co., Ltd. (“**FMI Subsidiary**”), to undertake the role and responsibilities of the Company in its strategic co-operation with Dongfeng Automobile Co., Ltd (东风汽车股份有限公司) (“**DFAC**”) and Guangdong Machinery Imp. & Exp. Co., Ltd. (广东省机械进出口股份有限公司) (“**GMG**”). The terms of the Management Agreement are further set out in Paragraph 2.1 below.

Elite Matrix is a newly incorporated company in the British Virgin Islands with an issued and paid up capital of US\$1.00. It was acquired by Yoma Strategic Investments Ltd., a wholly-owned subsidiary of the Company, on 18 August 2010 for the purpose of carrying out the role and responsibilities of the Company in relation to the Strategic Co-operation Agreement. Both FMI and FMI Subsidiary are subsidiaries of Serge Pun & Associates (Myanmar) Limited (“**SPA**”). FMI Subsidiary, FMI and SPA are all companies incorporated in Myanmar. SPA, together with its group of companies (the “**SPA Group**”), has businesses in Myanmar’s automobile sector and is the sole distributor and/or official supplier of certain brands of vehicles and spare parts in Myanmar.

The Company will be seeking approval from its shareholders (“**Shareholders**”) for, *inter alia*, the proposed Management Agreement and for the proposed Additional Scope in the Shareholders’ Mandate (as defined in Paragraph 2.2(a) below) for recurring interested person transactions at an extraordinary general meeting (the “**EGM**”) to be convened by the Company. A circular (the “**Circular**”) containing further details as well as the notice of EGM will be dispatched to Shareholders in due course.

All information contained in this announcement relating to the SPA Group has been obtained from its website as set out below:-

SPA Group – <http://www.spa-myanmar.com>

2. INTERESTED PERSON TRANSACTIONS

Pursuant to Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), Shareholders’ approval is required where the Company proposes to enter into a transaction with an ‘interested person’ and the ‘interested person transaction’ is of a value equal to, or more than 5% of the Group’s latest audited net tangible assets.

Mr. Serge Pun is a Director and the Chief Executive Officer and controlling Shareholder of the Company, holding an approximately 50% interest in the Company as at the date of this announcement. As Mr. Serge Pun and his immediate family together (directly or indirectly) have an interest of more than 30% in FMI, both FMI and FMI Subsidiary are considered ‘interested persons’ and the Management Agreement is considered an ‘interested person transaction’ under Chapter 9 of the Listing Manual.

The transaction value of the Management Agreement may exceed 5% of the Group’s net tangible assets, after taking into account the nature of the Management Fee payable to Elite Matrix, the GMG Financing and any other Third Party Financing to be procured by Elite Matrix, and the Loan(s) and any Subsequent Loan(s) to be extended by Elite Matrix, pursuant to the Management Agreement. All terms are as defined below.

2.1 Proposed Management Agreement with FMI and FMI Subsidiary

Salient Terms of the Management Agreement

(a) Appointment of Elite Matrix as the Manager

Pursuant to the Management Agreement, the import, sale and distribution of the Dongfeng Light Trucks in Myanmar will be carried out by FMI Subsidiary (the “**Business**”) and Elite Matrix will be appointed on a sole and exclusive basis to manage FMI Subsidiary and the Business, on the terms and conditions of the Management Agreement.

As manager of FMI Subsidiary and the Business, Elite Matrix will have full decision-making powers, control and authority over the Business including, *inter alia*, the placing of orders for the Dongfeng Light Trucks and the determination of the volume of import and the buying and selling prices of the Dongfeng Light Trucks.

FMI and FMI Subsidiary have agreed and undertaken under the Management Agreement that they will jointly and severally indemnify Elite Matrix against all actions, proceedings, claims and demands made and all liabilities, costs, expenses, losses and damages which may be suffered or incurred by Elite Matrix arising out of or in connection with its appointment and the performance of its obligations under the Management Agreement.

(b) Management Fee and Costs

In consideration of the provision of the management services, Elite Matrix will receive an annual management fee, being equivalent to seventy per cent. (70%) of the annual net profit after tax of FMI Subsidiary (the “**Management Fee**”). The Management Fee will be determined based on the annual audited accounts of FMI Subsidiary and is payable to Elite Matrix within 45 days from the date of such audited accounts.

In addition, Elite Matrix will be entitled to reimbursement on a monthly basis, of all costs, charges, fees and out-of-pocket expenses incurred by it arising from its appointment as manager and/or performance of its obligations under the Management Agreement.

In the event that FMI Subsidiary suffers a net loss after tax in any fiscal year as determined based on the audited accounts of FMI Subsidiary for such fiscal year, FMI shall pay an amount equivalent to thirty per cent. (30%) of the net loss after tax of FMI Subsidiary to Elite Matrix within 45 days from the date of such audited accounts.

(c) Obligations of FMI and FMI Subsidiary

Under the Management Agreement, FMI and FMI Subsidiary have obligations including, *inter alia*, to obtain, maintain and renew all necessary permits, licences and/or customs clearance or approvals from the relevant Myanmar authorities for the import of the Dongfeng Light Trucks, to liaise with all relevant Myanmar authorities for the proper conduct and operation of the Business and to ensure that FMI Subsidiary complies with all laws and regulations in Myanmar.

FMI and FMI Subsidiary also agree that they will do all acts and things that are necessary for the fulfillment of the Company's role and responsibilities under the Strategic Co-operation Agreement.

(d) Financing for the Business

Pursuant to the Strategic Co-operation Agreement, GMG will provide the necessary credit financing to Elite Matrix for the purchase of Dongfeng Light Trucks from DFAC (the "**GMG Financing**"). Under the Management Agreement, Elite Matrix will, as manager of the Business, extend the GMG Financing to FMI Subsidiary, on such credit terms and conditions as may be determined by Elite Matrix and agreed with GMG. Under the terms of the Management Agreement, blank instruments of transfers in respect of the Dongfeng Light Trucks purchased by FMI Subsidiary will be executed and delivered by FMI Subsidiary to Elite Matrix, as security for the payment obligations or liabilities of Elite Matrix under the GMG Financing.

Besides the GMG Financing, Elite Matrix may also procure financing from other third party financial institutions or persons for the Business (the "**Third Party Financing**").

(e) Loans by Elite Matrix

Under the Management Agreement, Elite Matrix has agreed to grant interest-free loan(s) to FMI Subsidiary of up to an aggregate of US\$1.0 million (the "**Loan(s)**") during the first year of the term of the Management Agreement. The Loan(s) are to be used by Elite Matrix, as manager of the Business and FMI Subsidiary, towards working capital for the Business.

During the period from the start of the second year to the end of the fourth year of the term of the Management Agreement, Elite Matrix may, at its absolute discretion, grant further interest-free loan(s) to FMI Subsidiary for the purpose of its working capital for the Business, of up to an aggregate of US\$4.0 million (the "**Subsequent Loan(s)**").

(f) Term of Management Agreement

The Management Agreement will commence on the Commencement Date (as defined in Paragraph 2.1(g) below) and continue for a duration of ten (10) years, unless terminated earlier in accordance with the terms of the Management Agreement.

(g) Conditions Precedent

The Management Agreement is conditional upon the following:

- (i) Elite Matrix obtaining all necessary consents or approvals from its directors, shareholders, any third parties and any relevant governmental, regulatory or other authorities and bodies, including the consent or approval from SGX-ST and the approval by the Shareholders of the Company for the Management Agreement and all transactions contemplated thereunder;
- (ii) Elite Matrix having received from FMI and FMI Subsidiary, within thirty (30) days from the date of the Management Agreement, (i) original duly signed written resolutions of FMI Subsidiary's and FMI's board of directors approving the Management Agreement and all matters set out therein, in such form as is satisfactory to Elite Matrix and (ii) an original special power of attorney duly executed by FMI Subsidiary in favour of Elite Matrix and/or its representative(s) to grant full authority, control and powers to Elite Matrix and/or its representative(s) to operate and manage the Business, in such form as is satisfactory to Elite Matrix; and
- (iii) Elite Matrix having received a satisfactory legal opinion from its counsel in Myanmar on, *inter alia*, the validity and enforceability of Elite Matrix's management and operating rights over FMI Subsidiary and its Business under the Management Agreement, in such form as is acceptable to Elite Matrix in its sole and absolute discretion, prior to the EGM to be convened by the Company to seek Shareholders' approval.

The Management Agreement will only come into force and effect upon satisfaction of all the conditions precedent as set out above, on and from the date that approval from the Shareholders of the Company is obtained for the Management Agreement (the "**Commencement Date**").

Rationale for, and benefits of, the Management Agreement

The Board undertook a strategic review of the Group's different businesses with the objective of positioning the Group for future sustainable growth. In light of the changes anticipated in Myanmar, the Board has identified the transportation industry as one of the sectors with the potential for growth in Myanmar. As such, the Board believes that the Group's new venture into the automobile market in Myanmar is timely and will diversify the Group's business.

The Directors believe that the Management Agreement is in the interest of the Group for the following reasons:-

- (i) the SPA Group has more than 15 years of experience in the automobile market in Myanmar and is the sole distributor and/or official supplier of certain brands of vehicles and spare parts in Myanmar;
- (ii) the SPA Group has an extensive automobile distribution network running across Myanmar. Apart from automobile distribution, the SPA Group also runs a number of automobile service centers across the country; and
- (iii) with the Management Agreement, Elite Matrix will be able to rely and/or leverage on SPA Group's expertise and wide-ranging sales network in Myanmar's automobile market, in fulfilling the Company's role and responsibility under the Strategic Co-operation Agreement. Further, the Management Agreement with FMI and FMI Subsidiary will enable Elite Matrix to penetrate and expand its presence in the Myanmar's automobile market.

2.2 Proposed Additional Scope in the Shareholders' Mandate For Recurring Interested Person Transactions

(a) The Proposed Additional Scope

Pursuant to the Management Agreement, it is envisaged that during the term of the Management Agreement, Elite Matrix (i) will procure the GMG Financing and extend the same to FMI Subsidiary to fund the purchase of Dongfeng Light Trucks; (ii) may procure any other Third Party Financing for the Business of FMI Subsidiary; and/or (iii) may provide Subsequent Loan(s) to FMI Subsidiary for purpose of its working capital for the Business (as described in Paragraph 2.1 above). These transactions are not covered under the existing Shareholders' Mandate and are expected to occur with some degree of frequency and could arise at any time and from time to time pursuant to the Management Agreement.

To facilitate such transactions, the Company proposes to seek Shareholders' approval at the EGM to expand the scope of the existing Shareholders' Mandate (as defined below) to cover the following transactions between the Group and FMI Subsidiary (the "**Additional Scope**"):

- (i) the procurement and extension of financing to FMI Subsidiary for the purchase of Dongfeng Light Trucks and the procurement of any other financing for the Business of FMI Subsidiary pursuant to the Management Agreement and the enforcement or realisation of any security given in respect of the Dongfeng Light Trucks to Elite Matrix in connection with such financing; and
- (ii) the provision of discretionary interest-free loan(s) or financing (up to an aggregate of US\$4.0 million) to FMI Subsidiary for the purpose of its working capital for the Business pursuant to the Management Agreement.

At the extraordinary general meeting of the Company held on 10 September 2007, a shareholders' mandate (the "**Shareholders' Mandate**") was obtained for the Company and its subsidiary companies to enter into transactions falling within the categories of 'interested person transactions' described in the Company's circular to Shareholders dated 14 August 2007, with the following classes of 'interested persons':-

- (1) SPA Group; and
- (2) Directors, Chief Executive Officer and controlling shareholders of the Company and their respective associates.

The Shareholders' Mandate was last renewed at the annual general meeting of the Company held on 29 July 2010.

If approved by the Shareholders at the EGM, the transactions described in Paragraphs 2.2(a)(i) and (ii) above will be included as a separate, new category of interested person transactions entitled "**Financing Transactions**" in the Shareholders' Mandate.

Further information on the above Financing Transactions under the Additional Scope and the procedures for review and approval of such transactions will be set out in the Circular to Shareholders.

(b) Rationale for, and benefits of, the proposed Additional Scope

The Financing Transactions are expected to occur pursuant to the Management Agreement (the rationale for, and benefits of which, are elaborated in Paragraph 2.1 above). If the inclusion of the proposed Additional Scope in the existing Shareholders' Mandate is approved by Shareholders at the EGM, the renewal of the existing Shareholders' Mandate with the Additional Scope on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when the Financing Transactions arise, thereby reducing substantial administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business of the Group. In addition, this will considerably improve administrative efficacy.

The revised Shareholders' Mandate with the Additional Scope is intended to facilitate the interested person transactions in the ordinary course of business of the Group which the Directors envisage are likely to be transacted with some frequency from time to time with the interested persons, provided that they are carried out at arm's length and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

(c) Validity of the revised Shareholders' Mandate

If approved by Shareholders at the EGM, the inclusion of the proposed Additional Scope in the existing Shareholders' Mandate will take effect from the date of the EGM until the next annual general meeting of the Company, and shall apply in respect of interested person transactions entered or to be entered into from the date of the EGM until the next annual general meeting of the Company, unless revoked or varied by the Company in general meeting. Thereafter, approval from Shareholders for the renewal of the revised Shareholders' Mandate will continue to be sought at each subsequent annual general meeting of the Company, subject to the satisfactory review by the Audit Committee.

3. AGGREGATE VALUE OF INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions entered into by the Group for the current financial year to-date was approximately S\$0.3 million, of which all were entered into with Mr. Serge Pun and his associates pursuant to the existing Shareholders' Mandate.

4. INDEPENDENT FINANCIAL ADVISER

NRA Capital Pte. Ltd. has, in accordance with Chapter 9 of the Listing Manual, been appointed as the independent financial adviser (the "IFA") to advise the Directors who do not have an interest in the proposed Management Agreement and the proposed Additional Scope on:

- (a) whether the terms of the proposed Management Agreement are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders;
- (b) whether the review procedures for the proposed Additional Scope are sufficient to ensure that the interested person transactions under the Additional Scope will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The opinion of the IFA will be included in the Circular to be despatched to Shareholders in due course.

5. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee of the Company will form its view on (a) whether the Management Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders; and (b) whether the review procedures for the proposed Additional Scope are sufficient to ensure that the interested person transactions under the Additional Scope will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, after the receipt of the opinion of the IFA referred to in Paragraph 4 above. The Audit Committee's view will also be set out in the Circular.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial Shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Management Agreement and the Additional Scope.

7. DOCUMENT FOR INSPECTION

A copy of the Management Agreement is available for inspection during normal business hours at the registered office of the Company at 80 Anson Road, Fuji Xerox Towers, #25-05, Singapore 079907, for a period of three (3) months from the date of this announcement.

ON BEHALF OF THE BOARD

SERGE PUN
Chairman and CEO
20 August 2010