PROPOSED SALE OF SHARES IN THE COMPANY'S SUBSIDIARIES, FIRST MYANMAR CO LTD AND MYANMAR V-PILE CO LTD

1. INTRODUCTION

1.1 Proposed Sale

The Board of Directors of Yoma Strategic Holdings Ltd. (the "**Company**" or "**YSH**" and together with its subsidiaries, the "**Group**") wishes to announce that a wholly-owned subsidiary of the Company, Yoma Construction Industries Pte. Ltd. ("**YCI**"), had on 20 July 2010 entered into a conditional share purchase agreement (the "**Agreement**") with Dr Sone Han (the "**Purchaser**"), pursuant to which YCI has agreed to sell and the Purchaser has agreed to purchase, (a) 27,500 ordinary shares (the "**FMC Sale Shares**") in First Myanmar Construction Co Ltd ("**FMC**"), representing 55% of the entire issued share capital of FMC and (b) 220 ordinary shares (the "**MVP Sale Shares**") in Myanmar V-Pile Co Ltd ("**MVP**"), representing 55% of the entire issued share capital of MVP (the "**Proposed Sale**"). The remaining 45% of each of the issued share capital of FMC and MVP is owned by the Purchaser.

The total cash consideration (the "**Purchase Consideration**") payable by the Purchaser for the FMC Sale Shares and the MVP Sale Shares (collectively, the "**Sale Shares**") is USD2.27 million (approximately SGD3.13 million, based on the prevailing exchange rate of 1.3779 SGD/USD).

Both FMC and MVP are companies incorporated in Myanmar and their principal activities are the carrying out of super-structure construction works and the provision of piling and construction services respectively. MVP in turn owns 60% each of the issued share capital of Myanmar Piling Co. Ltd ("**Myanmar Piling**") and V-Pile Singapore Pte. Ltd. ("**V-Pile Singapore**"), which businesses are also in the provision of piling and construction services.

The Purchaser is a Myanmar national and the managing director of MVP and V-Pile Singapore.

If the Proposed Sale is approved by shareholders, upon the completion of the Proposed Sale, FMC, MVP, Myanmar Piling and V-Pile Singapore will cease to be subsidiaries of the Group.

1.2 Requirements Under the Listing Manual

Pursuant to Rule 1014 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), as one of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, the Proposed Sale constitutes a 'major transaction' under Chapter 10 of the Listing Manual and is conditional upon the approval of shareholders in a general meeting.

2. PRINCIPAL TERMS OF THE AGREEMENT

2.1 Purchase Consideration

The Purchase Consideration is payable by the Purchaser in the following manner:-

(a) an upfront payment of USD750,000.00 to be made within seven (7) days after the date of signing of the Agreement (the "**Deposit**"); and

(b) the remaining sum of USD1,520,000.00 to be paid in seven (7) installments (each, an "**Installment**") as follows :

(i) first Installment of USD250,000.00 (the "**First Installment**") to be paid on the date of completion of the sale and purchase of the Sale Shares (the "**Completion Date**");

(ii) second Installment of USD220,000.00 (the "**Second Installment**") to be paid at the end of the three-month period following the Completion Date (the "**Second Installment Payment Date**"); and

(iii) five (5) subsequent Installments of USD210,000.00 each (the "**Subsequent Installments**") to be paid every three (3) months, with the first Subsequent Installment (the "**Third Installment**") being due and payable at the end of the first three-month period following the Second Installment Payment Date.

Under the terms of the Agreement, in the event that the Purchaser fails to make payment of the Second Installment or the Third Installment, the Purchaser shall remedy such failure within certain period(s) of time, and shall pay default interest on the unpaid sums, as prescribed by the Agreement, After such prescribed period(s), YCI may immediately proceed to exercise any rights, powers or remedies available to it against the Purchaser, including but not limited to the enforcement of the Share Charges (as defined in paragraph 2.3 of this Announcement).

If the Purchaser fails to make payment of any of the Subsequent Installments (other than the Second Installment and the Third Installment), YCI may, at its absolute discretion, grant the Purchaser such period of time as YCI may determine to remedy such failure and charge default interest on the unpaid sums, or immediately proceed to exercise any rights, powers or remedies available to it against the Purchaser, including but not limited to the enforcement of the Share Charges.

In the event, *inter alia*, that the Agreement is terminated or the completion of the sale and purchase of the Sale Shares ("**Completion**") does not occur by the Completion Date as prescribed under the Agreement due to a default by the Purchaser of his obligations under the Agreement, the Deposit (together with any and all interest accrued thereon) shall be forfeited and the Purchaser shall not be entitled to any refund of the Deposit.

In the event that Completion does not occur by the Completion Date not by reason of any fault or default by both parties, YCI shall refund the Deposit without any interest accrued thereon to the Purchaser.

The Purchase Consideration was arrived at by YCI and the Purchaser on a willing-seller willing-buyer basis.

Value of Sale Shares and Excess of Purchase Consideration over Book Value

Based on the latest audited financial results of FMC and MVP for their financial year ended 31 March 2010, the aggregate book value of the Sale Shares is S$2.64 million and the aggregate net tangible asset value of the Sale Shares is S$2.62 million respectively. The excess of the Purchase Consideration over the aggregate book value of the Sale Shares is approximately S$0.5 million.

Net Profits Attributable to Sale Shares and Gain on Disposal

Based on the latest audited financial results of FMC and MVP for their financial year ended 31 March 2010, the aggregate net profit attributable to the Sale Shares is approximately S$0.95 million. The Company is expected to recognise a gain of approximately S$0.05 million on the disposal of the Sale Shares in the Group's consolidated financial statements.

Use of Sale Proceeds

The Company intends to utilise the proceeds from the Proposed Sale for the Group's general working capital purpose.

2.2 Material Conditions Precedent

Under the Agreement, the completion of the sale and purchase of the Sale Shares is conditional upon, *inter alia*, the following:

(1) YCI having obtained all the necessary consents or approvals in relation to the sale of the Sale Shares to the Purchaser, including from the board of directors and/or shareholders of YCI and YSH, and from any third parties, governmental, regulatory or other authorities including the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and

(2) the Purchaser having obtained all the necessary consents or approvals in relation to the sale of the Sale Shares to the Purchaser, including any necessary consents or approvals from any third party vendors of FMC, MVP and their subsidiaries, prior to the extraordinary general meeting to be convened by YSH to seek shareholders' approval for the sale of the Sale Shares.

Subject to the fulfillment of the conditions precedent set out in the Agreement, Completion is expected to take place within seven (7) days from the date on which approval from the Company's shareholders for the Proposed Sale is obtained or such other date as may be agreed in writing between YCI and the Purchaser.

2.3 Other salient terms

Share Charges

As security for the payment and discharge of all obligations and liabilities of the Purchaser under the Agreement, including the payment of the Installments, the Purchaser has agreed to execute and deliver to YCI in accordance with the terms of the Agreement, two (2) share charges in favour of YCI in respect of the FMC Sale Shares and the MVP Sale Shares that are transferred to the Purchaser pursuant to the Proposed Sale (the "**Share Charges**").

Corporate Guarantees and Indemnity

As at the date of the Agreement, Orix Leasing Singapore Limited ("**Orix Leasing**") had granted two (2) revolving credit facilities of up to an aggregate amount of S$1.73 million to V-Pile Singapore (the "**Hire Purchase Facilities**"). The Company had given two (2) corporate guarantees (the "**Corporate Guarantees**") to Orix Leasing in respect of the Hire Purchase Facilities.

Under the terms of the Agreement, YCI has agreed with the Purchaser that it shall procure that the Company will not withdraw the Corporate Guarantees until the discharge or termination of the Corporate Guarantees in accordance with the terms thereunder, provided that if there is a breach of any provisions in the Agreement and the Share Charges by the Purchaser, the Corporate Guarantees may be terminated or withdrawn immediately by the Company upon such breach.

In consideration of YCI procuring the non-withdrawal of the Corporate Guarantees, the Purchaser has agreed and undertaken to execute a deed of indemnity, to fully indemnify the Company from and against any claims, demands, liabilities and costs etc. which it may suffer at any time from the Completion Date in connection with or arising from the Corporate Guarantees.

The Purchaser has also agreed and undertaken to fully indemnify YCI and the Company against all claims, demands, liabilities and costs etc. which they may suffer in connection with or arising out of any breach by the Purchaser of any provisions in the Agreement and the Share Charges.

3. RATIONALE FOR THE TRANSACTIONS

The proposed disposal of the Sale Shares is pursuant to an offer to purchase received by YCI from the Purchaser. The Directors had carefully deliberated the offer and have reached the opinion that it would be in the interest of the Company to accept the offer for the following reasons:

(a) Though MVP and FMC are 55%-owned subsidiaries of the Group, our effective interest in the subsidiaries of MVP, namely Myanmar Piling and V-Pile Singapore are only 33% and 36% respectively. The prospects of the Company gaining majority interest in these subsidiaries are limited.

(b) The businesses have been run independently under the stewardship of the Purchaser since their inception and the Purchaser has for some time expressed his desire to gain ownership of the businesses.

(c) The offer received is a reasonable offer providing the Company with an attractive return for its investment over the years. The Company's initial cost of investment in the Sale Shares is S$1.64 million and hence the excess of the Purchase Consideration over the initial cost of investment is S$1.49 million. In addition, as stated above, the approximate gain to the Company on disposal will be S$0.05 million in the Group's consolidated financial statements.

(d) The Group would be able to utilize the sales proceeds and concentrate its investments into businesses where we will have greater control; and

(e) The Group would have additional working capital for such other businesses contemplated in the near future.

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4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the audited consolidated results of the Company for the financial year ended 31 March 2010 ("**FY2010**"), the relative figures for the Proposed Sale computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

		Relative figures (%)
Rule 1006(a)	Net asset value of assets to be disposed of, as compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	2.40
Rule 1006(b)	Net profits attributable to the assets disposed of, as compared with net profits of the Group(1)	181.18
Rule 1006(c)	Aggregate value of consideration received for the Proposed Sale, compared with the Company's market capitalisation(2) based on the total number of issued shares excluding treasury shares	8.47
Rule 1006(d)	The number of equity securities to be issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:-

(1) The consolidated net profit of the Company for FY2010 was S$526,000.
(2) The Company's market capitalisation of approximately S$36.94 million is based on its total number of issued shares of 527,647,342 and the weighted average traded price of S$0.07 per share on 20 July 2010, being the market day immediately preceding the date of the Agreement.

As the relative figure under Rule 1006 (b) above exceeds 20%, the Proposed Sale constitutes a 'major transaction' under Chapter 10 of the Listing Manual and the Company will be seeking shareholders' approval for the Proposed Sale at an Extraordinary General Meeting to be convened.

A circular to shareholders containing further information on the Proposed Sale as well as a notice of the Extraordinary General Meeting will be despatched to shareholders in due course.

5. FINANCIAL EFFECTS OF THE PROPOSED SALE

5.1 Assumptions

The pro forma financial effects of the Proposed Sale presented below are for illustration purposes only and do not reflect the actual financial results of the Group after completion of the Proposed Sale.

The following pro forma financial effects have been prepared based on the audited consolidated financial statements of the Company for FY2010, and assuming that the Proposed Sale had been completed:

(a) at the end of FY2010, for illustrating the financial effect on the consolidated net tangible assets per share of the Company; and

(b) at the beginning of FY2010, for illustrating the financial effect on the consolidated earnings per share of the Company.

5.2 Net Tangible Asset ("**NTA**")

	Before Proposed Sale	**After Proposed Sale**
NTA (S$'000)	129,104	127,509
Number of Shares ('000)	527,647	527,647
NTA per Share (cents)	24.47	24.17

5.3 Earnings Per Share ("**EPS**")

	Before Proposed Sale	**After Proposed Sale**
Earnings (S$'000)	526	(374)
Weighted Average Number of Shares ('000)	485,648	485,648
EPS (cents)	0.11	(0.08)

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Proposed Sale.

7. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Sale. Accordingly, no service contract is proposed to be entered into between the Company and any person in connection with the Proposed Sale.

8. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this Announcement.

9. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

ON BEHALF OF THE BOARD

SERGE PUN
Chairman and CEO
21 July 2010

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