

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

UPDATE TO THE DISPOSAL OF YESS LE GREEN PTE LTD AND WEST THEMES PTE LTD

All capitalised terms used and not defined herein shall bear the same meanings ascribed to them in the Previous Announcements (as defined below), unless the context otherwise requires.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Cedar Strategic Holdings Limited (the “**Company**”) refers to the Company’s announcements released on 24 November 2015 (Announcement Reference No.: SG151124OTHRXTTY) and 18 January 2016 (Announcement Reference No.: SG160118OTHRNPJQ) (the “**Previous Announcements**”) relating to the release of the Special Audit Report by the Special Auditor and, in particular, the issue relating to the recoverability of the SGD1.5 Million Receivable.

2. SALIENT TERMS OF THE SETTLEMENT

Further to the Previous Announcements, the Board now wishes to announce that the proposed sale of the Serangoon Property under the settlement deed entered into between the Company and Charlie, New Inspiration and WT (collectively, the “**Parties**” and each, a “**Party**”) on 18 January 2016 (the “**First Settlement Deed**”) was not successful. Charlie, New Inspiration and WT has requested for more time to market and sell the Serangoon Property and after deliberation, the Company agreed to the same. In this regard, the Company has signed a further settlement agreement with Charlie, New Inspiration and WT in connection with the SGD1.5 Million Receivable (the “**Second Settlement Deed**”) on 5 April 2016. The salient terms of the aforesaid settlement are as follows:

- (a) Subject to the below terms being fulfilled, the Parties agree to a full and final settlement of any and all disputes, claims and/or counter claims between each Party in relation to the SGD1.5 Million Receivable and the First Settlement Deed.
- (b) The Parties agree that the First Settlement Deed is no longer in effect with effect from the date of the Second Settlement Deed and that the Second Settlement Deed shall supersede and replace the First Settlement Deed.
- (c) Charlie, New Inspiration and WT shall attempt to sell off the Serangoon Road Property and repay the SGD1.5 Million Receivable from the proceeds of the sale of the Serangoon Property by 31 July 2016.

- (d) Charlie, New Inspiration and WT shall take all necessary steps to ensure that the Sale Proceeds are paid directly to the Company. The Company shall then pay WT any part of the Sale Proceeds which exceeds the SGD1.5 Million Receivable.
- (e) If the Sale Proceeds are less than the SGD1.5 Million Receivable, Charlie and New Inspiration shall pay the Company the difference between the Sale Proceeds and the SGD1.5 Million Receivable within 30 days from the date of completion of the sale of the Serangoon Road Property.
- (f) If the sale of the Serangoon Road Property is not completed by 31 July 2016, Charlie shall transfer the full legal and beneficial title to all of Charlie's shares in WT (comprising 100% of the shares in WT) (the "**WT's Shares**") to the Company in full repayment of the SGD1.5 Million Receivable (the "**Share Transfer**").

3. SALIENT TERMS OF SHARE TRANSFER AGREEMENT

To give effect to the Share Transfer, the Board also wishes to announce that the Company has entered into a conditional share transfer agreement with Charlie (the "**Share Transfer Agreement**"). The salient terms of the Share Transfer Agreement are as follows:

- (a) Subject to the terms and conditions of the Share Transfer Agreement being fulfilled, Charlie agrees to transfer to the Company, and the Company agrees to take over from Charlie, all of Charlie's rights, title and interest in and to WT's Shares, free and clear of all encumbrances, together with all rights, entitlements and benefits now and hereafter attaching thereto;
- (b) in completion of the above term, the Company agrees to, waive the SGD1.5 Million Receivable absolutely in favor of Charlie and accordingly, the Parties agree that the transfer of the WT's Shares to the Company shall constitute full and final settlement of any and all disputes, claims and/or counterclaims between each Party in relation to the SGD1.5 Million Receivable; and
- (c) completion shall be conditional upon the following being satisfied ("**Conditions Precedent**") as follows:
 - (i) the resolution of the sole director of WT having been obtained for the transfer of the WT's Shares as contemplated pursuant to the Share Transfer Agreement;
 - (ii) all necessary consents, approvals and waivers of any government bodies, stock exchange and other regulatory authority having jurisdiction over the transactions contemplated in the Share Transfer Agreement and all other transactions in connection therewith and incidental thereto, having been obtained by the Company or Charlie, as relevant, such consents, approvals and waivers not having been amended or revoked before the date falling not more than 5 business days after the satisfaction of the Conditions Precedent set out in this table, or such other date as the Parties may agree in writing (the "**Completion Date**"), and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;

- (iii) no relevant authority taking, instituting, implementing or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
 - (aa) make the transactions contemplated in the Share Transfer Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
 - (bb) render the Company unable to purchase all or any of WT's Shares in the manner set out in the Share Transfer Agreement; and/or
 - (cc) render Charlie unable to dispose all or any of his WT's Shares in the manner set out in the Share Transfer Agreement;
 - (iv) all representations, undertakings and warranties of Charlie and the Company under the Share Transfer Agreement (including the Appendices) being complied with, true, complete, accurate and correct in all material respects to the best knowledge and belief of Charlie and the Company as at the date of the Share Transfer Agreement and until the Completion Date;
 - (v) the satisfactory outcome of due diligence carried out by the Company into the financial, legal, contractual, tax, assets (in particular, the Serangoon Road Property) and business of WT, provided that the Company shall not deem the outcome of such due diligence unsatisfactory without reasonable cause and without first giving Charlie a period of at least 20 Business Days to remedy any default in respect thereof. In particular, WT should be the absolute legal and beneficial owner of the Serangoon Road Property and such property should not be subject to any encumbrances; and
 - (vi) the Parties, despite having used their best reasonable endeavours to source for potential buyers for WT, failed to secure a buyer for WT at a mutually agreeable price by 31 July 2016.
- (d) completion of the Share Transfer shall take place by the Long Stop Date. **"Long Stop Date"** for the purposes of this paragraph shall mean 30 September 2016 or as otherwise agreed in writing between the Company and Charlie; and
- (e) Charlie shall procure that, for the period commencing from the date of the Share Transfer Agreement and ending on the Completion Date, all rental proceeds from the Serangoon Road Property (which comprise all revenue from the rental of the said property less off all direct cost attributable to the said property) shall be payable to the Company.

In the event any of the Conditions Precedent cannot be satisfied, the Share Transfer Agreement would be terminated and Charlie and New Inspiration will remain liable for the SGD1.5 Million Receivable.

The only asset that WT currently owns is the Serangoon Property. As at 31 December 2014, the net tangible assets (the “**NTA**”) and net asset value of WT is approximately S\$596,000, and the liabilities of WT comprises of rental deposits, trade payables and accruals, and provision for taxation⁽¹⁾.

The Company is of the view that the Share Transfer is not an acquisition of assets within Chapter 10 of Listing Manual Section B: Rules of Catalist of SGX-ST as it is a repayment of outstanding by Charlie and New Inspiration. However, purely for illustration purposes only, the financial effect of the Share Transfer and the corresponding Rule 1006 computation is set out below.

Note:

- (1) Based on WT’s Audited Account for the financial year ended 31 December 2014 which was provided to the Company.

4. FINANCIAL EFFECTS

The pro forma financial effects of the Share Transfer, based on the audited consolidated financial statements of the Group for the 12 months ended 31 December 2014 (the “**Audited FY2014 Accounts**”), are set out below. The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual performance or the financial situation of the Company or the Group after the completion of the Share Transfer.

Earnings per Share

Assuming that the proposed Share Transfer had been completed on 1 January 2014, the effect on the earnings per Share (the “**EPS**”) will be as follows:

	Before Acquisition	After Acquisition
Loss after tax and minority interest (RMB’000)	252,905	252,905
Weighted Average Number of Shares (’000)	7,399,660	7,399,660
EPS (RMB fens)	(3.42)	(3.42)

Net Tangible Assets

Assuming that the proposed Share Transfer had been completed on 31 December 2014, the effect on the NTA per Share will be as follows:

Before Acquisition	After Acquisition
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NTA (RMB'000)	3,145	3,145
Number of Shares ('000)	7,966,783	7,966,783
NTA per Share (RMB fens)	0.04	0.04

5. RULE 1006 COMPUTATION

Based on the unaudited financial statements of the Group for the 12 months ended 31 December 2015, the relative figures in respect of the Share Transfer, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

Bases in Rule 1006

(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 31 December 2015	Not applicable to the Share Transfer
(b)	Net profits attributable to WT's Shares (Nil) ⁽¹⁾ , compared with net profit of the Group of approximately RMB 6,622,000 (approximately S\$1,382,000)	N.M.
(c)	Consideration of S\$1,500,000 compared with the Company's market capitalisation of approximately S\$19,734,000 as at 5 April 2016, being the date of the Second Settlement Deed	7.60%
(d)	Number of Warrants and Consideration Shares issued for the Share Transfer, compared with the number of shares of the Company previously in issue	Not applicable to the Share Transfer

Note:

- (1) On the assumption that all rental proceeds has been utilised for property related costs.

The Company will keep its Shareholders informed on any updates relating to the abovementioned settlement.

Copies of the Second Settlement Deed and Share Transfer Agreement are available for inspection during normal business hours at the registered office of the Company for a period of three months from the date of this announcement.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Chairman

6 April 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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