

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003839Z)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TRECHANCE HOLDINGS LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Cedar Strategic Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 28 September 2012 (the “**MOU Announcement**”) in relation to the memorandum of understanding entered into by the Company with Talented Creation International Limited (the “**Vendor**”) for the proposed acquisition (the “**Proposed Acquisition**”) of the entire issued and paid-up share capital of Trechance Holdings Limited (“**Trechance**”).

Further to the MOU Announcement, the Board wishes to announce that the Company has on 22 May 2013, entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the Vendor pursuant to which the Company shall acquire from the Vendor the entire issued and paid-up share capital of Trechance, for a consideration of S\$936,212,000, subject to adjustment as set out in Paragraph 3.2 of this Announcement (the “**Consideration**”), to be satisfied in full by the issue and allotment of new ordinary shares in the Company (the “**Consideration Shares**”).

The Proposed Acquisition, if undertaken and completed, will result in a “very substantial acquisition” or “reverse takeover” of the Company as referred to in Chapter 10 of the Listing Manual, Section B: Rules of Catalist (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2. THE VENDOR AND THE HUA CHENG GROUP

The information in Paragraph 2 of this Announcement was provided by the Vendor.

2.1 Information relating to the Hua Cheng Group

Trechance is an investment holding company incorporated in Hong Kong. It has an issued and paid-up share capital of HK\$10,000 comprising 10,000 ordinary shares.

Trechance and its subsidiaries (collectively, the “**Hua Cheng Group**”, and each company a “**Hua Cheng Group Company**”) are primarily involved in the business of property development in the People’s Republic of China (“**PRC**”). The Hua Cheng Group is a property developer with a large asset base in Guizhou Province, PRC, and has, at the date hereof, completed more than twelve property development projects. It also has properties held for investment which generated rental income of RMB85.0 million for the financial year ended 31 December 2012 (“**FY2012**”). In addition, the Hua Cheng Group has an estimated gross floor area of more than 4.9 million square metres of properties which are under development and/or held for future development.

Please refer to the Appendix of this Announcement for the financial highlights of the Hua Cheng Group. Further details relating to the history, business and operations of the Hua Cheng Group will be included in the circular to be despatched by the Company to the

Company's shareholders (the "Shareholders") in connection with the Proposed Acquisition (the "Circular").

2.2 Information relating to the Vendor

As at the date hereof, the Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of Trechance. The Vendor is beneficially owned by Ms Ji Lei, the daughter of Mr Ji Yu Dong.

3 KEY TERMS OF THE PROPOSED ACQUISITION

3.1 Proposed Acquisition

Pursuant to the Sale and Purchase Agreement, the Company has agreed to acquire and the Vendor has agreed to sell the entire issued and paid-up share capital of Trechance (the "Sale Shares"), free from all encumbrances and together with all rights and benefits of any nature now or hereafter attaching thereto.

3.2 Consideration

Subject to adjustment as set out below, the Consideration payable by the Company for the Sale Shares is S\$936,212,000, which is equivalent to approximately seventy per cent (70%) of the indicative realisable net asset value ("RNAV") of the Hua Cheng Group as at 30 November 2012, and shall be satisfied on completion of the Proposed Acquisition ("Completion") by the issue and allotment to the Vendor (or its designated nominees as it may direct) of 46,810,600,000 new Shares ("Consideration Shares") (fractional entitlement disregarded) at the issue price of S\$0.02 per Consideration Share on a pre-share consolidation basis (the "Issue Price").

The Company and the Vendor have agreed that the final Consideration shall be fixed at seventy per cent (70%) of the RNAV of the Hua Cheng Group as at 30 June 2013, based on the valuation by an independent market valuer (the choice of whom shall be at the Company's discretion). The Company has appointed Jones Lang LaSalle Corporate Appraisal and Advisory Limited as the independent valuer to carry out property valuations as at 30 June 2013 to determine the RNAV of the Hua Cheng Group as at 30 June 2013.

The Consideration was arrived at after arm's length negotiations, on a willing-buyer, willing-seller basis, taking into account, *inter alia*, the following factors:

- (a) the indicative RNAV of the Hua Cheng Group of approximately RMB6.7 billion as at 30 November 2012;
- (b) the Issue Price of S\$0.02 per Consideration Share (on a pre-share consolidation basis) represents a premium of approximately 219.8% against the volume-weighted average share price of the Company of approximately S\$0.0091 for 17 May 2013, the market day prior to the trading halt; and
- (c) the track record and the business prospects of the Hua Cheng Group, and the rationale for the Proposed Acquisition as set out in Paragraph 5 of this Announcement.

The Company and the Vendor have further agreed that the final number of Consideration Shares to be issued to the Vendor (or its designated nominees as it may direct) shall be determined after the final Consideration is adjusted by setting off the amount of the

outstanding loan from the Company to Trechance (including all accumulated interest) as well as the sum of RMB80,000,000 previously paid by the Company for the 25% economic interest in a piece of land located at Kaiyang County, Guizhou Province, owned by Guiyang Shengxiang Investment Management Co., Ltd. (贵阳盛祥投资管理有限公司) (any amounts in RMB to be converted at an agreed rate of S\$1.00 : RMB5.00).

Accordingly, the Issue Price and the number of Consideration Shares shall be adjusted in accordance with the following formula:

$$\text{Issue Price} = \text{S\$}0.02 \times \frac{\text{A}}{\text{B}}$$

$$\text{Number of Consideration Shares} = \frac{\text{C}}{\text{Issue Price}}$$

where:

- A = the number of ordinary shares of the Company (“Shares”) in issue immediately before the undertaking of the proposed share consolidation of existing Shares to be undertaken in accordance with the Listing Manual in conjunction with the Proposed Acquisition;
- B = the number of Shares immediately after the Proposed Share Consolidation is completed; and
- C = the final Consideration, being seventy per cent (70%) of the RNAV of the Hua Cheng Group as at 30 June 2013 derived based on the valuation by an independent market valuer, and after setting off the consideration of RMB80,000,000 paid by the Company for the 25% economic interest in the land located at Kaiyang, as well as the loan to Trechance, totaling S\$37.6 million (including all interest incurred).

For illustrative purposes, assuming that the final Consideration is S\$936,212,000 and the Company carries out a share consolidation of every ten (10) Shares into one (1) consolidated Share, the Issue Price shall be S\$0.20 and the Company shall issue 4,681,060,000 Consideration Shares to the Vendor (or its designated nominees as it may direct).

The Consideration Shares shall rank *pari passu* in all respects with all other existing Shares, to be issued fully paid and free from all encumbrances whatsoever.

3.3 Conditions Precedent

Completion is conditional upon the fulfillment of certain conditions precedent (the “Conditions Precedent”) on or before the Completion Date including, *inter alia*, the following:

- (a) there being no fact or circumstance discovered by the Company and/or its advisors pursuant to the legal and commercial due diligence exercise conducted by the Company and/or its advisors in respect of the accounts, assets, personnel and business of the Hua Cheng Group which would, in the reasonable opinion of the

Company and/or its advisors, be of material significance in the context of the transaction contemplated under the Sale and Purchase Agreement;

- (b) the receipt of in-principle approval from the SGX-ST for the listing and quotation of the Consideration Shares to be allotted and issued pursuant to the Sale and Purchase Agreement and if such approval is obtained subject to any conditions and where such conditions affect the Company and/or the Vendor (collectively, the “Parties”, and each a “Party”), such conditions being acceptable to the Party concerned and, if such conditions are required to be fulfilled before Completion, the fulfillment of such conditions before Completion;
- (c) the approval of the Shareholders being obtained at an extraordinary general meeting (“EGM”) to be convened for the following, amongst others:
 - (i) the Proposed Acquisition;
 - (ii) the allotment and issuance of the Consideration Shares and PPCF Shares (as defined below);
 - (iii) the Proposed Share Consolidation;
 - (iv) the Compliance Placement (as defined below), if any; and
 - (v) the Whitewash Resolution;
- (d) the approval from the Board as may be required for the Proposed Acquisition;
- (e) the receipt of a waiver from the Securities Industry Council (“SIC”) of the requirement for the Vendor and its concert parties to make a mandatory general offer for all the Shares that they do not already own, following the allotment and issue of the Consideration Shares to the Vendor, and all conditions to such waiver having been satisfied;
- (f) save as disclosed in the annual reports or public announcements of the Company, each of the Company’s warranties remaining true and not misleading in any respect at Completion, as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion, the Vendor having received a certificate signed by the Company in this regard;
- (g) the Company and Vendor having complied with their respective undertakings as set out in the Sale and Purchase Agreement in so far as such undertakings have to be complied with prior to Completion;
- (h) the Sale Shares constituting the entire issued and paid-up share capital of Trechance, there being no outstanding convertible securities convertible into voting shares of Trechance;
- (i) Trechance being the legal and beneficial owner of the Hua Cheng Group Companies and the Company having received satisfactory confirmation regarding the foregoing;
- (j) Trechance has not contracted or incurred any liabilities or issued any bonds, debentures, loan stock, notes and/or other securities or instruments acknowledging, evidencing or creating indebtedness, or (other than in the ordinary

course of business and consistent with its past practice) grant any loan, advance, indemnity or guarantee of whatsoever nature to any person, firm or corporation above 5% of its net tangible assets; and

- (k) save as disclosed in the Vendor's disclosure letter, each of the warranties provided by the Vendor remaining true and not misleading in any respect at Completion, as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and Completion and the Company having received a certificate signed by the Vendor in this regard.

3.4 Proposed Share Consolidation

Under Rule 1015(3)(c) of the Listing Manual, the issue price of each Share after adjusting for any share consolidation is required to be at least S\$0.20.

Accordingly, in conjunction with the Proposed Acquisition and subject to the approval of the Shareholders, the Company proposes to undertake a share consolidation on such ratio and at such time and date to be determined by the Board, to increase the Issue Price to at least S\$0.20 per Consideration Share in compliance with Rule 1015(3)(c) of the Listing Manual.

3.5 Additional Issuance of Shares for Professional Fees

As part payment of the advisory services to be rendered to the Company in connection with the Proposed Acquisition, the Company has agreed to allot and issue new Shares representing 0.15% of the post-enlarged share capital of the Company to PrimePartners Corporate Finance Pte. Ltd. ("**PPCF Shares**") upon completion of the Proposed Acquisition.

3.6 Proposed Whitewash Resolution

On Completion, the Vendor and/or its designated nominees will have interests in the Company of more than 30% of the enlarged voting share capital of the Company.

Pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers (the "**Code**"), the Vendor and parties acting in concert with it will be required to make a mandatory unconditional general offer for all the remaining issued Shares not owned, controlled or agreed to be acquired by the Vendor and/or parties acting in concert with it at the highest price paid or agreed to be paid by the Vendor and/or parties acting in concert with it for the Shares in the past six (6) months from the date the Consideration Shares are issued to the Vendor.

It is a condition precedent to Completion that the SIC shall have granted to the Vendor and parties acting in concert with it a waiver of their obligation to make a general offer under Rule 14 of the Code for the Shares not owned or controlled by the Vendor or parties acting in concert with it, and that the Shareholders shall have approved at a general meeting the whitewash resolution for a waiver of their rights to receive a mandatory take-over offer from the Vendor and parties acting in concert with it as a result of the issue and allotment of the Consideration Shares to the Vendor (the "**Whitewash Resolution**").

3.7 Completion

Completion is to take place not later than fourteen (14) business days after all the Conditions Precedent have been fulfilled (or if not fulfilled, are waived by the relevant Parties in accordance with the Sale and Purchase Agreement), provided that Completion

shall occur at a date no later than the day falling six (6) months from the date of the Sale and Purchase Agreement or extended by mutual agreement between the relevant Parties.

3.8 Moratorium

The Vendor has undertaken that for an initial period of six (6) months commencing from the date of Completion (the “**Completion Date**”), it and/or its respective nominees shall not sell, realize, transfer or otherwise dispose of any part of their total shareholdings in the Company as at the Completion Date, save for any of the Consideration Shares that may form part of the sale of the Consideration Shares held by the Vendor pursuant to the Compliance Placement (as defined in Paragraph 4 of this Announcement), as the case may be. For the subsequent six (6) months, the Vendor also undertakes not to sell, realize, transfer or otherwise dispose of fifty per cent (50)% of the Consideration Shares that were issued and allotted to it upon Completion.

4 COMPLIANCE PLACEMENT

Following Completion and the issue and allotment of the Consideration Shares, should the percentage of Shares in the enlarged share capital of the Company held in the public hands fall below the minimum free float requirements under the Listing Manual, trading in the Shares on the SGX-ST may be suspended until the public float and shareholding spread requirements are met. In such situations, the Company will undertake a compliance placement to issue such number of new Shares (the “**Compliance Placement**”), on such terms as the Board may deem fit in order to meet the public float and shareholding requirements. Shareholders should note that the terms of the Compliance Placement, if and when it occurs, would be driven by various factors, including without limitation, market conditions and prices. Further details on the Compliance Placement (if required) will be released in due course.

5 RATIONALE FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is an investment opportunity that would be in the best interests of the Shareholders for the following reasons:

(a) Transformation into a significant real estate group based in Guizhou Province, PRC, with an RNAV of approximately RMB6.7 billion

As mentioned above, the Hua Cheng Group is an established property developer ranked amongst the top three based in Guizhou Province, PRC, with an indicative RNAV of approximately RMB6.7 billion as at 30 November 2012, including properties held for investment which generated rental income of RMB85.0 million in FY2012. The Hua Cheng Group also has a land bank of more than 1.7 million square metres in area and more than 4.9 million square metres of total gross floor area for development. The management of the Hua Cheng Group, led by Mr Ji Yu Dong, has a track record of property development of over 20 years in Guizhou Province. With the completion of the acquisition of Trechance, the Group will be transformed into a significant real estate group with a focus in Guizhou, PRC. With a substantial land bank for development for sale, and with ready access to the capital markets for development funding, the Group will be poised for growth for the short and medium term.

(b) Exposure to the large and rapidly growing PRC economy

The economy of the PRC is the second largest in the world today, and its Gross Domestic Product (“GDP”) continues to grow at rates surpassing that of other major developed economies. Guizhou Province itself also has one of the highest GDP growth rates in the PRC. There is also a continued focus by the PRC central government on urbanisation and growth in the South-west region of the PRC, which bodes well for the continued growth of the real estate market in that region. With the completion of the Proposed Acquisition, the Group will gain a significant exposure to, and be able to tap into and ride on any future growth and potential of, the PRC real estate market, and of Guizhou Province in particular.

(c) Enhancement of the Group’s investment profile

With the completion of the Proposed Acquisition, the Group is likely to have a market capitalisation of approximately S\$1.0 billion or thereabouts as well as become a PRC-based real estate group with a large asset base and exposure to the South-west region of the PRC. The Board believes that this will greatly enhance the Group’s investment profile, thereby possibly creating greater interest in the Group from both analysts and investors.

6. RELATIVE FIGURES CALCULATED USING APPLICABLE BASES OF COMPARISON UNDER RULE 1006 OF THE LISTING MANUAL

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2012, and the *pro forma* consolidated financial information of the Hua Cheng Group for the financial year ended 31 December 2012, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006(a)	
Net asset value (“NAV”) of assets to be disposed of, compared with the Group’s NAV	Not applicable to an acquisition
Rule 1006(b)	
Net profits/(loss) of the Hua Cheng Group for the 12 months ended 31 December 2012 ⁽¹⁾	RMB43,401,000
Net profits/(loss) of the Group for the 12 months ended 31 December 2012 ⁽¹⁾	(RMB55,495,000)
Size of relative figure	(78.2)%
Rule 1006(c)	
Aggregate value of Consideration to be given	S\$936.21 million
Company’s market capitalisation as at 17 May 2013, being the last market day prior to the trading halt ⁽²⁾	S\$45.47 million
Size of relative figure	2059.0%
Rule 1006(d)	
Number of Consideration Shares issued by the Company as Consideration for the Proposed Acquisition ⁽³⁾	44,927,586,301
Number of Shares in issue	4,996,935,029
Size of relative figure	899.1%

Notes:

- (1) Under Rule 1002(3), net profit is defined as profit or loss before income tax, minority interests and extraordinary items.

- (2) The market capitalization of the Company is determined by multiplying 4,996,935,029 (being the total number of Shares in issue) by S\$0.0091 (being the volume-weighted average traded price of the Shares on 17 May 2013, being the last market day prior to the trading halt).
- (3) Based on the Consideration of S\$936.212 million less consideration of RMB80,000,000 paid by the Company for the 25% economic interest in the land located at Kaiyang, as well as the loan to Trechance, totaling S\$37.6 million (including all interest incurred), at an exchange rate of S\$1.00 : RMB5.00.

As the relative figures under Rules 1006(c) and (d) of the Listing Manual exceed 100% in respect of the Proposed Acquisition and there will be a change in control of the Company resulting from the issue of the Consideration Shares to the Vendor (and/or its nominees), the Proposed Acquisition constitutes a "Very Substantial Acquisition" or a "Reverse Takeover" under Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisition is subject to approval of Shareholders at an EGM to be convened and the approval of the SGX-ST.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition on the share capital, net tangible assets ("**NTA**"), NTA per Share, earnings, earnings per Share ("**EPS**") and gearing have been prepared based on the audited consolidated financial statements of the Group for FY2012 and the unaudited consolidated financial statements of the Hua Cheng Group for FY2012.

The *pro forma* financial effects of the Proposed Acquisition are for illustrative purposes only and are not necessarily indicative of the results of operations or financial position of the Group that would have been attained had the Proposed Acquisition been completed at an earlier date.

For the purpose of illustrating the financial effects of the Proposed Acquisition, the financial effects are based on, *inter alia*, the following assumptions:

- (i) the financial effects on the Group's earnings and EPS are computed assuming that the Proposed Acquisition was completed on 1 January 2012. The financial effects on the Group's NTA and gearing are computed assuming that the Proposed Acquisition was completed on 31 December 2012;
- (ii) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Proposed Acquisition, if any, have not been considered and will be determined on the Completion Date when the shareholders of the Hua Cheng Group have effectively obtained control of the Company. As the final goodwill will have to be determined at the Completion of the Proposed Acquisition, the actual goodwill could be materially different from the aforementioned assumption. Any goodwill arising thereon the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company;
- (iii) the Proposed Share Consolidation is carried out on the basis that every 10 existing Shares are consolidated into one new Share;
- (iv) based on the assumption in sub-paragraph (iii) above, an aggregate of 4,492,758,630 Consideration Shares were issued at the issue price of S\$0.20 per Consideration Share for the purposes of calculating the financial effects of the Proposed Acquisition on the NTA per share and EPS of the Group;

- (v) the analysis does not take into account the financial effects of the Compliance Placement and PPCF Shares in connection with the Proposed Acquisition; and
- (vi) the analysis does not take into account any dividend or distributions set out of profits that may be declared by the Hua Cheng Group in respect of FY2012.

(a) Share Capital

Issued and Paid-Up Share Capital	Number of Shares	Share Capital S\$('000)
As at 31 December 2012	4,707,935,029	73,080
Immediately after the Proposed Share Consolidation	470,793,503	73,080
Allotment and issue of the Consideration Shares pursuant to the Proposed Acquisition	4,492,758,630	898,552
Immediately after the Completion	4,963,552,133	971,631

(b) NTA and NTA per share

RMB ('000)	Before the Proposed Acquisition and Proposed Share Consolidation	After the Proposed Share Consolidation but before completion of the Proposed Acquisition	After completion of the Proposed Acquisition
NTA of the Group as at 31 December 2012	104,539	104,539	505,843 ⁽¹⁾
Number of issued Shares	4,707,935,029	470,793,503	4,963,552,133
NTA per Share (RMB)	2.22	22.20	10.19

Note:

- (1) The NTA of the Group after completion of the Proposed Acquisition excludes non-controlling interest of RMB13,013,000 and has not taken into consideration the valuation of the properties of the Hua Cheng Group.

(c) Earnings and EPS

RMB ('000)	Before the Proposed Acquisition and Proposed Share Consolidation	After the Proposed Share Consolidation but before completion of the Proposed Acquisition	After completion of the Proposed Acquisition
Profit/(loss) of the Group for the period ended 31 December 2012	(59,542)	(59,542)	(16,165)
Number of issued Shares	4,707,935,029	470,793,503	4,963,552,133
Net profit/(loss)	(1.26)	(12.65)	(0.326)

per Share (RMB)			
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(d) Gearing

RMB ('000)	Before the Proposed Acquisition and Proposed Share Consolidation	After the Proposed Share Consolidation but before completion of the Proposed Acquisition	After completion of the Proposed Acquisition
Net debt /(cash)	(66,241)	(66,241)	(11,337)
Total capital	38,298	38,298	494,506
Gearing (times)⁽¹⁾	Net Cash	Net Cash	Net Cash

Note:

(1) Gearing is determined based on net debt divided by total capital. Net debt is calculated as borrowings less cash and cash equivalent. Total capital is calculated as equity plus net debt.

(e) Pro Forma Financial Information of the Enlarged Group

Purely for illustrative purposes only and based on the bases and assumptions set out above, the unaudited consolidated *pro forma* profit and loss statement of the enlarged group comprising the Group and the Hua Cheng Group (the “**Enlarged Group**”) for FY2012 is set out below.

RMB('000)	As at 31 December 2012
Non-current assets	224,425
Current assets	1,736,428
Non-current liabilities	80,600
Current liabilities	1,361,397
Total equity	518,856

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, other than in their respective capacity as Directors or Shareholders of the Company, and controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. FINANCIAL ADVISER

The Company has appointed PrimePartners Corporate Finance Pte. Ltd. as the financial adviser in respect of the Proposed Acquisition.

10. INDEPENDENT FINANCIAL ADVISER

The Company will be appointing an independent financial adviser to the independent directors of the Company in relation to the Whitewash Resolution, and their letter of advice will be set out in the Circular to be despatched to Shareholders in due course.

11. FURTHER INFORMATION

11.1 Circular

Subject to the SGX-ST's and the Sponsor's approval, the Circular, containing further information on the Proposed Acquisition and such other transactions as contemplated in the Sale and Purchase Agreement, together with a notice of the EGM, will be despatched to Shareholders in due course.

11.2 Documents for Inspection

Copies of the Sale and Purchase Agreement will be made available for inspection during normal business hours at the registered office of the Company at 133 New Bridge Road, #15-06 Chinatown Point, Singapore 059413 for three (3) months from the date of this Announcement.

12. RESPONSIBILITY STATEMENT

The Board collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Hua Cheng Group and the Vendor) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed in this Announcement are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading in any material respect. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Board has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately and correctly reflected or reproduced in this Announcement.

The Vendor accepts full responsibility for the accuracy of the information in respect of the Hua Cheng Group and the Vendor as disclosed in this Announcement and confirm, after making all reasonable enquiries that to the best of its knowledge and belief, the facts stated and opinions expressed herein (only in respect of the Hua Cheng Group and the Vendor) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make any statements in this Announcement misleading. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Vendor has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately and correctly reflected or reproduced in this Announcement.

13. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as the Proposed Acquisition is subject to numerous conditions and there is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

This Announcement contains or incorporates by reference "forward-looking statements" regarding the belief or current expectations of the Company about the Company's business and the transactions described in this Announcement, and the belief or current expectations of the Vendor and the Hua Cheng Group about the business of the Hua

Cheng Group. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company, the Vendor and the Hua Cheng Group (as the case may be) and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Any forward-looking statement contained in this Announcement based on past or current trends and/or activities of the Group or the Hua Cheng Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this Announcement is intended to be a profit forecast or to imply that the earnings of the Company or the Hua Cheng Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Company or the Hua Cheng Group, as the case may be. Each forward-looking statement speaks only as of the date of the particular statement.

By order of the Board

Dr In Nany Sing Charlie
Executive Chairman
22 May 2013

This Announcement was prepared by the Company and its contents have been reviewed by the Company’s Continuing Sponsor, Stamford Corporate Services Pte Ltd (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The 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.

The contact person for the Company’s Sponsor is Mr. Ng Joo Khin whose details are set out below:

Telephone number: +65 6389 3000

Email: jookhin.ng@stamfordlaw.com.sg

Appendix

Summary of Financial Information of the Hua Cheng Group

A summary of the unaudited consolidated profit and loss statement of the Hua Cheng Group for the financial year ended 31 December 2011 ("FY2011") and FY2012, and a summary of the unaudited consolidated balance sheet of the Hua Cheng Group as at 31 December 2012, are set out below:

(a) Summary of unaudited consolidated income statement of Hua Cheng Group

RMB ('000)	FY2011	FY2012
Revenue	320,415	103,489
Gross profit	186,224	91,676
Profit before tax	127,694	43,401
Profit after tax	108,699	43,377

(b) Summary of unaudited consolidated balance sheet of Hua Cheng Group

RMB('000)	As at 31 December 2012
Non-current assets	224,363
Current assets	1,519,636
Non-current liabilities	80,600
Current liabilities	1,262,095
Total equity	401,304

Summary of Financial Information of the Enlarged Group

A summary of the audited consolidated profit and loss statement of the Enlarged Group for FY2011 and FY2012, and a summary of the unaudited consolidated balance sheet of the Enlarged Group as at 31 December 2012, are set out below:

(a) Summary of unaudited consolidated income statement of the Enlarged Group

RMB('000)	FY2011	FY2012
Revenue	320,415	103,489
Gross profit	186,224	91,676
Profit before tax	109,970	18,650
Profit after tax	93,973	(16,165)

(b) Summary of unaudited consolidated balance sheet of the Enlarged Group

RMB('000)	As at 31 December 2012
Non-current assets	224,425
Current assets	1,736,428
Non-current liabilities	80,600
Current liabilities	1,361,397
Total equity	518,856