

**PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP
TO 3,002,217,514 NEW ORDINARY SHARES OF THE COMPANY**

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of Cedar Strategic Holdings Ltd. (the “**Company**”) wishes to announce that the Company is undertaking a renounceable non-underwritten rights issue of up to 3,002,217,514 new ordinary shares in the capital of the Company (the “**Rights Shares**”) on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”) held by shareholders of the Company (the “**Shareholders**”) as at a books closure date to be determined (the “**Books Closure Date**”) (the “**Rights Issue**”).

The Rights Shares are to be issued pursuant to the existing share issue mandate approved by Shareholders at the annual general meeting of the Company held on 10 April 2013.

2. DETAILS OF RIGHTS ISSUE

2.1 Terms of Rights Issue

The Company is offering up to 3,002,217,514 Rights Shares at an issue price of S\$0.005 per Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every two (2) existing ordinary Shares held by Shareholders as at the Books Closure Date.

Entitled Shareholders (as defined in paragraph 4.2) will be provisionally allotted the Rights Shares on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept (in full or in part), decline, renounce or, in the case of Entitled Depositors only, trade on the Catalist board (the “**Catalist board**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) during the rights trading period prescribed by the SGX-ST, their provisional allotments of the Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholder’s provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

It is hereby disclosed and confirmed to the Company’s sponsor, Stamford Corporate Services Pte. Ltd (the “**Sponsor**”) that, in the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issue of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date (as defined herein) for which falls before the date of issue of

the Rights Shares. For this purpose, a “**Record Date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.2 Non-Underwritten

In view of the savings in costs by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised from the Rights Issue, the Company decided to proceed with the Rights Issue without having the Rights Issue being underwritten by any financial institution.

2.3 Size of Rights Issue

As at the date of this announcement, the issued share capital of the Company (excluding treasury shares) comprises 5,296,935,029 Shares (the “**Existing Share Capital**”), and there is (i) an aggregate of 339,000,000 outstanding share options issued by the Company (the “**Existing Options**”), of which 125,000,000 share options may be exercised on or prior to the Books Closure Date (the “**Relevant Options**”); (ii) an aggregate of 532,500,000 warrants (the “**Relevant Warrants**”) may be exercised on or prior to the Books Closure Date; (iii) and staff incentive shares of 50,000,000 to be issued in August 2013. In the event the Relevant Options and all Relevant Warrants are exercised and staff incentive shares are issued on or prior to the Books Closure Date, the issued share capital of the Company (excluding treasury shares) will increase to 6,004,435,029 Shares.

Based on the Existing Share Capital, and assuming that (i) none of the Relevant Options or Relevant Warrants have been exercised or staff incentive shares have been issued prior to the Books Closure Date, and (ii) all of the Entitled Shareholders subscribe and pay for their *pro rata* entitlements of Rights Shares (the “**Basic Subscription Scenario**”), the Company will issue 2,648,467,514 Rights Shares under the Rights Issue.

Based on the Existing Share Capital and assuming that (i) all of the Relevant Options and all Relevant Warrants are exercised on or prior to the Books Closure Date, and (ii) all of the Entitled Shareholders subscribe and pay for their *pro rata* entitlements of Rights Shares (the “**Maximum Subscription Scenario**”), the Company will issue 3,002,217,514 Rights Shares under the Rights Issue.

2.5 Issue Price and Exercise Price

The Issue Price of S\$0.005 per Rights Share represents a discount of approximately 37.5% to the last traded price of S\$0.008 for Shares traded on the Catalist board on 16 August 2013, being the market day immediately preceding this announcement on which Shares were traded on the SGX-ST.

2.6 Option to Scale Down

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, and upon the approval of the Sponsor and/or the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares by any of the substantial Shareholders (if such substantial Shareholder chooses to subscribe for its *pro rata* Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant substantial Shareholder and parties acting in concert with it (as defined in the Singapore Code on Takeovers and Mergers (the “**Code**”)) in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares entitlement fully.

2.7 Further Information

The terms and conditions of the Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights Issue

will be contained in the offer information statement (the “**Offer Information Statement**”) to be despatched by the Company to Entitled Shareholders in due course.

3. **RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is undertaking the Rights Issue to strengthen the financial position and capital base of the Company and its subsidiaries (the “**Group**”). The Rights Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding.

There is no minimum amount to be raised from the Rights Issue. For the purposes of Rule 814(1)(e) of the SGX-ST Listing Manual Section B: Rules of Catalyst, the Directors are of the opinion that:

- (i) after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Rights Issue will strengthen the financial position and capital base of the Group. Please refer to the intended use of proceeds below for further information; and
- (ii) after taking into consideration the present bank facilities and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

Assuming that the Rights Issue is fully subscribed, the net proceeds arising from the Rights Issue, after deducting estimated costs and expenses of S\$0.350 million relating thereto, and the intended use of such net proceeds (in the following order of priority) are set out below:

Use of Proceeds	Percentage allocation	Basic Subscription Scenario	Maximum Subscription Scenario
1. Real estate development and/or investment in real estate assets	70%	S\$9.02 million	S\$10.26 million
2. Working capital purposes	30%	S\$3.87 million	S\$4.40 million
Net proceeds arising from the Rights Issue	100%	S\$12.89 million	S\$14.66 million

Pending the deployment of the net proceeds raised from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

The Company will make periodic announcements on the use of the proceeds from the Rights Issue as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights Issue in the annual report(s) of the Company, until such time the proceeds have been fully utilised.

4. **ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE**

4.1 **Entitled Depositors**

Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the “**Depositors**”) will be provisionally allotted Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be “**Entitled Depositors**”, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, must provide CDP, at 4 Shenton Way, #02-01, SGX Centre 2, Singapore 068807, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

4.2 Entitled Scripholders

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the “**Scripholders**”) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received no later than 5.00 p.m. (Singapore time) on the Books Closure Date by the Company’s share registrar, B.A.C.S Private Limited (the “**Share Registrar**”) in order to be registered to determine the transferee’s provisional allotments of Rights Shares.

To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore must provide the Share Registrar at 63 Cantonment Road, Singapore 089758 with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

The Entitled Depositors and Entitled Scripholders shall be collectively referred to as “**Entitled Shareholders**” in this announcement.

4.3 CPF Investment Scheme

Persons who bought their Shares previously using their Central Provident Fund account savings (“**CPF Funds**”) may only use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the Central Provident Fund. Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct the respective approved banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

4.4 Foreign Shareholders

For practical reasons and to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). As such, no provisional allotments of the Rights Shares will be made to, and no purported acceptance thereof and application therefor by Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may be made, at the absolute discretion of the Company, for provisional allotments of Rights Shares which would otherwise be provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. The net proceeds from all such sales after deduction of all expenses therefrom, will be pooled and thereafter distributed among Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective securities accounts as at the Books Closure Date and sent to them at their own risk by ordinary post.

5. APPROVALS

The Rights Issue is subject to, *inter alia*, (i) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on the Catalist board and (ii) lodgement of the Offer Information Statement with the SGX-ST (acting as agent of the Monetary Authority of Singapore).

An application will be made to the SGX-ST for the listing and quotation of the Rights Shares on the Catalist board. The Company will make the relevant announcement upon receipt of the outcome of the application.

6. ADJUSTMENTS TO SHARE OPTIONS AND WARRANTS

As a result of the Rights Issue, adjustments may be made to the number and/or exercise price of the Existing Options and/or Relevant Warrants of the Company. The Company will in due course make the relevant announcement and notify holders of the Existing Options and/or Relevant Warrants of such adjustments.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders has any interests, direct or indirect, in the Rights Issue, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

BY ORDER OF THE BOARD

Dr In Nany Sing Charlie
Executive Chairman
19 August 2013

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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