

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003839Z)

- (I) **TERMINATION OF REVERSE TAKE-OVER; AND**
 - (II) **PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF TRECHANCE HOLDINGS LIMITED.**
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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 22 May 2013 (the “**RTO Announcement**”) in relation to the sale and purchase agreement (the “**RTO Agreement**”) entered into by the Company with Talented Creation International Limited (the “**Vendor**”) on 22 May 2013 for the proposed acquisition of the entire issued and paid-up share capital of Trechance Holdings Limited (“**Trechance**”).

Further to the RTO Announcement, the Board wishes to announce that the Company and the Vendor have on 25 August 2013 entered into the following agreements:

- (a) a deed of termination pursuant to which the Company and the Vendor have terminated the RTO Agreement (the “**Deed of Termination**”); and
- (b) a sale and purchase agreement (the “**Sale and Purchase Agreement**”) pursuant to which the Company shall acquire from the Vendor the entire issued and paid-up share capital of Trechance (the “**Proposed Acquisition**”) for a consideration of RMB22,500,000 (the “**Consideration**”), which is to be satisfied in full by the issue of (i) 128,576,982 new ordinary shares (the “**Consideration Shares**”) at the issue price of S\$0.007 for each Consideration Share to the Vendor (or its designated nominees as it may direct) and (ii) a S\$3,600,000 in aggregate principal amount of 5% bond due 2015 (the “**Bond**”) to the Vendor.

Please refer to Section 4 of this announcement for the reasons for the termination of the RTO Agreement.

The Proposed Acquisition constitutes a “discloseable transaction” 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**”). Accordingly, the Proposed Acquisition will not be subject to the approval of the Company’s shareholders (the “**Shareholders**”).

2. THE VENDOR AND THE TARGET ASSETS

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

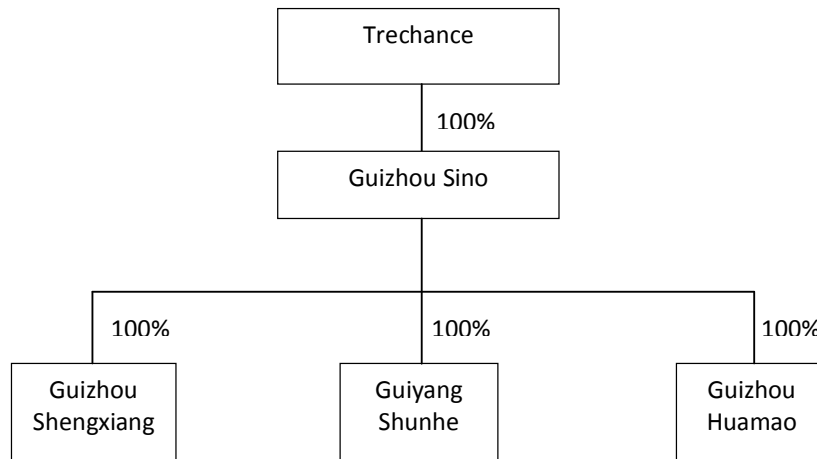
As at the date hereof, the Vendor is the legal and beneficial owner of the entire issued and paid-up share capital of Trechance. The Vendor is beneficially owned by Mr Ji Yu Dong and his daughter, Ms Ji Lei.

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 are founded by Mr Ji Yu Dong and are primarily involved in the business of property development and property investment in the People’s Republic of China (“**PRC**”). Trechance and its subsidiaries are currently undergoing a restructuring exercise (the “**Restructuring Exercise**”) such that Trechance will own the following assets prior to completion of the Proposed Acquisition (“**Completion**”):

Subsidiary	Place of Incorporation	Registered Capital	Principal Businesses and key assets or projects	Percentage shareholding held by Trechance (%)
Guizhou Sino-Excel Investment Management Ltd. (贵州赛诺卓越投资管理有限公司) (“ Guizhou Sino ”)	PRC	RMB1 million	Investment holding	100
Guizhou Shengxiang Investment Management Co. Ltd. (贵州盛祥投资管理有限公司) (“ Guizhou Shengxiang ”)	PRC	RMB30 million	Property development. Guizhou Shengxiang owns a plot of land with an area of approximately 1,180 mu located in Kaiyang County, Guizhou province, PRC (the “ Kaiyang Land ”).	100
Guiyang Shunhe Real Estate Development Co. Ltd. (贵阳顺和房地产开发有限公司) (“ Guiyang Shunhe ”)	PRC	RMB11 million	Property development. Guiyang Shunhe is expected to complete Xiao Cheng Gu Shi, a residential and commercial development located in Guizhou province, PRC (“ Xiao Cheng Gu Shi ”) in 2014.	100
Guizhou Huamao Assets Operation Management Co. Ltd. (贵州华贸资产经营管理有限责任公司) (“ Guizhou Huamao ”)	PRC	RMB0.5 million	Property management and leasing. Guizhou Huamao provides property related services.	100

The corporate structure of Trechance and its subsidiaries on Completion (the “**Target Assets**”) is set out below:



The Target Assets have properties held for sales and investment which generated rental income of RMB27.22 million for the financial year ended 31 December 2012 (“FY2012”). In addition, the Target Assets have an estimated gross floor area of approximately 270,000 square metres of properties which are under development and/or held for future development.

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

The Consideration payable by the Company for the Sale Shares is RMB22,500,000, which 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 aggregate net tangible asset value (“NTA”) or net asset value of the Target Assets of approximately RMB20,477,000 as at 30 June 2013; and
- (b) the business prospects of the Target Assets, and the rationale for the Proposed Acquisition as set out in Paragraph 4 of this announcement.

The Consideration will be satisfied by the issuance of the Consideration Shares to the Vendor (or its designated nominees as it may direct) and the Bond to the Vendor. 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.

As at the date of this announcement, the issued share capital of the Company comprises a total of 5,296,935,029 ordinary shares (“Shares”). The 128,576,982 Consideration Shares represents (i) approximately 2.43% of the existing issued share capital of the Company

and (ii) approximately 2.37% of the enlarged issued share capital of the Company upon completion of the Proposed Acquisition.

As disclosed by the Company in its announcements dated 23 August 2012 and 22 February 2013 and the circular dated 15 November 2012, the Company has purchased a 25% economic interest in the Kaiyang Land from Trechance for a consideration of RMB80 million ("**Land Purchase Price**"). As the Consideration is based on, *inter alia*, the aggregate NTA of the Target Assets of approximately RMB20,477,000 as at 30 June 2013, the Vendor has agreed to repay to the Company a sum equivalent to the Land Purchase Price by way of a loan outstanding to the Company on the following terms (the "**Trechance Loan**"):

- (a) the principal amount of the Trechance Loan shall bear interest at the rate of 10% per annum (which shall be compounded annually);
- (b) the term of the Trechance Loan shall be three calendar years from the date of the Sale and Purchase Agreement, which may be extended by agreement between the parties (the "**Term**"); and
- (c) the interest on the Trechance Loan shall be payable together with the principal amount of the Trechance Loan at the end of the Term.

The repayment of the Trechance Loan and interest thereon will be secured by a personal guarantee to be given by Mr Ji Yu Dong on Completion. The Company has agreed to accept the repayment of the Land Purchase Price in the form of the Trechance Loan in consideration for the Vendor agreeing to sell the Target Assets for a consideration based on the NTA of the Target Assets.

3.3. **Terms of the Bond**

The principal terms and conditions of the Bond are set out below:

Principal Amount	: S\$3,600,000
Bond Maturity Date	: Second anniversary of the date of issue of the Bond
Interest Rate	: 5% per annum, payable on the Bond Maturity Date
Transferability	: The Bond is not transferable, save that the Vendor may transfer the Bond to any company under its control, subject to the written consent of the Company
Status	: The Bond shall constitute direct, unconditional, unsubordinated and secured obligations of the Company
Redemption on Maturity	: The Company will redeem the Bond on the Bond Maturity Date by paying the holder of the Bond (i) the outstanding principal amount of the Bond and (ii) all interest which have accrued and are unpaid
Governing Law	: Laws of the Republic of Singapore

3.4. **Conditions Precedent**

Completion is conditional upon the fulfillment of certain conditions precedent including, *inter alia*, the following (the “**Conditions Precedents**”):

- (a) the conduct of a legal, financial and commercial due diligence by the Company and/or its advisors in respect of the accounts, assets, personnel and business of the Target Assets, and the results thereof being satisfactory to the Company;
- (b) the receipt of the listing and quotation notice 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 notice is obtained subject to any conditions and where such conditions affect the Company 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 Sale Shares constituting the entire issued and paid-up share capital of Trechance, and there being no outstanding convertible securities convertible into voting shares of Trechance;
- (d) the completion of the Restructuring Exercise such that Trechance is the legal and beneficial owner of the entire equity interest of Guizhou Sino, Guizhou Shengxiang, Guiyang Shunhe and Guizhou Huamao, and the Company having received satisfactory confirmation regarding the foregoing;
- (e) 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
- (f) 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.

3.5. **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 Parties. There are no directors proposed to be appointed to the Company in connection with the Proposed Acquisition.

4. **RATIONALE**

Following the entry into the RTO Agreement on 22 May 2013, the Company had conducted due diligence on Trechance and its subsidiaries (the “**Hua Cheng Group**”). Having considered the due diligence findings and the current conditions of the PRC real estate market, the Vendor and the Company entered into further discussions where they

concluded that certain conditions precedent under the RTO Agreement were unlikely to be fulfilled by the long-stop date of 22 November 2013. Accordingly, the Parties agreed to revisit the transaction structure and agreed that the Company shall acquire only certain assets in the Hua Cheng Group, being the Target Assets. For the avoidance of doubt, whilst the RTO Agreement and the Sale and Purchase Agreement both pertain to the entire share capital of Trechance, under the transaction structure constituted by the RTO Agreement it was envisaged that Trechance would own substantially and significantly more properties (the “**RTO Structure**”) when compared to the amount of properties envisaged to be owned by Trechance under the transaction structure proposed to be constituted by the Sale and Purchase Agreement (the “**New Proposed Structure**”).

The properties to be included in the New Proposed Structure are the properties which the Board has assessed to be those that are of better value and development potential at this point (relative to the other properties under the RTO Structure which are not included in the New Proposed Structure). The Company may in future after further assessment, proceed to purchase the other properties under the RTO Structure which are not included in the New Proposed Structure. However, the Company will only do so if it has sufficient resources and such purchase enhances shareholders’ value and falls within what management deems to be acceptable risk levels. The Company will make the relevant announcements if it decides to proceed with such purchase.

Notwithstanding that the Target Assets were loss making for FY2012, the Board is of the view that the Proposed Acquisition is in the best interests of the Company as it represents an opportunity for the Company to expand its property business incrementally and diversify its portfolio internationally, as well as to supplement its revenue stream with additional income. In this regard, the Company expects Xiao Cheng Gu Shi, the main property in the portfolio of the Target Assets, to generate revenue for the Group after its expected completion in 2014.

5. 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 15-month period ended 31 December 2012⁽¹⁾, and the *pro forma* consolidated financial information of the Target Assets for FY2012⁽¹⁾, 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 Target Assets for the 12 months ended 31 December 2012 ⁽²⁾	RMB(6.15) million
Net profits/(loss) of the Group for the period ended 31 December 2012 ⁽²⁾	RMB(59.54) million
Size of relative figure	10.33%
Rule 1006(c)	
Aggregate value of Consideration to be given	S\$4.50 million ⁽⁴⁾
Company’s market capitalisation as at 23 August 2013, being the last market day prior to the date of the Sale and Purchase Agreement ⁽³⁾	S\$37.08 million
Size of relative figure	12.14%
Rule 1006(d)	

Number of Consideration Shares issued by the Company as Consideration for the Proposed Acquisition	128,576,982
Number of Shares in issue	5,296,935,029
Size of relative figure	2.43%

Notes:

- (1) The Company has recently changed its financial year end from 30 September to 31 December. Accordingly, the latest audited financial statements of the Company are for the period of 15 months ended 31 December 2012. The relative figures are computed based on the financial statements of the Target Assets for the 12 months ended 31 December 2012, as their financial statements for the 15-month period ended 31 December 2012 are not available.
- (2) Under Rule 1002(3) of the Listing Manual, net profit is defined as profit or loss before income tax, minority interests and extraordinary items.
- (3) The market capitalization of the Company is determined by multiplying 5,296,935,029 (being the total number of Shares in issue) by S\$0.007 (being the volume-weighted average traded price of the Shares on 23 August 2013, being the last market day prior to the date of the Sale and Purchase Agreement).
- (4) Based on an exchange rate of RMB5:S\$1.

As the relative figures computed on the bases set out in Rules 1006 exceed 5% but do not exceed 75%, the Proposed Acquisition constitutes a “discloseable transaction” within the meaning of Chapter 10 of the Listing Manual, and has to be immediately announced by the Company.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition set out below have been prepared based on the audited consolidated financial statements of the Group for the 15-month period ended 31 December 2012 and the *pro forma* consolidated financial statements of the Target Assets for the 12 months ended 31 December 2012.

The *pro forma* financial effects of the Proposed Acquisition are presented 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.

Earnings per Share

Assuming that the Proposed Acquisition had been completed on 1 January 2012, the effect on the earnings per Share (the “EPS”) will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit/(Loss) after tax and minority interest (RMB'000)	(59,542)	(65,690)
Number of Shares	4,707,935,029	4,707,935,029
EPS (RMB cents)	(1.26)	(1.39)

NTA and NTA per Share

Assuming that the Proposed Acquisition had been completed on 31 December 2012, the effect on the NTA per Share will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA ('000)	104,539	125,016
Number of Shares	4,707,935,029	4,707,935,029
NTA per Share (RMB cents)	2.22	2.66

The termination of the RTO Agreement is not expected to have a material impact on the Group's NTA and EPS for the financial year ending 31 December 2013.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8. DOCUMENTS FOR INSPECTION

A copy of the Deed of Termination and 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.

By order of the Board

Dr In Nany Sing Charlie
Executive Chairman
26 August 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, and express no views as to the merits of the transaction described herein.

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:

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