

CEDAR STRATEGIC HOLDINGS LTD.

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

RECONCILIATION BETWEEN ANNUAL REPORT 2013 AND RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of Cedar Strategic Holdings Ltd. (the “**Company**”) refers to its announcement on its unaudited financial results for the financial year ended 31 December 2013 dated 14 April 2014 (the “**FY2013 Unaudited Results**”) and its unaudited financial results for the first quarter ended 31 March 2014 (“**1Q2014**”) dated 15 May 2014 (the “**1Q2014 Unaudited Results**”).

In compliance with Rule 704(4) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Limited (the “**Listing Manual**”), the Board wishes to announce and clarify the differences between the audited financial results (“**Audited Results**”) and the FY2013 Unaudited Results of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2013, as well as to highlight the impact of the aforementioned differences on the 1Q2014 Unaudited Results.

Upon completion of the audit of the financial statements of the Group and the Company by the Group’s external auditors, audit adjustments were made to the FY2013 Unaudited Results. The differences between the Audited Results and the FY2013 Unaudited Results were due to reclassification adjustments. Please refer to **Annex A** for details

Overall, the reclassification adjustments resulted in changes to the net profit, net assets and cash and cash equivalents of the Group for the financial year ended 31 December 2013, as well as a change to the net assets of the Group for 1Q2014 from RMB243.25 million to RMB241.75 million. There was no impact on the net profit and cash and cash equivalents of the Group for 1Q2014.

By Order of the Board
Cedar Strategic Holdings Ltd.

Dr. Charlie In
Executive Chairman
30 May 2014

*This announcement has been prepared by the Company and reviewed by the Company’s sponsor, Stamford Law Corporation (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement.*

This 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.

The contact person for the Sponsor is:-

Name : Mr. Ng Joo Khin
Address : 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
Tel/email : (65) 6389 3000 / jookhin.ng@stamfordlaw.com.sg

A comparison of audited results and unaudited results for the financial year ended 31 December 2013 is set out as below:

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group			Notes
	Full Year Ended 31/12/2013			
	Audited Results	Unaudited Results	Variances	
	RMB '000	RMB '000	RMB '000	
Revenue	61,133	61,133	-	
Direct Cost	(43,826)	(42,429)	(1,397)	1
Gross Profit/(Loss)	17,307	18,704		
Other Income	9,936	9,929	7	2
Distribution Expenses	-	(333)	333	3
Administration Expenses	(34,050)	(30,978)	(3,072)	3
Finance Cost	(151)	(143)	(8)	2
Profit/(Loss) before income tax	(6,958)	(2,821)		
Income Tax	(3,238)	(3,737)	499	4
Profit/(Loss) after income tax from continuing operations	(10,196)	(6,558)		
Profit/(Loss) from discontinued operations	86,264	71,887	14,377	5
Profit/(Loss) for the year/period	76,068	65,329		
Other comprehensive income after tax: Items that will be reclassified subsequently to profit or loss				
Reclassification adjustment of foreign currency translation reserve to profit and loss arising from the disposal of subsidiaries	835	-	835	6
Other comprehensive income for the year, net of tax of nil	835	-		
Total comprehensive income for the year	76,903	65,329		

Annex A (Cont'd)

BALANCE SHEET AS AT 31 DECEMBER 2013

	Group			Note	Company			
	31-Dec-13				31-Dec-13			
	Audited Results RMB'000	Unaudited Results RMB'000	Variances RMB'000		Audited Results RMB'000	Unaudited Results RMB'000	Variances RMB'000	
ASSETS								
Non-Current								
Intangible Assets	2	2			2	2		
Investment Properties	-	76,257	(76,257)	7	-	-		
Property, plant and Equipment	76,497	240	76,257	7	24	24		
Investment in Subsidiaries	-	-			22,500	-	22,500	
Trade and Other Receivables	192,320	-	192,320	8	192,320	-	192,320	8
	268,819	76,499			214,846	26		
Investment								
Investments in HC Group	-	-			-	22,500	(22,500)	
Total Non-Current Assets	268,819	76,499			-	22,526		
Current Assets								
Development properties	164,625	-	164,625	9	-	-		
Land for development	4,257	-	4,257	9	-	-		
Trade and Other Receivables	248,125	587,330	(339,205)	8	15,097	207,417	(192,320)	8
Inventories	-	250,199	(250,199)	9	-	-		
Cash and Cash Equivalents	34,421	34,710	(289)	10	22,004	22,004		
	451,428	872,239			37,101	229,421		
Total Assets	720,247	948,738			251,947	251,947		
Equity								
Capital and Reserves :								
Share Capital	462,913	466,251	(3,338)	11	462,913	466,251	(3,338)	11
Warrant Reserve	-	(7,780)	7,780	12	-	(7,780)	7,780	12
Capital Reduction Reserve	79,151	79,151			79,151	79,151		
Statutory Common Reserve	971	-	971	13	-	-		
Share Option Reserve	2,587	(1,342)	3,929	14	2,587	(1,342)	3,929	14
Foreign Currency Translation Reserve	26,760	25,700	1,060	15	26,760	31,371	(4,611)	15
Accumulated Profit/(Losses)	(338,938)	(327,264)	(11,674)	16	(345,149)	(341,389)	(3,760)	16
Equity attributable to equity holders of the Company	233,444	234,716			226,262	226,262		
Non-Controlling Interests	-	-			-	-		
Total Equity	233,444	234,716			226,262	226,262		
Liabilities								
Current Liabilities								
Trade and Other Payables	443,816	632,601	(188,785)	8	8,348	8,348		
Provision for Taxation	25,650	45,928	(20,278)	8	-	-		
Borrowings	17,337	17,337			17,337	17,337		
Deferred Income	-	18,156	(18,156)	8	-	-		
Total Current Liabilities	486,803	714,022			25,685	25,685		
Total Equities and Liabilities	720,247	948,738			251,947	251,947		

Annex A (Cont'd)

CONSOLIDATED STATEMENT OF CASH FLOW FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group			Notes
	Full Year Ended 31/12/2013			
	Audited Results RMB '000	Unaudited Results RMB '000	Variances RMB '000	
Net cash generated from/(used in) operating activities	(41,291)	25,700	(66,991)	17
Net cash generated from/(used in) investing activities	15,958	(5,002)	20,960	18
Net cash generated from/(used in) financing activities	(5,992)	(5,933)	(59)	19
Net (decreased)/increase in Cash and Cash equivalents	(31,325)	14,765		
Cash and cash equivalents at beginning of year	66,241	17,737	48,504	20
Exchange differences on translation of Cash and Equivalents at beginning of year	(495)	2,208	(2,703)	21
Cash and Cash Equivalents at end of year	34,421	34,710		

Explanatory Notes

Income Statement

The overall impact on the adjustment has increased the net profit from RMB62.33 million to RMB76.07 million, an increase of RMB10.74 million. The explanation for such change is as follows:

Note 1

Direct Cost had been adjusted from RMB42.43 million to RMB43.83 million, an increase of RMB1.40 million. This was due to construction costs being understated in the FY2013 Unaudited Results.

Note 2

The variances in respect of Other Income and Finance Cost were due to a net adjustment between interest income and expense.

Note 3

The variances in respect of Distribution Expenses were due to a reclassification of Distribution Expenses to Administration Expenses. Administration Expenses increased by RMB2.74 million due to the writing off of debts.

Note 4

Income Tax decreased from RMB3.74 million to RMB3.24 million due to the adjustments of the profits from operations.

Note 5

Profit from discontinued operations increased from RMB71.89 million to RMB86.26 million mainly due to the write back of non-controlling interest of RMB13.01 million and adjustment for over-provision of depreciation of RMB1.20 million from the disposed titanium dioxide business.

Annex A (Cont'd)

Note 6

Foreign currency translation increased by RMB0.84 million due to the currency exchange gains being reclassified to gain on disposal of the titanium dioxide business.

Balance Sheet

Note 7

Investment Properties of RMB76.26 million was reclassified to Property, Plant and Equipment.

Note 8

Trade and Other Receivables under Non-Current Assets increased due to a reclassification from Current Assets to Non-Current Assets.

Trade and Other Receivables under Current Assets decreased by RMB339.21 million mainly due to reclassification of RMB192.32 million to Non-Current Assets, while RMB154.52 million was set-off against a corresponding decrease in Trade and Other Payables, and RMB73.69 was reclassified from Trade and Other Receivables to Trade and Other Payables. RMB81.32 million was reclassified from Inventories (being a deposit paid to the local government authorities in respect of the "Xiao Cheng Gu Shi" project) to Trade and Other Receivables.

Trade and Other Payables decreased by RMB188.79 million mainly due to a set-off of Trade and Other Receivables of RMB154.52 million, reclassification from Deferred Income to Trade and Other Payables of RMB18.16 million, reclassification from Provision for Taxation to Trade and Other Payables of RMB20.28 million, as well as a reclassification from Trade and Other Receivables to Trade and Other Payables of RMB72.71 million.

Note 9

Development Properties and Land for Development increased due to a reclassification from Inventories of RMB164.63 million and RMB4.23 million respectively. The balance decrease of RMB81.32 million in Inventories was due to a reclassification to Trade and Other Receivables of a deposit which was paid to the local government authorities in relation to land to be developed in respect of the "Xiao Cheng Gu Shi" project.

Note 10

The variance of RMB0.29 million in Cash and Cash Equivalents was due to payments to suppliers adjusted against net profit.

Note 11

Decrease in Share Capital of RMB3.34 million was due to adjustment of share price on warrants issued.

Note 12

Warrant Reserve decreased by RMB7.78 million was due to over-provision in the FY2013 Unaudited Results.

Note 13

Statutory Common Reserve increased by RMB0.97 mainly due to PRC regulations to transfer current year profits to Statutory Common Reserve.

Annex A (Cont'd)

Note 14

Share Option Reserve increased by RMB3.93 million mainly due to adjustment of the share options to match fair market value.

Note 15

Foreign Currency Translation Reserve at the Group level increased by RMB1.06 million mainly due to the transfer to the Foreign Currency Translation Reserve of RMB0.84 million arising from the gain of the disposal of the titanium dioxide business, and the reclassification of RMB0.22 million from retained earnings.

Foreign Currency Translation Reserve at the Company level decreased by RMB4.61 million mainly due to reclassification of RMB3.76 million from Accumulated Profit/(Loss).

Note 16

Accumulated Losses at the Group level increased by RMB11.67 million was due mainly to reclassification of RMB10.74 million from related reserves and an increase of profit. Accumulated Profit/(Losses) at the Company level increased by RMB3.76 million due to a reclassification from Foreign Currency Translation Reserve and related reserves.

Cash Flow Statement

Note 17

Net cash generated from operating activities decreased by RMB66.99 million mainly due to the reclassification of net working capital.

Note 18

Net cash generated from investing activities increased by RMB20.96 million due mainly to cash movements from acquisition of subsidiaries.

Note 19

Net cash used in financing activities increased by RMB0.06 million due to cost incurred on warrants exercised.

Note 20

Cash and cash equivalents at the beginning of the year increased by RMB48.50 million mainly due to reclassification of cash pledged to financial institutions.

Note 21

Decrease in exchange differences on translation of cash and equivalents at beginning of the year of RMB2.7 million was due mainly to appreciation of RMB against Singapore dollars.

Annex A (Cont'd)

BALANCE SHEET AS AT 31 MARCH 2014

	Group			Note	Company			
	31-Mar-14				31-Mar-14			
	After annual audit RMB'000	Before annual audit RMB'000	Variations RMB'000		After annual audit RMB'000	Before annual audit RMB'000	Variations RMB'000	
ASSETS								
Non-Current								
Intangible Assets	-	-			-	-		
Investment Properties	-	74,886	(74,886)	7	-	-		
Property, plant and Equipment	75,130	244	74,886	7	28	28		
Investment in Subsidiaries	-	-			22,500	-	22,500	
Trade and Other Receivables	191,971	-	191,971	23	191,971	-	191,971	8
	267,101	75,130			214,499	28		
Investment								
Investments in HC Group	-	-			-	22,500	(22,500)	
Total Non-Current Assets	267,101	75,130			-	22,528		
Current Assets								
Development properties	141,934	-	141,934	22	-	-		
Land for development	4,257	-	4,257	22	-	-		
Trade and Other Receivables	488,989	599,645	(110,956)	23	26,106	218,077	(191,971)	8
Inventories	-	227,506	(227,506)	22	-	-		
Cash and Cash Equivalents	22,579	22,579			13,415	13,415		
	657,759	849,730			39,521	231,492		
Total Assets	924,860	924,860			254,020	254,020		
Equity								
Capital and Reserves :								
Share Capital	462,913	462,913			462,913	462,913	-	
Warrant Reserve	-	-			-	-	-	
Capital Reduction Reserve	79,151	79,151			79,151	79,151		
Statutory Common Reserve	971	-	971	13	-	-		
Share Option Reserve	2,134	2,134			2,134	2,134	-	
Foreign Currency Translation Reserve	26,760	25,700	1,060	15	31,371	31,371	-	
Accumulated Profit/(Losses)	(330,177)	(326,649)	(3,528)	25	(347,782)	(347,782)		
Equity attributable to equity holders of the Company	241,752	243,249			227,787	227,787		
Non-Controlling Interests	-	-			-	-		
Total Equity	241,752	243,249			227,787	227,787		
Liabilities								
Current Liabilities								
Trade and Other Payables	393,015	366,323	26,692	24	8,620	8,620		
Advances from customers	231,138	231,138			-	-		
Provision for Taxation	41,343	45,949	(4,606)	24	-	-		
Borrowings	17,612	17,612			17,613	17,613		
Deferred Income	-	20,589	(20,589)	24	-	-		
Total Current Liabilities	683,108	681,611			26,233	26,233		
Total Equities and Liabilities	926,860	924,860			254,020	254,020		

Explanatory Notes

Note 22

Inventories of RMB227.51 million had been reclassified to Development Properties of RMB 141.93 million, Land for Development of RMB 4.26 million and RMB81.32 million to Trade and Other Receivables.

Note 23

Trade and Other Receivables under Current Assets decreased by RMB110.66 million mainly due to reclassification of RMB191.97 million to Non-Current Assets and a reclassification of RMB81.32 million from Inventories, being a deposit paid to the local government authorities in respect of the “Xiao Cheng Gu Shi” project.

Note 24

Trade and Other Payables increased by RMB26.69 million mainly due to reclassification of RMB20.59 million from Deferred Income and RMB4.61 million from Provision for Taxation respectively.

Note 25

Accumulated Profit/(Losses) increased by RMB3.53 million due mainly to net reclassification from related reserves as explained in the above Notes 12 to 16.