

CEDAR STRATEGIC HOLDINGS LTD.

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

PROPOSED ACQUISITION OF FUTURA ASSET HOLDINGS PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**”) of Cedar Strategic Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a conditional sale and purchase agreement dated 27 October 2014 (the “**Agreement**”) with Ms. Yan Qin (the “**Vendor**”), pursuant to which the Company has agreed to purchase one (1) ordinary share (the “**Sale Share**”) in Futura Asset Holdings Pte. Ltd. (“**Futura**”) representing the total issued share capital of Futura, on the terms and subject to the conditions of the Agreement (the “**Acquisition**”).

2. INFORMATION ON FUTURA AND THE VENDOR

Futura was incorporated in Singapore on 21 October 2014 and currently has an issued and paid-up share capital of S\$1. The Vendor will increase the issued and paid-up share capital of Futura to S\$100,000.00 immediate prior to the completion of the Acquisition.

Futura is newly incorporated in Singapore and its principal activity is property investment and management. In the next five (5) years, the company aims to be a recognised brand in developing and operating retirement and medical tourism related property products in the People’s Republic of China (“**PRC**”).

Futura has been engaged to provide property development and management services to all the properties of Chengdu Zhangyang Investment Co. Ltd. (“**Chengdu Zhangyang**”). Chengdu Zhangyang is a property developer based in the PRC and is principally involved in the business of marketing, sales and development of commercial properties, particularly in healthcare, retirement facilities and tourism related real estate such as developments which address the expectations of healthy and active senior citizens. Actively promoting the philosophy of “fun and pleasure to make life more interesting for both the young and after retirement” in its property products with a mission statement of “towards excellence for the elderly”, Chengdu Zhangyang has a pipeline of properties under development and held for future development with an aggregate gross floor area (“**GFA**”) of approximately 2.4 million square meters. Chengdu Zhangyang’s development direction is to focus on developing various integrated resorts, which is specially designed to combine retirement village, medical tourism and leisure entertainment.

The Vendor is the legal and beneficial owner of the Sale Share.

Neither the Vendor nor Chengdu Zhangyang are related or connected to any of the Directors or controlling shareholders of the Company.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

Subject to the terms and conditions of the Agreement, the Company shall purchase and the Vendor shall sell the Sale Share free from all encumbrances for the following consideration:

- (a) a cash payment of S\$100,000 to be made to the Vendor on completion of the proposed Acquisition (“**Completion**”);
- (b) a performance fee equivalent to six (6) times of the audited net profit after tax of Futura for the financial year ending 31 December 2015 (“**FY2015**”), subject to a maximum limit of S\$9,000,000 (the “**Performance Fee**”),

(collectively, the “**Consideration**”).

The Performance Fee shall be satisfied in the following manner:

- (i) a cash payment of an amount equivalent to 30% of the Performance Fee;
- (ii) the issuance of new ordinary shares in the capital of the Company with an aggregate issue price equivalent to 10% of the Performance Fee (the “**Performance Shares**”); and
- (iii) the issuance of a non-convertible and non-transferable bond with a principal amount equivalent to 60% of the Performance Fee (the “**Bond**”) to the Vendor. The Bond will have no fixed tenure, a coupon rate of 10% per annum, and can be redeemed by the Company at any time after its issuance.

The issue price of each Performance Share shall be \$0.002, which is the volume weighted average price for trades done in the shares of the Company (the “**Shares**”) on the SGX-ST for the full market day on which the Agreement is signed.

The Consideration was arrived at by the Company and the Vendor (the “**Parties**”) on a willing-buyer and willing-seller basis, taking into account the book value and net tangible asset value of Futura of S\$100,000.00 immediate prior to completion, as well as the expected profits to be generated from Futura’s operations. The payment of the cash component of the Consideration, as well as repayment of the Bond, will be from the Company’s cash flow.

3.2 Conditions Precedent

Completion shall be conditional upon the following:

- (a) all necessary approvals or clearances that may be required from government or regulatory authorities and the SGX-ST being obtained;
- (b) there being no breach of any PRC laws and regulations;
- (c) the absence of any event which, in the opinion of the Company, has or is likely to have a material adverse effect on the business or financial condition of Futura; and
- (d) each of the Vendor’s representations and warranties in the Agreement remaining true and

not misleading in any respect.

4. RATIONALE AND BENEFITS

The Board is of the view that the Acquisition is in the best interests of the Group as the Acquisition is a viable business opportunity, which will allow the Group to enter into a growth segment of the property market (specifically management services) in China on a limited basis, without incurring huge initial outlay. Furthermore, Chengdu Zhangyang owns developed properties of a GFA exceeding 2.4 million square meters and also has a pipeline of properties under development and held for future development with an aggregate GFA of approximately 2.4 million square metres. As such, the Acquisition will serve to diversify and increase the Group's earnings stream so that it is less susceptible to the cyclical effects of the new construction and property development project(s), thereby bringing additional value to the Company and its shareholders. Given that Futura is a newly incorporated entity and thus does not have an operational track record, there is no assurance that Futura will be able to generate a positive return on its operations. Further, even in the event Futura is able to generate a positive return for FY2015, the Company may not be able to record a net profit in connection with Futura in view of the Performance Fee.

5. FINANCIAL EFFECTS

The pro forma financial effects of the proposed Acquisition, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (the "**Audited FY2013 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 proposed Acquisition.

5.1 Financial Effects based on the Audited FY2013 Accounts

Earnings per Share

Assuming that the proposed Acquisition had been completed on 1 January 2013, the effect on the earnings per Share (the "**EPS**") will be as follows:

	Before Acquisition	After Acquisition
Profit/(Loss) after tax and minority interest (RMB'000)	76,068	76,068
Number of Shares	6,689,005,031	6,689,005,031
EPS (RMB cents)	1.42	1.42

Net Tangible Assets

Assuming that the proposed Acquisition had been completed on 31 December 2013, the effect on the net tangible assets (the "**NTA**") per Share will be as follows:

	Before Acquisition	After Acquisition
NTA ('000)	233,444	233,444
Number of Shares	6,689,005,031	6,689,005,031
NTA per Share (cents)	3.49	3.49

6. DISCLOSEABLE TRANSACTION

Based on the Audited FY2013 Accounts, the relative figures in respect of the proposed Acquisition, 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 30 June 2014	Not applicable ⁽¹⁾
(b)	Net profits attributable to the Sale Share compared with net profit of the Group	— ⁽²⁾
(c)	Consideration of S\$9,100,000 ⁽³⁾ compared with the Company's market capitalisation ⁽⁴⁾ of approximately S\$15,933,566 as at 27 October 2014, being the date of the Agreement	57.11%
(d)	Number of Performance Shares ⁽⁵⁾ issued for the proposed Acquisition, compared with the number of shares of the Company previously in issue	5.64%

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Futura currently does not have full year financial statements as it was incorporated on 21 October 2014.
- (3) Assuming that the Performance Fee is S\$9,000,000.
- (4) "Market capitalisation" is determined by multiplying the number of shares of the Company in issue by the volume weighted average price of such shares transacted on the date of the Agreement.
- (5) Assuming that the Performance Fee is S\$9,000,000, the Company will issue 450,000,000 Performance Shares at the issue price of S\$0.002 per share.

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.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the proposed Acquisition, other than through their respective directorships and/or shareholdings in the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is 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

Dr In Nany Sing Charlie
Executive Chairman
27 October 2014

*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:

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