

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No. 198003839Z)

PROPOSED DISPOSAL OF SUBSIDIARY - TRECHANCE HOLDINGS LIMITED

1. INTRODUCTION

- 1.1** 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 had on 25 February 2015 (after trading hours) entered into a conditional sale and purchase agreement (the “**SPA**”) with an unrelated third party, Talented Creation International Limited (the “**Purchaser**”), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase all the shares in the issued and paid up share capital of Trechance Holdings Limited (“**Trechance**”) (the “**Sale Shares**”), for an aggregate consideration of RMB 1,000 (the “**Consideration**”), upon the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”). The Purchaser and the Company unconditionally and irrevocably agree that the effective date of the SPA shall be 1 December 2014.
- 1.2** As the Sale Shares represent the entire interest of the Company in Trechance, the Company will cease to have any interest in Trechance and Trechance will cease to be a subsidiary of the Company following the completion of the Proposed Disposal (the “**Completion**”). As such, this announcement is also made pursuant to Rule 704(17)(c) of Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

2. RATIONALE FOR THE PROPOSED DISPOSAL

- 2.1** As previously announced on 22 May 2013, the Company had acquired Trechance for the purposes of, amongst others, tapping into and riding on any future growth and potential of, the real estate market of the People’s Republic of China (“**PRC**”), in particular of the Guizhou Province, PRC.
- 2.2** As announced on SGXNET, the Company completed the acquisition of Trechance and its subsidiaries operating in the PRC on 29 October 2013. However, due to financial constraints and limited resources, the Company was unable to commence developments of certain real estate projects in the PRC and as a result, may be subject to non-performance penalties of up to approximately RMB 200 million imposed by the PRC government authorities if the Company fails to complete the developments of these projects before 2016.
- 2.3** To elaborate, the Company is of the view that the PRC property market and financial situation going forward in the next 12 to 18 months would be very challenging, and thus the Company’s decision to suspend huge outlays on Trechance’s projects to avoid liabilities such as interest charges and loan repayments. It would also appear that the PRC property market condition is rapidly deteriorating with many loan repayment failures which would be likely to result in a tightening on the property developer loan market.

- 2.4** The Management and the Board have reassessed and re-evaluated its businesses and assets, and after taking into consideration the aforementioned, the uncertainties and challenging operating environment in the PRC's real estate market, are of the view that it is in the best interest of the Group to dispose Trechance at a nominal consideration.
- 2.5** The Proposed Disposal represents the Company's best opportunity to avoid incurring additional huge outlays which may not be recoverable in the short term.
- 2.6** The Proposed Disposal together with the recent completion of the acquisition of Futura Asset Holdings Pte. Ltd. ("**Futura**") also ensures that the Company will have the best chance of successfully becoming a recognised brand in developing and operating retirement and medical tourism related property products in PRC within the next five years (the "**Property Management Business**"). Futura is operational and the Property Management Business is expected to contribute to the Company's financials in FY2015.

3. SALIENT TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration

The Consideration, which shall be satisfied in cash, was arrived at after arm's length negotiations on a willing-buyer and willing-seller basis and after taking into consideration the rationale of the Proposed Disposal mentioned in paragraph 2 above.

3.2 Completion Date

Under the terms of the SPA, the date of the Completion shall be a date falling seven (7) Business Days (as defined in the SPA) after all the conditions precedent set out in the SPA and in paragraph 3.3 below have been fulfilled, or on such other date as may be agreed in writing between the Company and the Purchaser.

3.3 Conditions Precedent

The purchase of the Sale Shares by the Purchaser from the Company, and the sale of the Sale Shares by the Company to the Purchaser, under the terms and conditions of the SPA, are conditional upon, the following:

- (i) the waiver being obtained from the SGX-ST in relation to the requirement for the Company to obtain shareholders' approval for the Proposed Disposal (details of which are further described in paragraph 5.2 of this announcement); and
- (ii) all necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Shares or the transactions contemplated under the SPA (including without limitation but only where required, by the Singapore Exchange Securities Trading Limited and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion, as the case may be, and such consents or approvals not being revoked or repealed on or before Completion, as the case may be.

4. INFORMATION ON THE PURCHASER

The Purchaser is a private limited company incorporated in and under the laws of the British Virgin Islands and having its registered office at Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. The principal shareholder and director is Mr Ji Yi Dong.

The Purchaser is an independent third party and there is no relationship between the Purchaser, the Company and the Company's Directors or, to the best of the Company's knowledge, the Company's substantial shareholder.

The Company also refers to the outstanding RMB 80 million loan (the "Loan") owing by the Purchaser arising from the acquisition of the entire issued and paid-up share capital of Trechance by the Company from the Purchaser which was completed in 2013. The Company wishes to inform shareholders that it has requested for the repayment of the Loan and the Purchaser has in turn requested for the Company to exercise the option agreement to acquire the various other assets held by the Purchaser in order to offset the Loan with the consideration. Whilst the Company is of the view that the PRC property market and financial situation going forward in the next 12 to 18 months would be very challenging, the Company is ultimately of the view that the PRC property market and financial situation would recover in the long run. As such, the Company has decided to keep the option available to acquire the various other assets held by the Purchaser instead of getting the Purchaser to repay the Loan. The selection of the assets held by the Purchaser would be based on, *inter alia*, the availability of approvals and support that were given by the various governmental departments, satisfactory completion of the necessary due diligence process and the commercial viability of the project(s).

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

5.1 Based on the latest announced unaudited consolidated financial statements of the Group for the third quarter ended 30 September 2014 which had been released by the Company on 6 November 2014, the relative figures for the Proposed Disposal (the "Relative Figures") computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	97%
(b)	Net profits attributable to assets disposed of as compared with the Group's net profits for the third quarter ended 30 September 2014	120%
(c)	Aggregate value of the consideration as compared with the Company's market capitalisation as at 25 February 2015, being the full market day immediately preceding the signing of the SPA, based on the total number of issued and paid-up shares of the Company (the "Shares") excluding treasury shares	n.m. ⁽¹⁾

- (d) The number of equity securities to be issued by the Company as consideration for the Proposed Disposal, as compared with the number of equity securities of the Company previously in issue N.A.
- (e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves N.A.

Note:

- (1) Based on the Company's share price of S\$0.002 at 25 February 2015, the Company's market capitalisation is S\$15,933,566 (the Company share capital comprises 7,966,782,808 shares). The consideration for the disposal is RMB 1,000.

5.2 Based on the above, the relative figures as computed on the bases set out in Rule 1006 exceed 50%. Whilst the Proposed Disposal therefore constitutes a major transaction within the meaning of Rule 1010 of the Catalist Rules, the Company will be writing to the SGX-ST, through the Company's Sponsor, to seek a waiver from the requirement to obtain shareholders' approval for the Proposed Disposal as (i) the Proposed Disposal represents the Company's best opportunity to avoid incurring additional huge outlays which may not be recoverable in the short term and is thus in the shareholders' best interests; and (ii) the Purchaser has indicated that it will not proceed with the transaction if completion will be delayed by the Company having to seek shareholders' approval for the transaction. The Company will update the shareholders on the result of the application accordingly.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 The financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for financial year ended 31 December 2013 ("FY2013") and on the following key assumptions:

- (i) the effect of the Proposed Disposal on the earnings per share ("EPS") of the Company is based on the assumption that the Proposed Disposal had been effected at the beginning of FY2013; and
- (ii) the effect of the Proposed Disposal on the net tangible assets ("NTA") per share of the Company is based on the assumption that the Proposed Disposal had been effected at the end of FY2013.

6.2 NTA

(RMB '000)	Before the Proposed Disposal	After the Proposed Disposal
NTA	233,442	22,582
Number of issued shares excluding treasury shares	6,689,005,031	6,689,005,031
NTA per share (fen)	3.49	0.34

6.3 EPS

(RMB '000)	Before the Proposed Disposal	After the Proposed Disposal
Profit/(Loss) attributable to Shareholders	76,068	(134,792)
Basic EPS		
Weighted average number of issued shares	5,357,516,000	5,357,516,000
Basic EPS (fen)	1.42	(2.52)
Diluted EPS		
Weighted average number of issued shares	5,484,497,000	5,484,497,000
Diluted EPS (fen)	1.39	(2.46)

6.4 The financial effects of the Proposed Disposal on the Group as set out above are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Disposal.

7. VALUE OF TRECHANCE, LOSS ON THE PROPOSED DISPOSAL AND USE OF PROCEEDS

7.1 Based on the latest announced unaudited consolidated financial statements of the Group for the third quarter ended 30 September 2014 which had been released by the Company on 6 November 2014, the book value and the net tangible assets value of Trechance as at 30 September 2014 was RMB 302 million.

7.2 Based on the latest announced unaudited consolidated financial statements of the Group for the third quarter ended 30 September 2014 which had been released by the Company on 6 November 2014, the net profits attributable to Trechance as at 30 September 2014 was RMB 51 million.

7.3 Based on the foregoing, the Group would expect to realise net loss (being the proceeds arising from the Proposed Disposal as compared to the book value of Trechance) to be RMB 302 million.

7.4 As the proceeds from the Proposed Disposal is only RMB 1,000, it will not be meaningful to disclose the intended use of such proceeds.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Disposal.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection by the Shareholders during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. 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 Proposed Disposal, the Group and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this 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 this announcement in its proper form and context.

12. CAUTIONARY STATEMENT

The Board would like to advise Shareholders that, although the SPA has been entered into, completion of the Proposed Disposal is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Disposal carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr In Nany Sing Charlie

Chairman

25 February 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the SGX-ST. The Company's 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.

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