

# CEDAR STRATEGIC HOLDINGS LTD.

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

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## NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF A STAKE IN HUIZHOU DAYA BAY MEI TAI CHENG PROPERTY DEVELOPMENT CO., LIMITED

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### 1. INTRODUCTION

The Board of Directors (“**Board**”) of Cedar Strategic Holdings Limited (the “**Company**” or the “**Purchaser**”) wishes to announce that the Company has on 18 July 2015 entered into a non-legally binding memorandum of understanding (“**MOU**”) with Shenzhen Tong Ze Industrial Co., Limited (深圳市通泽实业有限公司) (the “**Vendor**”) (together with the Purchaser, the “**Parties**”). Under the terms of the MOU, it is envisaged that the Company will acquire a stake (to be determined subsequently between the Parties) in the equity interest (the “**Sale Shares**”) in Huizhou Daya Bay Mei Tai Cheng Property Development Co., Limited (惠州大亚湾美泰诚房地产开发有限公司) (the “**Target Company**”) (the “**Proposed Transaction**”). The Vendor has represented that it currently holds 100% of the entire registered share capital of the Target Company, which in turn holds the entire interest in one parcel of land located in No. 3 Xia Guang Road West, Xiao Chong Town, Daya Bay District, Huizhou, Guangdong Province, the People’s Republic of China (“**PRC**”) and is the developer of a project in the said land located in Daya Bay, PRC (the “**Property**”).

### 2. DETAILS OF THE PROPERTY

The Property has a construction area of approximately 69,204 square meters and is anticipated to comprise of, *inter alia*, 1,099 suites of decorated apartments. Construction of the Property has been substantially completed and the handover of the apartments for sale (targeted to be 700 apartments, the “**Sales Apartment**”) to purchasers is expected to commence from 3Q2015. The remaining apartments in the Property (targeted to be 399 apartments) which will continue to be owned by the Target Company will be rented out as holiday apartments (“**Holiday Apartments**”) for recurring income. Estay Inc. has been hired as the hotel management company for the Holiday Apartments.



Photo of the Property taken on 17 July 2015

### **3. INFORMATION ON THE VENDOR AND THE TARGET COMPANY**

The Vendor and the Target Company are companies incorporated in the People's Republic of China. The Target Company's sole project is the development of the Property. The Vendor is not related to the Directors or controlling shareholders of the Company.

### **4. RATIONALE FOR THE PURCHASE**

Daya Bay is ideally situated in the Pearl River Delta and in close proximity to the large metropolitan cities of Shenzhen, Zhuhai, Guangzhou, Hong Kong, and Macau. As a major energy supply base, it is envisaged that Daya Bay would benefit greatly from the population growth and rapid urbanization of these cities. As such, the Company hopes to leverage on Daya Bay's potential in the real estate sector to expand the Company's core business. The Company believes that the acquisition provides a valuable opportunity for growth and would benefit the Company and its shareholders.

As mentioned above, it is envisioned that Estay Inc. will continue to be engaged as the hotel management company for the Holiday Apartments. The Company will be making a separate announcement providing more information on, *inter alia*, Estay Inc. in the event the S&P (defined below) is signed.

### **5. SALIENT TERMS OF THE PROPOSED TRANSACTION**

#### **Proposed Acquisition and Consideration**

Subject to the entering into of a definitive sale and purchase agreement ("**S&P**") between the Parties, the Vendor will sell or procure the sale and transfer to the Purchaser of the Sale Shares, free from all liens, charges, encumbrances, equities and claims whatsoever. The actual stake in the Target Company will be determined by the Parties after the relevant valuation and due diligence exercise have been carried out, and will be set out in the S&P.

The consideration payable by the Purchaser for the Proposed Transaction shall be based on a market accepted discount of the valuation value of the Property, and such discount shall be agreed between the Parties, and shall be satisfied (at the sole and absolute discretion of the Purchaser) by cash and/or the allotment and issue of ordinary shares in the share capital of the Purchaser (the "**Consideration Shares**"). The actual quantum of the consideration and the terms of the issuance of the Consideration Shares (if any) will be determined by the Parties after the relevant valuation and due diligence exercise have been carried out, and will be set out in the S&P.

#### **Valuation and Due Diligence**

The Parties acknowledge that the Proposed Transaction shall be conditional upon, *inter alia*, the following:

- (a) completion of a valuation of the Property by an independent international renowned valuer to the satisfaction of the Purchaser in its sole and absolute discretion; the valuer shall be appointed by the Purchaser in its sole and absolute discretion; and
- (b) completion by the Purchaser and its representatives and advisers of financial, business and legal due diligence on the Target Company and the Property, such due diligence to be to the satisfaction of the Purchaser in its sole and absolute discretion.

#### **Exclusivity**

The Parties have agreed to an exclusivity period from 18 July 2015 to 30 September 2015 or the date of signing of the S&P or the date when Parties have mutually agreed that they will not proceed with the Proposed Transaction, whichever is earlier.

## **Definitive Agreement**

The Parties shall use their best endeavours to negotiate and enter into the S&P by 30 September 2015 or such other date as the parties may agree in writing.

The Company will be updating shareholders and making further announcements on the Proposed Transaction, which will include the relevant disclosures required under Rule 1010 of the Catalist Rules, in the event the S&P is signed.

### **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the MOU, save through their respective shareholdings in the Company (if any).

### **7. CAUTIONARY STATEMENT**

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that a definitive S&P in respect of the Proposed Transaction will be entered into on the terms and conditions set out in the MOU or that the Proposed Transaction will be undertaken at all.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or any other professional advisers if they have any doubt about the actions they should take.

## **By Order of the Board**

Christopher Chong Meng Tak  
Non-Executive Chairman  
21 July 2015

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*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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