

CEDAR STRATEGIC HOLDINGS LTD.

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

UPDATE ON THE BUSINESS OF TRECHANCE HOLDINGS LIMITED

The Board of Directors (“**Board**”) of Cedar Strategic Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has come to the attention of the Board that:

- (i) On 13 July 2015, the shareholders of Guiyang Shunhe Real Estate Development Co., Ltd (贵阳顺和房地产开发有限公司) (“**Shunhe**”) have been changed from Guizhou Cedar Huacheng Investment Management Co., Ltd (贵州世达华城投资管理有限公司) (“**Cedar Huacheng**”), an indirect wholly-owned subsidiary of the Company, to two individuals, Zhong Yingming (钟应明) and Chai Xue (柴学). In addition, the supervisor of Shunhe has been changed from Mo Guo Xing (莫国兴) to Luo Meng (罗猛). Shunhe is accordingly no longer the indirect wholly-owned subsidiary of the Company; and
- (ii) On 24 September 2014, the shareholders of Guizhou Huamao Assets Operation Management Co., Ltd (贵州华贸资产经营管理有限责任公司) (“**Huamao**”) have been changed from Cedar Huacheng to three individuals, Zhi Yong (智勇), Ji Lei (冀蕾) and Chen Ruiquan (陈锐全). In addition, the executive director and legal representative of Huamao have been changed from Pu Dang (蒲荡) to Yang Xianglong (杨湘龙). Moreover, Huamao has been listed in the Abnormal Business Catalog (经营异常名录) as a result of failing to make public of its annual report for the financial year ended 31 December 2014. Huamao is accordingly no longer the indirect wholly-owned subsidiary of the Company,

(collectively, the “**Change in Shareholders**”).

Shunhe’s principal business comprises property development, and Shunhe is also the developer of the Group’s Xiao Cheng Gu Shi project, while Huamao’s principal business comprises property leasing.

Shunhe and Huamao’s contribution to the Group’s net tangible assets (the “**NTA**”) and profit after tax and minority interests (the “**PATMI**”) based on the Group’s financial statements for the period ended 30 September 2014 that was announced on 6 November 2014 are as follows:

| | NTA (in RMB '000) / (% of Group' NTA) | PATMI (in RMB '000) / (% of Group's PATMI) |
|--------------|---------------------------------------|--|
| Shunhe | 98,457 (31.8%) | 55,143 (103.3%) |
| Huamao | 22,305 (7.2%) | Nil (Nil) |
| Total | 120,762 (39%) | 55,143 (103.3%) |

Following the Change in Shareholders, Trechance Holdings Limited (“**THL**”), the wholly-owned subsidiary of the Company currently still own the following two subsidiaries, Cedar Huacheng and Guizhou Shengxiang Investment Management Co., Ltd (贵州盛祥投资管理有限公司) (“**Shengxiang**”). Cedar Huacheng’s principal business comprises investment holdings, while Shengxiang currently holds the Group’s land in Kaiyang County, Guizhou Province, People’s Republic of China (“**PRC**”), but is otherwise inactive.

The Board wishes to clarify that the Board (as presently constituted) (the “**Current Board**”) was only made aware of the Change in Shareholders during their recent review of the Group’s business in the PRC when they engaged Shanghai Yuan Tai Law Offices (上海源泰律师事务所) (“**Yuantai**”) to conduct verification due diligence exercise on, *inter alia*, the Group’s PRC business and Mr Ji Yudong (冀玉栋) (“**JYD**”) and Ms Ji Lei. The Current Board is not aware of any consideration which has been paid to the Group for the Change in Shareholders. The Change in Shareholders has already been conveyed to the special auditors, Baker Tilly Consultancy (Singapore) Pte Ltd, who is still in the midst of conducting its independent review.

The Current Board wishes to further clarify that it only took over in June 2015 and appointed Mr Ou Haijie, Chief Operating Officer (“**COO**”), on 21 July 2015 and Mr Joseph Lim, Chief Financial Officer, on 1 October 2015. As the previous directors were removed as a result of shareholders’ action, there was no proper handover of any of the Group’s documents. In fact, the Current Board noted that the Company had no management personnel at the time the Current Board took over. While the THL Group (as defined below) had management, they were owed salaries and the Current Board had been unable to reach out to them since the Current Board took over. The COO, upon his appointment, commenced a review of the business of THL and its PRC subsidiaries (the “**THL Group**”). During the course of his review, the COO similarly encountered much difficulties in obtaining the business and financial records of the THL Group. It is under these circumstances that Yuantai was appointed to conduct verification due diligence exercise on, *inter alia*, the Group’s PRC business and JYD and Ms Ji Lei. As such, the Current Board is not in the position to ascertain as to who in the Group was in charge of Shunhe and Huamao at the relevant times.

As we have disclosed earlier, there were no management personnel who was reporting to the Current Board. To illustrate the difficulties the Current Board face to understand the Group’s business as well as to obtain control of the Group, the Current Board was only able to appoint directors to THL on 17 July 2015 and is still in the midst of appointing directors to Futura Asset Holdings Pte Ltd. The Current Board has not effected any change in directorships and/or legal representatives in Cedar Huacheng and Shengxiang given the unknown legal and/or financial implications that may affect the directors personally. The Current Board had also contacted the previous management who were overseeing the THL Group, Dr In Nany Sing Charlie and Ms Alice Chong, and they have expressed that they were not aware of the Change in Shareholders. As previously disclosed, the Current Board has authorised the COO to review the business of the Group (including the business of the THL Group). The COO has yet to conclude his review on the Group’s business and the Current Board will update shareholders accordingly once a decision has been reached.

The Board also wishes to add that the verification due diligence exercise conducted by Yuantai showed that there were many lawsuits taken against Shunhe. The Board is not aware of these lawsuits. The report on JYD also shows that there are many lawsuits taken against him. In addition, both Cedar Huacheng and Shengxiang have been listed in the Abnormal Business Catalog (经营异常名录) as a result of failing to making public of its annual report for the financial years ended 31 December 2013 and 2014.

The Board is in discussion with various professionals to look into the above matters, including but not limited to taking legal actions if required. In the interim, the Board is currently assessing the recoverability of the subsidiaries that were transferred out without the Board’s knowledge as well as the amounts which are outstanding and owing by JYD and his associates to the Group. Further, Yuantai has advised the Current Board that a PRC court’s decision is required in order to check on and/or unwind the Change in Shareholders.

The Board will keep all Shareholders updated accordingly. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Chairman
12 October 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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