CEDAR STRATEGIC HOLDINGS LTD.

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

(A) INCORPORATION OF NEW SUBSIDIARY
(B) ACQUISITION OF HUIZHOU DAYA BAY MEI TAI CHENG PROPERTY DEVELOPMENT CO., LIMITED

Unless otherwise defined, all terms used herein shall bear the same meaning as in the Company's announcement dated 21 July 2015.

(A) INCORPORATION OF NEW SUBSIDIARY

The board of directors of Cedar Strategic Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has incorporated a subsidiary in Singapore, Cedar Properties Pte. Ltd. ("**CPPL**").

CPPL was incorporated with an issued share capital of S$1.00 vested in 1 ordinary share. CPPL has been incorporated as part of the Group's plans for the development of its core business. As detailed below, CPPL will be involved in the Acquisition (as defined below).

None of the directors or controlling shareholders of the Company has any interest, direct or indirect in the above, save for Mr Tan Thiam Hee, an independent director of the Company, who has been nominated by the Company to be a director of CPPL.

(B) ACQUISITION OF 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")

1. INTRODUCTION

The board of directors of the Company also wishes to announce that its newly incorporated subsidiary, CPPL (or the "**Purchaser**"), has entered into a conditional sale and purchase agreement dated 28 September 2015 (the "**SPA**") with Shenzhen Tong Ze Industrial Co., Limited (深圳市通泽实业有限公司) (the "**Vendor**") (together with CPPL, the "**Parties**"), pursuant to which the Company has agreed to purchase 60% of the registered capital of the Target Company (the "**Equity Interest**") for an aggregate consideration of RMB 48 million (the "**Consideration**"), on the terms and subject to the conditions of the SPA (the "**Acquisition**").

2. INFORMATION ON THE TARGET COMPANY AND THE VENDOR

2.1 The Target Company

The Target Company is a company incorporated in the People's Republic of China ("**PRC**"), and 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 PRC. The Target Company is the developer of a project in the said land located in Daya Bay, PRC (the "**Property**").

The Property has a construction area of approximately 68,643 square meters and comprises, *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 the fourth quarter of 2015. The remaining apartments in the Property (targeted to be 399 apartments) will continue to be owned by the Target Company, and will be rented out as holiday apartments ("**Holiday Apartments**") for recurring income. Estay Inc., an independent and well-established hotel operator who has experience in the hotel management business in the PRC, has been hired as the hotel management company for the Holiday Apartments.

The Property is the sole development of the Target Company.

2.2 <u>The Vendor</u>

The Vendor is also a company incorporated in the PRC, and neither it nor its director or shareholders are related to the Directors or controlling shareholders of the Company.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The Consideration payable by CPPL for the Acquisition shall be satisfied in cash for the sum of RMB 48 million, and is arrived at on a willing buyer - willing seller basis taking into account the estimated value of the Property.

3.2 Payment

CPPL shall pay the Consideration to the Vendor within 3 months from the date of acquiring the renewed business license of the Target Company from the State Administration of Industry and Commerce of the PRC (the "**SAIC**").

The Company will be looking to internally generated funds, as well as to raise more monies from fund raising exercises, to pay the Consideration.

3.3 Conditions Precedent

Completion shall be conditional upon the following:

(a) completion of a valuation of the Property (the "**Valuation Report**") by an independent international renowned valuer to the satisfaction of CPPL in its sole and absolute discretion, and such valuer shall be appointed by CPPL in its sole and absolute discretion;

(b) completion by CPPL and its representatives and advisers of financial, business and legal due diligence on the Target Company and the Property, and such due diligence shall be completed to the satisfaction of CPPL in its sole and absolute discretion;

(c) the Vendor shall deliver or cause to be delivered to CPPL in such form and substance satisfactory to CPPL:

   (i) duly executed Project Documents (as defined in the SPA) of transfer in favour of CPPL in respect of the sale and transfer of the Equity Interest;

   (ii) such other documents as may be required to give a good title in relation to the transfer of the rights, title and interest in the Equity

Interest to enable CPPL to become the registered holder thereof; and

(iii) all volumes of the statutory registers and minutes books of the Target Company properly written up.

(d) CPPL shall deliver or cause to be delivered to the Vendor or its solicitors:

(i) a certified true copy of the resolutions passed by the shareholders and directors of CPPL approving the payment of consideration for the Acquisition in cash; and

(ii) evidence that the relevant regulatory (including but not limited to, the Accounting and Corporate Regulatory Authority ("**ACRA**")) and shareholder approval(s) (if any) have been obtained.

(e) the approval of the Acquisition by, *inter alia*, the Ministry of Commerce of China or its localised counterparts, and the Foreign-invested Enterprise Certificate (as defined in the SPA) issued by the Ministry of Commerce of China or its localised counterparts, having been obtained;

(f) the renewed business license of the Target Company regarding the Acquisition issued by SAIC having been obtained;

(g) the mortgage on the Property having been discharged by the Target Company; and

(h) all other necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Equity Interest having been obtained 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 of the Acquisition, such conditions being fulfilled before completion of the Acquisition, as the case may be, and such consents or approvals not being revoked or repealed on or before completion of the Acquisition, as the case may be.

4. RATIONALE

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.

While the Target Company was loss making in FY2014, this was due to the fact that the Property was under construction during that period. The Target Company is a company with a sole project and accordingly, it is to be expected that the Target Company will be loss making during the construction stages of the Property, when there are no other revenue stream. The Target Company will be progressively handing over Sales Apartment units to buyers from the fourth quarter of 2015 and revenue can be recognised once such units are handed over.

5. FINANCIAL EFFECTS

(I) Pro forma financial effects of the Acquisition, based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013

The pro forma financial effects of the 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 Acquisition.

5.1 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	50,749[1]
Weighted Average Number of Shares[2] ('000)	7,966,783	7,966,783
EPS (RMB fens)	0.95	0.64

Notes:

(1) The effect of the Acquisition on the loss after tax and minority interest of the Company has been computed based on the Group's share of the Target Company's net loss after tax and minority interest of approximately RMB 42.2 million as per its unaudited pro forma financial statements for the financial year ended 31 December 2014. The Company has utilised the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 for purposes of computing the financial effect of the Acquisition as the Target Company's accounts for the financial year ended 31 December 2013 are not prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**") or International Financial Reporting Standards ("**IFRS**"). Based on the Company's experience, such accounts may be changed substantially when reviewed in accordance with SFRS or IFRS. In contrast, the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 were reviewed by the Company's consultant to ensure that it complies with SFRS and accordingly, the Company has more confidence in utilising the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014. Furthermore, the Company is of the view that the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 would be a more accurate representation of the Target Company's financial position.

(2) As at the date of the announcement.

The net loss attributable to the Equity Interest is approximately RMB 25.3 million for the financial year ended 31 December 2014 and the book value of the Equity Interest is approximately RMB (32.5 million) as at 31 December 2014.

5.2 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 (RMB'000)	233,442	179,211[1]
Number of Shares ('000)[2]	7,966,783	7,966,783

NTA per Share (RMB fens)	2.93	2.25

Notes:

(1) The NTA of the Target Company as at 31 December 2014 which was taken into consideration to arrive at the post-acquisition NTA of the Group does not represent the audited NTA at the date of completion given that it may change upon finalisation of the "Purchase Price Allocation" exercise, which is to be conducted by an internationally-recognised independent valuer in determining the fair values of the identifiable assets acquired and liabilities assumed. The Company has utilised the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 for purposes of computing the financial effect of the Acquisition as the Target Company's accounts for the financial year ended 31 December 2013 are not prepared in accordance with SFRS or IFRS. Based on the Company's experience, such accounts may be changed substantially when reviewed in accordance with SFRS or IFRS. In contrast, the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 were reviewed by the Company's consultant to ensure that it complies with SFRS and accordingly, the Company has more confidence in utilising the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014. Furthermore, the Company is of the view that the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 would be a more accurate representation of the Target Company's financial position.

(2) As at the date of the announcement.

The net tangible asset attributable to the Equity Interest is approximately RMB (32.5 million) as at 31 December 2014.

(II) Pro forma financial effects of the Acquisition, based on the annualised unaudited consolidated financial statements of the Group for the period ended 30 September 2014 announced on 6 November 2014 (the "**Annualised 3QFY2014 Announced Results**")(1)

The pro forma financial effects of the Acquisition, based on the Annualised 3QFY2014 Announced Results 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 Acquisition.

Note:

(1) Whilst the Group's Annualised 3QFY2014 Announced Results have been utilised for purposes of illustrating the pro forma financial effects of the Acquisition in this section, the aforesaid results remain subject to any adjustments as may be uncovered during the special audit of the Company which is currently on-going. In particular, the annualised unaudited consolidated financial statements of the Group for the period ended 30 September 2014 are presented for illustration purposes only and neither the Company, the Directors nor any other person represents or warrants that the Group's actual results, performance or achievements for FY2014 will be as disclosed in this announcement.

5.3 Earnings per Share

Assuming that the proposed Acquisition had been completed on 1 January 2014, the effect on the EPS will be as follows:

	Before Acquisition	**After Acquisition**

Profit/(Loss) after tax and minority interest (RMB'000)	71,451	46,131[(1)]
Weighted Average Number of Shares[(2)] ('000)	7,966,783	7,966,783
EPS (RMB fens)	0.90	0.58

Notes:

(1) The effect of the Acquisition on the loss after tax and minority interest of the Company has been computed based on the Group's share of the Target Company's net loss after tax and minority interest of approximately RMB 42.2 million as per its unaudited pro forma financial statements for the financial year ended 31 December 2014.

(2) As at the date of the announcement.

5.4 Net Tangible Assets

Assuming that the proposed Acquisition had been completed on 31 December 2014, the effect on the NTA per Share will be as follows:

	Before Acquisition	**After Acquisition**
NTA (RMB'000)	327,305	273,074[(1)]
Number of Shares ('000)[(2)]	7,966,783	7,966,783
NTA per Share (RMB fens)	4.11	3.43

Notes:

(1) The NTA of the Target Company as at 31 December 2014 which was taken into consideration to arrive at the post-acquisition NTA of the Group does not represent the audited NTA at the date of completion given that it may change upon finalisation of the "Purchase Price Allocation" exercise, which is to be conducted by an internationally-recognised independent valuer in determining the fair values of the identifiable assets acquired and liabilities assumed.

(2) As at the date of the announcement.

6. DISCLOSEABLE TRANSACTION

Based on the Audited FY2013 Accounts and the Annualised 3QFY2014 Announced Results[(1)], the respective relative figures in respect of the proposed Acquisition, as computed on the bases set out in Rule 1006 of the Catalist Rules, are as follows:

Bases in Rule 1006		Based on the Audited FY2013 Accounts	Based on the Annualised 3QFY2014 Announced Results
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 September 2014	Not applicable to the Acquisition	Not applicable to the Acquisition

(b)	Net profits/(losses) [(2)] attributable to the Acquisition of approximately RMB(38,147,000)[(3)], compared with net profit of the Group	N.M.[(5)]	N.M.[(6)]
(c)	Consideration of RMB48,000,000 compared with the Company's market capitalisation of approximately S$15,934,000[(4)] (or approximately RMB71,967,000) as at 28 September 2015, being the date of the SPA	66.70%	66.70%
(d)	Number of equities issued by the Company as consideration for the Acquisition, compared with the number of shares of the Company previously in issue	Not applicable to the Acquisition	Not applicable to the Acquisition
(e)	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.	Not applicable to the Acquisition	Not applicable to the Acquisition

Notes:

(1) Whilst the Group's Annualised 3QFY2014 Announced Results have been utilised for purposes of computing the relative figures under Rule 1006 of the Catalist Rules, the aforesaid results remain subject to any adjustments as may be uncovered during the special audit of the Company which is currently on-going. In particular, the annualised unaudited consolidated financial statements of the Group for the period ended 30 September 2014 are presented for illustration purposes only and neither the Company, the Directors nor any other person represents or warrants that the Group's actual results, performance or achievements for FY2014 will be as disclosed in this announcement.

(2) "Net profits/(losses)" means profit or loss before income tax, minority interests and extraordinary items.

(3) Based on the unaudited pro forma financial statements of the Target Company for the year ended 31 December 2014. The Company has utilised the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 for purposes of computing the relative figure under Rule 1006 of the Catalist Rules as the Target Company's accounts for the financial year ended 31 December 2013 and the period ended 30 September 2014 are not prepared in accordance with SFRS or IFRS. Based on the Company's experience, such accounts may be changed substantially when reviewed in accordance with SFRS or IFRS. In contrast, the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 were reviewed by the Company's consultant to ensure that it complies with SFRS and accordingly, the Company has more confidence in utilising the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014. Furthermore, the Company is of the view that the Target Company's unaudited pro forma financial statements for the financial year ended 31 December 2014 would be a more accurate representation of the Target Company's financial position.

(4) "Market capitalisation" is determined by multiplying the number of shares of the Company in issue by the weighted average price of S$0.0020 of the Company's shares for trades done on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the full market day on 8 April 2015 (the preceding market day before trading in the Company's shares was halted) and up to 2.56 p.m. on 9 April 2015, being the last

market day on which trading in the Company's shares were halted and since subsequently suspended.

(5) The relative figure for Rule 1006(b) in this instance is not meaningful as there was a loss attributable to the Acquisition of approximately RMB 38,147,000 for the financial year ended 31 December 2014 whilst the Group posted a net profit of approximately RMB79,306,000 based on the audited consolidated financial statements of the Group for the year ended 31 December 2013.

(6) The relative figure for Rule 1006(b) in this instance is not meaningful as there was a loss attributable to the Acquisition of approximately RMB 38,147,000 for the financial year ended 31 December 2014 whilst the Group posted an annualised net profit of approximately RMB 71,451,000 based on the unaudited consolidated financial statements of the Group for the period ended 30 September 2014.

As the relative figures under Rule 1006(b) and/or (c) exceeds 5% but does not exceed 75%, the Acquisition constitutes a discloseable transaction pursuant to Rule 1010 of the Catalist Rules.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company have 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

Copies of the SPA are, and the Valuation Report (when issued) will be, 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

Christopher Chong Meng Tak
Non-Executive Chairman
2 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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