

CEDAR STRATEGIC HOLDINGS LTD.

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

PROPOSED PLACEMENT OF UP TO 500,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF CEDAR STRATEGIC HOLDINGS LTD. (THE "COMPANY") AT S\$0.0028 FOR EACH SUBSCRIPTION SHARE

1. INTRODUCTION

- 1.1. The Board of Directors ("**Board**" or "**Directors**") of Cedar Strategic Holdings Ltd. (the "**Company**") wishes to announce that the Company has entered into a share subscription agreement dated 22 February 2016 (the "**Share Subscription Agreement**") with Mr Luo Shandong (the "**Subscriber**"), pursuant to which the Subscriber has agreed to subscribe for an aggregate of 500,000,000 new ordinary shares (the "**Subscription Shares**") at S\$0.0028 (the "**Subscription Price**") for each Subscription Share (the "**Placement**").
- 1.2. The Subscription Price represents a premium of approximately 40% over the weighted average price of S\$0.0020 of the Company's ordinary shares ("**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.
- 1.3. The Company will be making an application through the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") to the SGX-ST for the listing and quotation of the Subscription Shares on the SGX-ST shortly. The Subscription Shares will not be issued to transfer a controlling interest of the Company and none of the Subscription Shares will be placed to any person or groups of person prohibited by the SGX-ST as set out under Section B: Rules of Catalist of the SGX-ST Listing Manual (the "**Catalist Rules**").
- 1.4. The Subscription Shares will be payable in full upon acceptance and/or application and, when issued and fully paid-up, will rank *pari passu* in all respects with the existing Shares for any dividends, rights, allotments or other distributions, the record date of which falls on or after the date of issue of the Subscription Shares.

2. SHAREHOLDERS' MANDATE

- 2.1. The Subscription Shares will be allotted and issued pursuant to the general share issue mandate (the "**General Mandate**") obtained from shareholders of the Company (the "**Shareholders**") at the Annual General Meeting of the Company held on 15 December 2015 (the "**AGM**"). The General Mandate authorises the Directors to issue new shares in the capital of the Company (the "**Shares**") and convertible securities of the Company of up to 100% of the Company's issued share capital as at the date of the AGM (excluding treasury shares), of which the aggregate number of shares to be issued other than on a pro-rata basis to Shareholders shall not exceed 50% of the total number Shares.
- 2.2. The Subscription Shares represent approximately 6.28% of the total number of Shares in the Company as at the date of this announcement, and 5.91% of the Enlarged Share Capital (as defined below) of the Company. The Placement will increase the issued and paid-up share capital

of the Company by approximately S\$1,300,000 and the number of ordinary shares will increase from 7,966,782,808 to 8,466,782,808 (the “**Enlarged Share Capital**”)¹.

- 2.3. The allotment and issue of the Subscription Shares is within the limits of the General Mandate as the General Mandate has yet to be utilised since Shareholders’ approval for the same had been procured at the AGM.

3. ABOUT THE SUBSCRIBER

Mr Luo Shandong is the founder, and current Chairman and President of Hunan Toener Investment Group Co., Ltd (“**Toener**”), an investment holding company incorporated in Hunan Province, the People’s Republic of China (the “**PRC**”) with core businesses in mining and real-estate development. Mr Luo is also the current President of the Hunan Business Chamber in Sichuan Province, the PRC, having been elected to the position in 2014.

Prior to the establishment of Toener, Mr Luo is experienced in the financial investment and industrial operation sectors, having worked in the same in the provinces of Hunan, Guangzhou and Shenzhen in the PRC. Mr Luo was also the General Manager of Hunan Donggang Construction and Development Co., Ltd. from 1994 to 2004.

Mr Luo graduated with a Bachelor of Business Administration in Finance Management from Hunan University. Mr Luo also obtained an Executive Master of Business Administration from the Cheung Kong Graduate School of Business.

Mr Luo was introduced by an unrelated third party for an introducer’s fee of 5% of the gross Placement proceeds (the “**Introducer’s Fee**”).

Mr Luo is the legal and beneficial owner of the registered capital of the vendor in the Group’s acquisition of 60% interest 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), Shenzhen Tong Ze Industrial Co., Limited (深圳市通泽实业有限公司) (“**Tong Ze**”). Save for the aforementioned business relationship, the Subscriber has no other connection with the Company, its Directors and substantial shareholders, and is not a person to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Catalist Rules.

Under the terms of the Share Subscription Agreement, the Subscriber has represented, warranted and undertaken to and for the benefit of the Company that he is not acting in concert or

¹ *The Enlarged Share Capital as stated in this announcement is only in relation to this Placement to the Subscriber, Mr Luo Shandong, and **does not** take into account the following (all as announced by the Company on 3 July 2015) (Announcement Reference: SG150703OTHRSNX6):*

(i) the proposed placement of 500,000,000 Shares to Mr Zhu Xiaolin;

(ii) the proposed placement of 450,000,000 Shares to Mr Tao Xucheng,

*((i) and (ii) above shall collectively be referred to as the “**Proposed Placements**”);*

(iii) the proposed placement of 500,000,000 Shares to Mr Teo Cheng Kwee, a non-executive director of the Company, as repayment of his investment in the Company; and

(iv) the proposed placement of 450,000,000 Shares to Mr Wong Pak Him Patrick, an independent director of the Company, as repayment of his investment in the Company,

*((iii) and (iv) above shall collectively be referred to as the “**Investment Repayment**”).*

collaboration with anyone to obtain or consolidate control over the Company (including as contemplated in the Singapore Code on Take-overs and Mergers).

4. PRINCIPAL TERMS OF THE PLACEMENT

4.1. CONDITIONS PRECEDENT

The obligations of the Company and the Placement Subscriber under the Share Subscription Agreement are conditional upon, *inter alia*:

- (a) a listing and quotation notice for the listing and quotation of the Subscription Shares on the Catalist Board of SGX-ST ("**Catalist**") (on conditions, if any, acceptable to the Company and the Subscriber) having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date (as defined below), such conditions being reasonably acceptable to the Subscriber or fulfilled by the Company, as the case may be;
- (b) the Company obtaining such approval(s) from its board of directors in connection with the Share Subscription Agreement and the transactions contemplated therein as may be necessary;
- (c) the allotment, issue and subscription of the Subscription Shares by the Subscriber not being prohibited by any statute, order, rule or regulation promulgated or issued thereafter by any legislative, executive or regulatory body or authority of Singapore;
- (d) the representations and warranties of the Company in the Share Subscription Agreement being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the existing circumstances and the Company having performed in all material respects all of its obligations herein to be performed on or before the Completion Date; and
- (e) the approval of the Shareholders having been obtained pursuant to Rule 805 or 806 of the Catalist Rules (as the case may be), for the allotment and issue of the Subscription Shares to the Placement Subscribers.

"**Completion Date**" for purposes of Paragraph 4 means "the date notified in writing by the Company to the Subscriber as the date of Completion, being a date no later than the seventh (7th) Business Day after the satisfaction of the last of the conditions set out in Paragraph 4, or such other date as may be agreed between the Parties."

4.2. PAYMENT TERMS

The Subscriber shall make a total cash payment of S\$1,400,000 being the total subscription consideration for the Subscription Shares, by either bank transfer or cashier's order to the account of the Company within fourteen (14) days of the date of the Share Subscription Agreement by 12 noon of such date.

5. RATIONALE FOR THE PLACEMENT AND USE OF PROCEEDS

The Company intends to use 100% of the net proceeds (which will total approximately S\$1,300,000) from this Placement (after deducting expenses of approximately S\$100,000, including payment of the Introducer's Fee) for its working capital purposes which would include, *inter alia*, payment of trade payables and administrative expenses (for e.g. salary for staff etc.) as the Company's current cash flow is very tight for purposes of funding the day-to-day operations, following up on the

findings from the special audit on the Group's disbursements (as previously announced), and strengthening corporate governance.

6. FINANCIAL EFFECTS OF THE PLACEMENT

- 6.1. The financial effects² of the Placement set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Company or its subsidiaries (the "Group") following the Placement.
- 6.2. As at the date of this announcement, the issued and paid-up share capital of the Company is approximately S\$87,819,611.41 comprising 7,966,782,808 ordinary shares. Upon the completion of the Placement, the Company's issued and paid-up share capital will be approximately S\$89,219,611.41 comprising 8,466,782,808 ordinary shares.
- 6.3. Based on the Group's audited consolidated financial statements for the year ended 31 December 2014, the financial effects of the Placement on the Group are estimated as follows:
- (a) the net asset per share (based on the total number of share issued as at 31 December 2014 (being the end of the most recently completed audited financial period) of the Group, assuming that the Placement had been effected on 31 December 2014, would have increased by 175% from 0.04 RMB fens to 0.11 RMB fens; and
 - (b) the loss per share (based on the total number of share issued as at 31 December 2014 (being the end of the most recently completed audited financial period) of the Group, assuming that the Placement had been effected on 31 December 2014, would have decreased by 5.68%, from 3.17 RMB fens to 2.99 RMB fens.
- 6.4. The Directors are of the opinion after taking into consideration the Group's present banking facilities, the net proceeds expected to be received from the Proposed Placement, and the investment of S\$2,090,000 secured by the Company in relation to the Investment Repayment, as well as the net proceeds of the Placement, save for the payment of the consideration payable in relation to the Group's acquisition of 60% interest 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) (as announced by the Company on 2 October 2015) (Announcement Reference SG151002OTHRJS01), the working capital available to the Group is sufficient to meet its present requirements at the date of this announcement.

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement.

² *The financial effects illustrated in this announcement are only in relation to this Placement to the Subscriber, Mr Luo Shandong, and **does not** take into account the financial effects of the following:*

- (i) *the Proposed Placements; and*
- (ii) *the Investment Repayment.*

9. DOCUMENTS FOR INSPECTION

A copy of the Share Subscription Agreement is available for inspection during the normal business hours at the registered office of the Company at 80 Raffles Place, #26-05 UOB Plaza 1, Singapore 048624 for a period of 3 months from the date of this announcement.

10. GENERAL

The Company will make the necessary announcements once the listing and quotation notice for the listing and quotation of the Subscription Shares has been obtained from the SGX-ST.

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 enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, Share Subscription Agreement, the Company and its subsidiaries, 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 the announcement in its proper form and context.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Chairman
22 February 2016

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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