

# CEDAR STRATEGIC HOLDINGS LTD.

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

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## PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 5,822,280,292 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

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### 1. INTRODUCTION

- 1.1. **Rights Issue.** The Board of Directors (“**Directors**”) of Cedar Strategic Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 5,822,280,292 new ordinary shares in the capital of the Company (“**Rights Shares**”), at an issue price of S\$0.0036 for each Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the issued and paid up capital of the Company (the “**Shares**”) held by Entitled Shareholders (as defined below) as at the date and time to be determined by the Directors, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders (the “**Books Closure Date**”) under the Rights Issue, fractional entitlements to be disregarded. The Rights Issue is subject to, *inter alia*, the approvals set out in paragraph 6 below.
- 1.2. **Share Issue Mandate.** The issue of the Rights Shares will be made pursuant to the authority granted by the shareholders of the Company (“**Shareholders**”) under the share issue mandate (“**Share Issue Mandate**”) at the Annual General Meeting of the Company held on 28 April 2016, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”). Accordingly, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the same falls within the limit of the Share Issue Mandate.

### 2. IRREVOCABLE UNDERTAKING

- 2.1. **Irrevocable Undertaking:** As at the date of this announcement, Mr Luo Shandong (the “**Undertaking Shareholder**”) has a direct interest in 500,000,000 Shares and an indirect interest in 571,963,300 Shares (collectively, the “**LSD Shares**”), representing approximately 10.34% of the existing issued share capital of the Company of 10,366,782,808 Shares (“**Existing Share Capital**”). In order to show his support for the Rights Issue and to demonstrate his commitment and confidence in the prospects of the Group, the Undertaking Shareholder has provided the Company with a deed of undertaking dated 29 June 2016, pursuant to which he has unconditionally and irrevocably undertaken to the Company, *inter alia*, (the “**Irrevocable Undertaking**”):
- (i) to fully subscribe and/or procure subscription for his *pro rata* Rights Shares entitlement, based on the LSD Shares, under the Rights Issue;
  - (ii) to subscribe and/or procure subscription for all the excess Rights Shares which are not subscribed or otherwise taken up and/or applied for by the other

Shareholders on the basis that he will rank last in priority in the allotment of excess Rights Shares which are not taken up by the other Shareholders, provided always that his subscription and/or procurement of subscription of his *pro rata* Rights Shares entitlement and such applicable excess Rights Shares shall not exceed the sum of S\$3,000,000;

- (iii) not to transfer, sell or otherwise dispose of any or all of the LSD Shares in which he has a direct interest from the date of the Irrevocable Undertaking until the Books Closure Date, and to procure that none of the LSD Shares in which he has an indirect interest shall be transferred, sold or otherwise disposed of from the date of the Irrevocable Undertaking until the Books Closure Date;
- (iv) subject to any applicable laws, rules or regulations, vote or procure the voting of, all of his shareholding, whether held directly or indirectly, in favour of the Rights Issue in order to procure the passing of the resolutions of Shareholders if required for and in connection with the Rights Issue;
- (v) that he shall deposit with the Company a sum of Singapore Dollars Three Million (S\$3,000,000.00) (the “**Deposit**”) within three (3) days of the date of the Irrevocable Undertaking for the purposes of fulfilling his obligations pursuant to the Irrevocable Undertaking. In the event he is unable to or does not fully subscribe for his *pro rata* Rights Shares entitlement and such applicable excess Rights Shares for any reason whatsoever except that which is through no fault of his own (for example, if all Entitled Shareholders subscribe for their *pro rata* Rights Shares entitlements under the Rights Issue), he agrees that the Deposit shall be forfeited to the Company, and he shall not have any claim against the Company in relation to the Deposit;
- (vi) in addition to the Irrevocable Undertaking, that he shall also provide the Company with a letter of intention to indicate to the Company his non-binding intention to take up such other excess Rights Shares which are not subscribed or otherwise taken up and/or applied for by the other Shareholders, provided always that his subscription and/or procurement of subscription of such applicable excess Rights Shares shall not cause his shareholding in the Company to exceed twenty-nine percent (29%) of the enlarged share capital of the Company subsequent to the Rights Issue; and
- (vii) to do or procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents which are within his power to do or provide and as may be necessary and/or pursuant to any requirements of the SGX-ST, the Monetary Authority of Singapore (the “**Authority**”), the Securities Industry Council and/or any other regulatory authorities in Singapore in relation to the Rights Issue and all matters set out in paragraph 2 therein.

2.2. The Irrevocable Undertaking by the Undertaking Shareholder as set out above is subject to and conditional upon the following:

- (i) the listing and quotation notice of the Rights Shares having been granted by the SGX-ST (and such listing and quotation notice not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation for the Rights Shares on the Catalist Board of the SGX-ST (“**Catalist**”) and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;

- (ii) the Undertaking Shareholder not being required to make a general offer under the Singapore Code on Take-overs and Mergers (the “**Code**”); and
  - (iii) the lodgement of the offer information statement in connection with the Rights Issue (the “**Offer Information Statement**”) together with all other accompanying documents by the Company with the SGX-ST, acting as an agent on behalf of the Authority.
- 2.3. Pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has provided the Company with the Deposit and the Company has received the Deposit on 29 June 2016.
- 2.4. For illustrative purpose only:
- (i) based on the Existing Share Capital, and assuming that (i) none of the 1,277,777,777 warrants existing as at the date of this announcement that were previously issued by the Company and that may be exercised on or prior to the Books Closure Date (the “**Relevant Warrants**”) have been exercised prior to the Books Closure Date, and (ii) save for the Undertaking Shareholder, none of the Entitled Shareholders subscribe and pay for their *pro rata* Rights Shares entitlements, the Company will issue 833,333,333 Rights Shares under the Rights Issue (the “**Basic Subscription Scenario**”); and
  - (ii) based on the Existing Share Capital and assuming that (i) all of the Relevant Warrants are exercised on or prior to the Books Closure Date, and (ii) all of the Entitled Shareholders subscribe and pay for their *pro rata* Rights Shares entitlements, the Company will issue 5,822,280,292 Rights Shares under the Rights Issue (the “**Maximum Subscription Scenario**”).

### **3. RATIONALE AND USE OF PROCEEDS OF THE RIGHTS ISSUE**

- 3.1. **Rationale of the Rights Issue.** The Rights Issue has been proposed to raise funds towards funding the acquisition cost of the Company’s investment in 60% of the registered capital 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 “**Daya Bay Acquisition**”), improving the Group’s working capital position, and strengthening the Group’s financial position, thereby providing the Group with more flexibility and enhancing its ability to formulate, strategise and execute its business plans. A stronger financial position will also allow the Group to seize any opportunities for business growth and expansion into other business areas in a timely manner as and when opportunities arise.
- 3.2. **Use of Proceeds.** The estimated net proceeds (the “**Net Proceeds**”) are expected to be approximately S\$2,800,000 under the Basic Subscription Scenario and S\$20,760,000 under the Maximum Subscription Scenario. Based on the Basic Subscription Scenario and the Maximum Subscription Scenario, the net proceeds arising from the Rights Issue, after deducting estimated costs and expenses of S\$0.2 million relating thereto, and the intended use of such net proceeds (in the following order of priority) are set out below:

<b>Use of Proceeds (\$'000)</b>	<b>Basic Subscription Scenario</b>	<b>Maximum Subscription Scenario</b>
Funding of the Daya Bay Acquisition	2,800 <sup>#</sup>	10,000
To fund the development of other real estate projects and/or investment in real estate and/or related assets aside from the Daya Bay Acquisition	-	7,000
General working capital, including to fund the salaries of the Group's employees, legal and professional fees, following up on the findings from the special audit conducted on the disbursements of the Group and strengthening corporate governance of the Group as well as ancillary expenses for the Group	-	3,760
<b>Net proceeds arising from the Rights Issue</b>	<b>2,800</b>	<b>20,760</b>

**Note:** # In the event the proceeds of the Rights Issue are insufficient to fully fund the Daya Bay Acquisition, the Company will look to internally generated funds, as well as to raise more monies from fund raising exercises, to fund the Daya Bay Acquisition. The Directors do not expect any material difficulties in raising the required funds.

- 3.3. Pending the deployment of the Net Proceeds for working capital, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of such proceeds from the Rights Issue as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the proceeds in the Company's annual report. Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and status reports.
- 3.4. The Directors are of the opinion that after taking into consideration:
- (i) the Group's present bank facilities, save for the consideration payable for the Daya Bay Acquisition, the working capital available to the Group is sufficient to meet its present requirements; and
  - (ii) the Group's present bank facilities and net proceeds of the Rights Issue, the fact that in the event the proceeds of the Rights Issue are insufficient to fully fund the Daya Bay Acquisition, the Company will look to internally generated funds, as well as to raise more monies from fund raising exercises to fund the Daya Bay Acquisition, the working capital available to the Group is sufficient to meet its present requirements.

#### **4. PRINCIPAL TERMS OF THE RIGHTS ISSUE**

- 4.1. **Terms.** The Company is proposing the Rights Issue to be offered on a renounceable non-underwritten basis to Entitled Shareholders (as defined below) on the basis of one (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders (as defined below) as at the Books Closure Date, fractional entitlements to be disregarded.

4.2. **Issue Price.** The Issue Price is proposed to be S\$0.0036 per Rights Share. The Issue Price:

- (i) represents a discount of approximately 10.0% to the closing market price of S\$0.004 for trades done on the SGX-ST on 29 June 2016 (being the last trading day on which the Shares were transacted on the SGX-ST prior to the release of the Announcement); and
- (ii) is equivalent to the theoretical ex-rights price of S\$0.0036 per Share (calculated based on the closing market price of S\$0.004 for trades done on the SGX-ST on 29 June 2016).

4.3. **Size.** Based on the Existing Share Capital of the Company of 10,366,782,808 Shares, and taking into account the Irrevocable Undertaking, the changes in the Existing Share Capital of the Company are as follows:

- (a) up to 833,333,333 Rights Shares will be issued under the Rights Issue under the Basic Subscription Scenario, and upon completion of the Rights Issue, the share capital of the Company will be increased from 10,366,782,808 Shares to 11,200,116,141 Shares; and
- (b) up to 5,822,280,292 Rights Shares will be issued under the Rights Issue under the Maximum Subscription Scenario, and upon completion of the Rights Issue, the share capital of the Company will be increased from 11,644,560,585 Shares (after adjusting for the Shares to be issued pursuant to the exercise of the 1,277,777,777 Relevant Warrants) to 17,466,840,877 Shares.

4.4. **Eligibility of Shareholders to Participate in the Rights Issue.** The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited ("**CDP**") or the Share Registrar (as defined below), as the case may be.

4.5. **Entitled Depositors.** Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have registered addresses outside Singapore and provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) market days prior to the Books Closure Date ("**Entitled Depositors**").

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

4.6. **Entitled Scripholders.** Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company's share registrar, B.A.C.S. Private Limited (the "**Share Registrar**"), are in Singapore as at the Books Closure Date or who have registered addresses outside Singapore and provided the Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, with addresses in

Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) market days prior to the Books Closure Date and persons who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date (“**Entitled Scripholders**”).

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine the transferee’s provisional allotments of Rights Shares entitlements.

- 4.7. **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore and who have not, at least three (3) market days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement to be issued for the Rights Issue and accompanying documents will not be mailed outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefore by any Foreign Shareholder will be valid.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the discretion of the Company, be sold “**nil-paid**” on Catalist, as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement.

**SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.**

- 4.8. **CPF Investment Scheme.** Persons who bought their Shares previously using their Central Provident Fund account savings (“**CPF Funds**”) may only use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the Central Provident Fund (“**CPF**”). Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct the respective CPF agent banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement.
- 4.9. **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued

to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

- 4.10. **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as an agent on behalf of the Authority, and despatched by the Company to Entitled Shareholders in due course, subject to paragraph 6 below.
- 4.11. **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.
- 4.12. **Non-Underwritten Rights Issue.** In view of the Irrevocable Undertaking, and savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- 4.13. **Odd Lots.** Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on Catalist should note that they will be able to do so on the Unit Share Market.
- 4.14. **Option to Scale Down Subscription.** Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its *pro rata* Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder (including the Undertaking Shareholder) and parties acting in concert with him/her/it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

## 5. **ADJUSTMENTS TO RELEVANT WARRANTS**

On 12 June 2014, the Company had allotted and issued an aggregate of 1,277,777,777 new Shares at an issue price of S\$0.0036 per subscription Share to Sinowealth Capital Limited, Jadeite Capital, and Mr Christopher Chong Meng Tak

(collectively, the “**Warrantholders**”), with 1,277,777,777 detachable Relevant Warrants, on the basis of one (1) free Relevant Warrant for every one (1) such subscription Share, and each Relevant Warrant carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.0036. The Relevant Warrants are not listed. As at the date of this announcement, all 1,277,777,777 of the Relevant Warrants remain outstanding and unexercised. The Relevant Warrants may or may not be exercised by the Warrantholders prior to the Books Closure Date.

As a result of the Rights Issue and pursuant to the terms and conditions of the Relevant Warrants (the “**Terms and Conditions**”), the Company may be required to make adjustments to the number and/or the exercise price of the Relevant Warrants (the “**Adjustments**”).

The Adjustments are subject to certification by the Company’s auditors as required by the Terms and Conditions. The Adjustments, if any, will be effective from the commencement of the next market day following the closing date of the offer of the Rights Shares under the Rights Issue. Details of the Adjustments will be announced by the Company separately in due course.

## 6. **APPROVALS**

The Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice for the Rights Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants to be issued in respect of the Adjustments from the SGX-ST; and
- (b) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of Authority.

An application will be made by the Company to obtain the SGX-ST’s approval for the listing of and quotation for the Rights Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants to be issued in respect of the Adjustments. An appropriate announcement on the outcome of the application will be made in due course.

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

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

## 8. **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 Rights Issue, 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 this announcement in its proper form and context.

**By Order of the Board**

Christopher Chong Meng Tak  
Non-Executive Chairman

29 June 2016

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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.*

*The contact person for the Company's Sponsor is Mr Ng Joo Khin  
Telephone number: 6389 3000 Email: [jookhin.ng@morganlewis.com](mailto:jookhin.ng@morganlewis.com)*