



# **CEDAR STRATEGIC HOLDINGS LTD**

**Extraordinary General Meeting  
27<sup>th</sup> February 2017**

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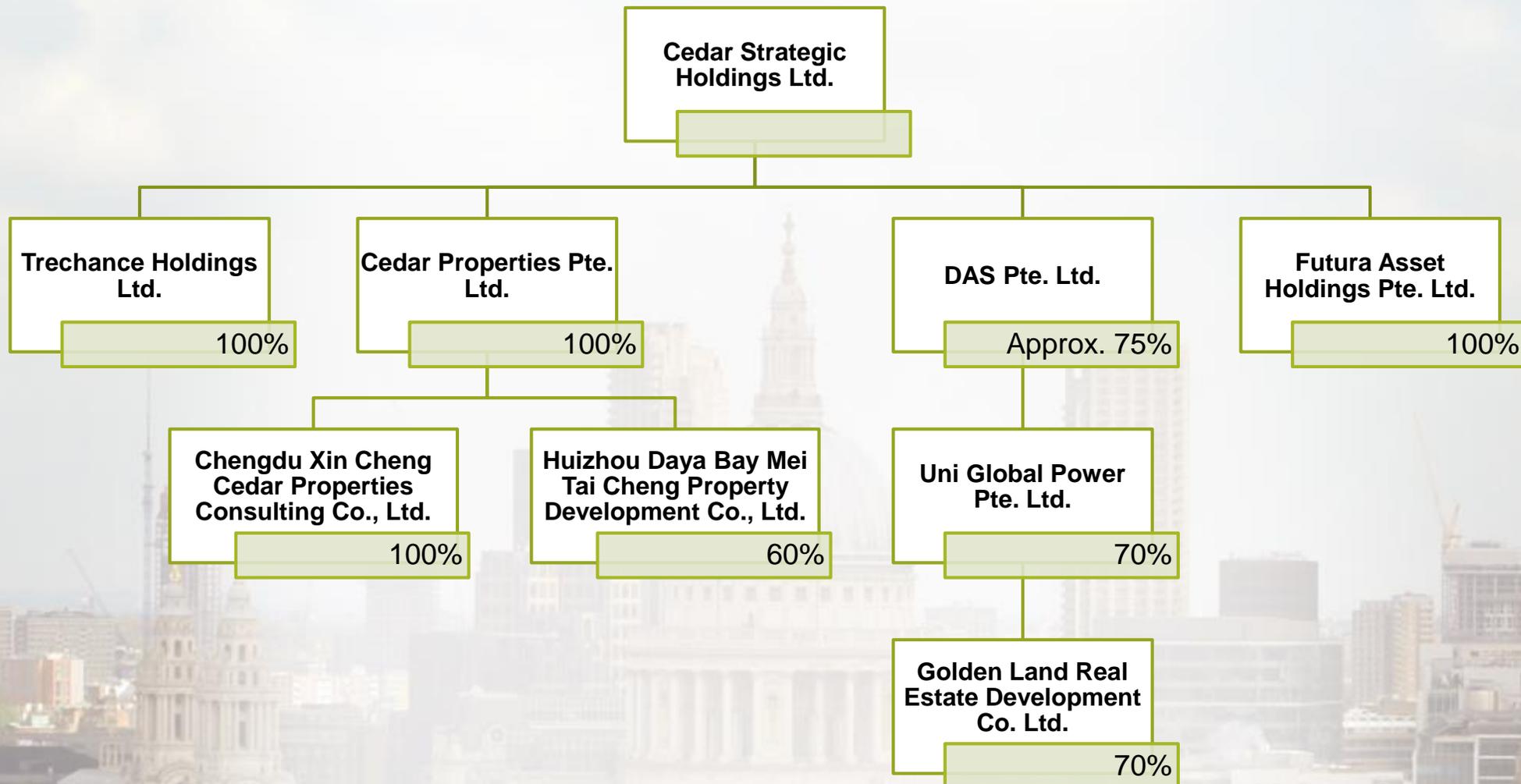
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# Corporate Profile

- Incorporated in Singapore on 17 October 1980
  - ❖ Listed on the Catalist board of SGX
- Formerly known as China Titanium
  - ❖ Formerly a titanium dioxide distributor in China
  - ❖ Change of name to Cedar Strategic Holdings Ltd in December 2012 following restructuring of core business to real estate
  - ❖ Trading suspended on 9 April 2015, and resumed on 31 March 2016
- Focusing on property investment and development
  - ❖ Acquisition of 60% stake in Daya Bay Project on 4 November 2015
  - ❖ Completed Phase I acquisition of Project Golden City on 20 December 2016
  - ❖ Proposed Phase II acquisition of Project Golden City is subject to shareholders' approval at today's EGM

# Group Structure, as at 31 December 2016



# Agenda



# GOLDEN CITY

Project Updates



# Project & Development Overview

- Undertaken as a brownfield project
- Mixed-use development including residential and commercial
- Iconic development that is centrally located in affluent, less congested area in Yankin, Yangon
- Currently the tallest building in Myanmar; clear views of key landmarks including Shwedagon Pagoda and Inya Lake
- Vicinity area contains prestigious real estate and lifestyle amenities, including five-star hotels, fine dining, international schools, hospitals, embassies, and office headquarters (e.g. Telenor, Unilever, MIC, LG, Petronas, Bangkok Bank, Keppel)
- One of few developers to build on time
- Top-selling high-end residential project; buyers are mainly affluent locals; apartment units have been transacted at between US\$250 to US\$320 psf
- Engages local community through Golden City Charity Foundation, donations, voluntary work, and other CSR activities
- <http://www.giredcl.com/>



# Acquisition Details

17<sup>th</sup> Oct 2016: Entered into SPA pursuant to which Cedar Strategic will acquire all of the issued and paid-up shares of DAS for approximately US\$24.9 million – to be funded with 206,108,000 ordinary shares at issue price of S\$0.10 each (post-25:1 share consolidation), and US\$10 million cash (from internal resources and a 6% US\$5 million loan from the Group's controlling shareholder, Mr. Luo Shandong, who holds 22.6%)

## Phases of the Proposed Acquisition:

I: Purchase of approximately 75% of the shares of DAS from various vendors has been completed on 20 December 2016.

II: Acquisition of the remaining shares in DAS from one of the principal founders of Golden City project, D3 Capital, a long-term investor in Myanmar. This is subject to shareholders' approval at an Extraordinary General Meeting.

## Upon completion of the deal:

The Group will hold 70% in Uni Global Power Pte Ltd, a Singapore property developer that specializes in frontier markets. Uni Global Power, in turn, holds 70% in Golden Land Real Estate Development Co., which is Golden City's project developer.

The vendors, Alex Zhu, Sun Yanping, Lai Xuejun and D3 Capital, will hold interests both in Uni Global Power as well as Cedar Strategic upon completion of the deal. Alex Zhu is the CEO of Uni Global Power and the Chairman of Golden Land while Lai Xuejun is the general manager of Golden Land. D3 Capital is the family office of the Group's non-executive Director, Teo Cheng Kwee, who holds 2.6% in Cedar Strategic.

# Sales and Development Timeline



## Phase I

- Residential blocks (1 – 4)
- Launched sales in March 2014 – 62% sold
- Completed construction in December 2016



## Phase II

- Residential blocks (5 – 7)
- Launched sales in 1H2015 – 24% sold
- Under construction; to be completed in 1H2018



## Phase III

- Other uses (including commercial)
- To be completed in 2019



## Phase IV:

- Other uses (including commercial)
- To be completed in 2019

# STRATEGY & OUTLOOK

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# Business Model

## BUSINESS FOCUS

- Investment in quality assets with a focus on emerging cities
  - ❖ Development properties
  - ❖ Investment properties
  - ❖ Other related businesses
- Currently exploring strategic investments in property related ventures starting with Myanmar, Indonesia and Chengdu, PRC

## CORPORATE STRATEGY

- Dual-income approach: committed to finding a balance between long term recurrent rental income and short term development profit
- Align stakeholders' interests through incentives such as performance share plan
- Enhance shareholder value through:
  - ❖ Prospecting projects with potential in emerging countries
  - ❖ Share purchase mandate
  - ❖ Capital reduction of S\$112,000,000
  - ❖ Reducing volatility in share price movement via 25:1 share consolidation

# Emerging Cities Outlook

## ON THE WHOLE...

- Execution of strategic economic reform
  - ❖ Measures to attract more foreign direct investment (FDI)
  - ❖ Easing of foreign ownership rules
- Steady economic growth and globalisation
  - ❖ Growing affluence and middle class
  - ❖ Better job opportunities and public infrastructure
  - ❖ Population growth and urbanisation

## CHINA

- Oct 2016: Government introduced stricter property-buying controls to cool prices
- Jan 2016: Average new home prices in China's 70 major cities rose 0.2 per cent month-on-month, slowing down from the 0.3 per cent increase in the preceding month – fourth consecutive month of declining monthly growth
- Tightening measures on home purchases and mortgages in Tier-1 cities push many migrant workers back home to buy a house; small cities in economically strong regions (e.g. Guangdong province) are likely to lead price gains in the housing sector this year as a result of spill-over demand and government policies (e.g. Shenzhen's five-year "Eastward Shift Strategic Action Plan")
- China's home prices are still expected to rise in 2017 due to expectations of further yuan depreciation and more US rate hikes

## Myanmar

- Since opening up to foreign direct investments in recent years, Myanmar is rapidly urbanising and may potentially quadruple its GDP to reach US\$200.0 billion by 2030
- Lack of quality supply in Yangon real estate market
- Myanmar's middle and affluent classes are expected to double in size to approximately 15.0% of the population by 2020
- Jan 2016: the Condominium Law has been approved by Myanmar's Union Parliament – foreigners will have the right to buy up to 40.0% of condominium apartments in any given block over 6 floors

# PROPOSED RESOLUTIONS

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Extraordinary General Meeting

**ORDINARY RESOLUTION 1:**

PROPOSED ACQUISITION OF 6,225,000 SHARES REPRESENTING 25.025% OF THE TOTAL ISSUED AND PAID-UP SHARES OF DAS PTE.LTD. (“DAS”) AS AN INTERESTED PARTY TRANSACTION

**ORDINARY RESOLUTION 2:**

PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES TO D3 CAPITAL LIMITED

*Ordinary Resolutions 1 and 2 are inter-conditional upon each other.*

## Details

- The proposed acquisition of the 6,225,000 shares representing 25.025% of the total issued and paid-up shares of the DAS by D3 will be funded by (i) paying US\$1,500,000 in cash to D3 and (ii) issuing an aggregate of 65,469,600 ordinary shares at the price of S\$0.10 per share to D3
- The Company already holds 74.975% of the entire issued share capital of DAS. Upon the completion of the D3 Acquisition (subject to shareholders' approval), the Company would hold the entire issued share capital of DAS
- DAS currently holds a 70% controlling stake in Uni Global Power Pte. Ltd., which in turn owns a 70% stake in Golden Land Real Estate Development Co. Ltd. ("GLRE"). GLRE is the developer of Golden City, a mixed-use luxury development project in Yangon, Myanmar

## Rationale

- Acquisition of DAS is in line with the Group's growth strategy that focuses on development and investment properties in emerging countries
- Given Golden City's strategic location and potential to generate good development returns and yield, as well as the timing of the target acquisition, the Company believes that the target acquisition will bolster the Group's real estate portfolio and enhance shareholder value

## SPECIAL RESOLUTION 3: PROPOSED CHANGE OF NAME OF THE COMPANY

### Details

- To be changed to “Emerging Towns & Cities Singapore Ltd.”

### Rationale

- To carve a new and distinct corporate identity for the Company
- In line with the Group’s strategic direction to focus on development and investment properties in emerging countries and for the Company to move forward as a “new company” subsequent to the resolution of the outstanding matters raised by the special auditors in the special audit report

## ORDINARY RESOLUTION 4: PROPOSED ALLOTMENT AND ISSUE OF CONVERSION SHARES TO THE COMPANY'S CONTROLLING SHAREHOLDER, MR. LUO SHANDONG (“LSD”)

### Details

- To replace the 2016 loans and all indebtedness owed by the Group to LSD under the 2016 Loans with the Convertible Loan

### Rationale

- The Convertible Loan would enable the Group to consolidate all existing debts owed by the Group to LSD and pursue full and final settlement of the Group's obligation due to LSD
- To improve the Company's balance sheet position and reduce borrowings of the Group as a whole

# THANK YOU

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