

To the Shareholders of Cedar Strategic Holdings Ltd

Our Dear Shareholders,

We are pleased to release this, our third update. If you missed our first two letters dated 3 July and 21 July 2015, please go to the SGX website by entering [http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company announcements](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company_announcements), and then setting the announcement period for 3 months, the security name to Cedar Strategic and then pressing GO.

In our previous letters, we highlighted that there was much to do before we can reapply for resumption of share trading. Whilst we have continued to make progress, the rate has been uneven:

- i. The Special Auditor began their work on or around mid-July. They have informed us that whilst they have made considerable progress, they have faced delays due to their inability to set up timely interviews with some of the Company's previous directors and executive officers. But the interview stage is now complete and they are now seeking written confirmation of what is being said to them, after which they will complete their draft report and present it to the Company's Board and Sponsor.
- ii. The FY2014 accounts have been substantially completed and the Company's auditors have informed the Board that most of their audit work is now complete. However, as the release of these 2014 accounts and the annual report is subject to the Special Auditor's report, no further progress can be made at this time.
- iii. The new accounting staff we have appointed have finally been able to get a trial balance for the first 6 months of 2015. This trial balance is now being reviewed. But, as we needed the sign off by the auditors for the opening balances before these figures can be released, the numbers are still subject to the 2014 accounts being confirmed and published.
- iv. As the Company effectively had no money when we took over the board, we raised about \$2 million¹ from two investors who agreed to lend the Company money on the understanding that we will ask

¹ The amount and the percentages shown below are shown after deduction of introducer fees (i.e. based on net amount).

shareholders to convert the amount lent into shares of the Company at \$0.0022 per share, representing a 10% premium to the last traded price of \$0.002. Of the 34% of the money set aside to cover existing liabilities, 16% has been utilized. Of the 15% to be used for the Special Audit and related preparatory work, 6% has been utilized. Of the 20% set aside for accounts preparation and for the audit, to prepare, print and issue the FY2014 Annual Report, and to call and hold the AGM, 2% has been utilized. The rest of the funds were to be used to hire staff (including a CEO, COO and CFO) and for ongoing operations, of which 15% has been utilized. We have also disposed the company car previously used by the CEO and are following up closely on the outstanding \$1.5 million owed to the Company for the disposal of our interest in YESS Le Green Pte Ltd and West Themes Pte Ltd. The available cash balance at the time of this update is about \$1.3 million.

- v. Our new COO, Mr. Ou, has started his investigations into the activities in Trechance. There appear to be many missing documents. More worrying are the legal actions being taken against Mr Ji Yudong and his assets to whom and on which we believe we have rights and claims over. Whilst Mr. Ou is far from completing his assessments, his initial comments do not provide us with much confidence.
- vi. Mr. Ou has also been looking at our other subsidiary, Futura. The Board has been provided with a SWOT analysis and a list of pros and cons to Futura's business. Whilst the macro-economic case remains compelling, issues of location, the availability of group funding facilities, concerns about our ability to execute such a business and diverging views with our PRC partner require the Board to ask more questions, including whether this is a business we should be in at all.
- vii. As previously noted, cleaning up the Company is essential to preserving shareholder value but is insufficient if we wish to also enhance shareholder value. As previously noted, of the now more than twelve opportunities that were shown to us, we have been able to select, negotiate and nail down one opportunity: Daya Bay. Preliminary structural, commercial, legal, accounting and tax due diligences have highlighted several issues, but nothing that appears to be a deal breaker. Some of these issues require immediate resolution, many more can be dealt with either by warranties or adjustments on price, meaning that we are cautiously optimistic that the deal remains on track.

We trust this letter has been helpful in both informing you about the progress that has been made as well as the strategy we would like to pursue, subject to your approval (e.g. for any raising of funds which requires specific mandate). We must, however, reiterate that our actions to re-enhance shareholder value (including reapplying for resumption of share trading) may not be successful. But hope that you can be comforted from the effort already expended and the fact that we will continue to do our best.

Thanking you for your time.

Warmest Regards

Christopher Chong, Chairman
Tan Thiam Hee, AC Chairman
Peter Tan, NCGC and RC Chairman