

To the Shareholders of Cedar Strategic Holdings Ltd

Our Dear Shareholders,

We are pleased to release this, our second update. If you missed our first letter dated 3 July 2015, please go to the SGX website by entering 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 Holdings Limited and then pressing GO.

In our previous letter we highlighted that there was much to do before we could reapply for resumption of share trading. But we have made considerable progress, though much more still needs to be achieved. Specifically:

- i. The Special Auditor has begun their work. Given that the Company's 2013 information is in storage and given that one or more of the boxes may have been mislabeled, the Special Auditor will, in the first instance, start work on and issue to us a report for FY2014. When all the 2013 information has been gathered, the Special Auditor will review and analyze them and issue to us a report for FY2013 as well. In this way we can keep costs under control and expedite the FY2014 audit and AGM.
- ii. We have made considerable progress with respect to preparing the FY2014 accounts. The FY2014 accounts should be ready for audit within the next 10 working days. Our auditors have kindly placed a team on standby.
- iii. As noted in our previous letter, the Company has to raise funds for its working capital purposes. We thus raised about \$2 million¹ from two investors who agreed to lend the Company money on the understanding that we will ask shareholders to convert the amount lent into shares of the Company at \$0.0022 per share, or at a 10% premium to the last traded price of \$0.002. The monies have been received. About 34% of the money is needed to cover existing liabilities. About 15% will be used for cleaning up, preparatory work and the Special Audit. About 20% will be used: for accounts preparation and for the audit; to prepare, print and issue the FY2014 Annual Report; and to call and hold the AGM. The rest of the monies will be used to hire staff (including a CEO, COO and CFO) and for ongoing operations. Please see the separate announcement in relation to the Investment and Placement for more details.
- iv. We are pleased to welcome Mr. Teo Cheng Kwee and Mr. Wong Pak Him Patrick to our Board of Directors. Whilst Mr. Teo and Mr. Wong,

¹ The amount and the percentages shown thereafter are after the deduction of Introducer Fees (i.e. based on net amount).

who are unrelated, were the persons who lent the Company the \$2 million under the Investment Agreements and while it would be natural for them to want to ensure that their monies are well spent, the main reason why we have invited them to join the Board is because we believe they can add value to the Company. Mr. Teo is a well-known Singaporean entrepreneur with significant experience in property development. Mr. Wong is a well-known professional within the Hong Kong and China circles with a wealth of corporate and Greater China experience. Please see the separate announcements in relation to Mr. Teo's and Mr. Wong's respective appointments as Directors of the Company for more details.

- v. We are pleased to welcome our new Chief Operating Officer (COO), Mr. Ou Haijie. Mr. Ou is a Certified Asset Appraiser (China), a senior member of the professional Managers of Real Estate in China and a registered Real Estate Agent. Our new COO will be advising the Board on our existing businesses (Trechance and Futura) and on the new proposed business (Daya Bay). Please see the separate announcement in relation to Mr Ou's appointment as the Company's COO for more details.
- vi. Cleaning up the Company is essential to preserving shareholder value, but is insufficient if we wish to also enhance shareholder value. To do so requires new profitable, cash flow generating businesses. After considering the history and the existing businesses of the Company, the skill sets of the Board, market conditions and the twelve opportunities that have been shown to us, the Board is of the considered opinion that we should concentrate on niche property developments that can provide recurrent profits and cash flow, and where we can add value. These would include developments that are too small for larger developers and/or locations that offer an overlooked characteristic and/or developments by developers who are in need of mezzanine financing. A more detailed strategy will be placed before you at the AGM for your comment and consideration.
- vii. We are very pleased to inform you that of the twelve opportunities that were shown to us, we have been able to select, negotiate and nail down one opportunity. We have signed a Memorandum of Understanding (MOU) with respect to the Daya Bay opportunity. We chose the Daya Bay opportunity for the following reasons:
 - a. We believe we will be able to afford it;
 - b. Daya Bay has all the characteristics required to become a premium retirement/recreation zone, especially for HK residents;
 - c. Of the targeted 700 units slated for sale, more than 70% have been reserved by third party buyers suggesting proof of concept; and

- d. The remaining targeted 399 units will be kept for rental income, thereby providing future recurrent income and cash flow.

Completion of the deal is subject to: due diligence which will be undertaken by Ernst & Young, King & Wood Mallesons and Asia-Pacific Consulting and Appraisal Limited, one of China's largest valuers; and your approval. Please see the separate announcement in relation to the MOU for more details.

- viii. Last but not least, on 25 February 2015 and well before we were directors, the Company proposed to sell Trechance for RMB 1,000. The sale was conditional on the Company obtaining a waiver from the requirement to seek shareholders' approval. No such waiver has been received. Given this, we the new Board, have decided not to sell Trechance until our COO has reviewed it. Accordingly we view the transaction with Talented Creation Limited as having lapsed.

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. We must, however, reiterate that our actions to enhance shareholder value (including reapplying for resumption of share trading) may not be successful. But you can take comfort from the effort already exerted, 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
