

To the Shareholders of Cedar Strategic Holdings Ltd

Dear Shareholders,

Please accept this, our fourth letter with respect to developments at the Company and on the hard earned progress that we have made.

If you missed our first three letters released on 3 July, 21 July and 25 September 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 6 months, the security name to *Cedar Strategic* and then pressing GO.

TO RECAP

- a. On 14 April, the Company's shares were suspended from trading.
- b. On 21 April, the then CFO resigned citing non-payment of his salary as the reason for his departure.
- c. On 22 April, the Company has applied to update its waiver applications to seek waivers from the strict requirements of Rule 705 (1) and Rule 707 (1) of the Catalist Rules.
- d. There were no further announcements/developments until 11 June.
- e. On the 11 June, fearful that the Company would collapse due to a deadlock amongst the previous directors on the previous Board, I, your Chairman, put in a requisition for and on behalf of myself and several other shareholders to hold an EGM to remove all the previous Directors. The previous Board refused to act on the requisition. I therefore initiated a shareholders' action and called for an EGM.
- f. After the start of the shareholders' action and before the EGM date of 10 July, the previous directors agreed to resign or retire. On 24 June, two other competent professionals and I were appointed as the directors. The 3 of us constituted the new Board.
- g. Despite the balance sheet showing that the Company had funds, the new Board found only debts. Thus, and as a priority, the new Board sourced for additional funds. On 3 July, the Board announced the placement of about \$2 million worth of investment shares.
- h. Armed with these funds, and on 3 July, the Company confirmed the appointment of a special auditor.

- i. To strengthen the new Board and management, the Company appointed 2 additional directors and a COO on 21 July and a CFO on 30 September. The new Board now consists of 5 persons.
- j. The new Board has, as a priority, the implementation of a new strategic plan and the lifting of the share trading suspension. The new strategic plan, which will be described in greater detail at the expected forthcoming AGM, seeks to capitalize on niche and opportunistic developments in emerging cities and regions. We intend to do so in a manner that will give us a balance between profits, recurrent rental income, and real cash flow that will allow us to pay dividends. With respect to the lifting of the share trading suspension, the new Board has been advised that it must:
 - Identify all the significant issues facing the Company. This requires completion of the Special Audit and any additional work arising from issues identified by the Special Audit;
 - Take steps to recover, rectify or take such other action so that all significant issues are addressed;
 - Comply with all regulations including those of the Singapore Stock Exchange and ACRA. These include issuing the FY2014 accounts, publishing the FY2014 annual report, holding an AGM approving the FY2014 accounts, and preparing and filing the first quarter, second quarter and third quarter 2015 financial statements. You may wish to note that: without a signed Special Audit, the new Board will be unable to issue the FY2014 accounts; without the FY2014 accounts, the new Board cannot publish a FY2014 annual report or hold an AGM; and without an AGM to approve the FY2014 accounts the Company will not have the opening balances for the issuance of the first, second and third quarter 2015 financial statements;
 - Ensure that the Company has a real business and can undertake such a business in compliance with the regulations and the Code of Corporate Governance; and
 - Address any other issues that may arise.

PROGRESS

- i. After preliminary work to familiarize themselves with the situation, the Special Auditor began their work in earnest in or around mid-July. During the course of their work, the Special Audit uncovered many more issues, some of which are very complex. This has had a triple negative affect on the progress of the Special Audit: i) the additional issues has required us to expand the scope of work of the Special

Auditor; ii) the additional issues has required us to hire or expand the scope of work of other professionals; and iii) the complexity meant the Special Auditor could only make progress slowly on certain issues. However, we are pleased to announce that the Special Audit is complete and a summary of it can be found in a separate announcement that has been released earlier.

- ii. During the course of the new Board's own review and investigation of its business (independent of the Special Audit), the new Board discovered that shares in two People's Republic of China ("**China**") subsidiaries in the Trechance Group were transferred without the knowledge or consent of the Company. *Please see announcement of 12 October 2015 for more details.* The new Board has also discovered that, contrary to previous statements by the old Board, Futura was not an operating company. Mr Ou Haijie, Chief Operating Officer of the Company has conducted a review on the Group's business in China and he was unable to find the management contract (the "**Contract**") which was purportedly signed with Chengdu Zhengyang Investment Co. Ltd. ("**Chengdu Zhengyang**") in relation to Futura providing property development and management services. The new Board also subsequently received confirmation from the previous directors of Futura that they did not sign the Contract. The current assets available in Futura is SGD\$100,000 in its bank account. The new Board thus determined that neither the Trechance nor the Futura business were likely to be businesses that the Company could rely on for revenue, profit or cash flow in the future.
- iii. Many issues have arisen from the Special Audit and the new Board has initiated over 15 actions including multiple actions against a single individual. The actions taken include: seeking more information; seeking clarifications; sending out demand letters; liaising with politically influential persons in China; preparing for Singapore High Court or China court action; and preparing or making a report to the police.
- iv. Following the issuance of the Special Audit Report, we have also been able to complete and sign off the FY2014 accounts. Both the Auditors and the new Board have disclaimed the FY2014 financial statements, as we have not been able to access the accounts of the Trechance China subsidiaries.
- v. Barring any unforeseen circumstances, the FY2014 annual report and notice of a general meeting of the shareholders will be sent to you soon. This will allow us to hold our long overdue AGM to approve the FY2014 financial statements.
- vi. Whilst cleaning up the Company is essential to preserving shareholder value, it is insufficient if we wish to enhance shareholder value. Given the new Board's view that the Company cannot rely on either the

Trechance or the Futura business for future revenue, profit or cash flow, the Company entered into an agreement to acquire Huizhou Daya Bay Mei Tai Cheng ("**Daya Bay Project**") on 21 July. The acquisition is exciting in several respects. Its pre-sales of residential property and long term lease of the hotels provide the Company with a promise of profits and cash flow. The growing popularity of Daya Bay with Hong Kong and Guangzhou residents provides the Company with a promise of capital gain. Given this we are pleased to announce that the Company completed the acquisition on 5 November (*please see separate announcement of that date*).

- vii. Representatives of the new Board, the Company's Sponsor and their advisers have met with the Singapore Stock Exchange and presented to Singapore Stock Exchange: i) the details and the issues arising from the Special Audit; ii) the actions being taken by the Board to address the issues; iii) the Board's proposed timetable towards the holding of the AGM and release of the FY2014 and FY2015 financials; and iv) details of the new business direction and the Daya Bay Project.

We trust this letter has been helpful in both informing you about the progress that has been made as well as the revised business strategy we would like to pursue subject to your approval. We must, however, reiterate that our actions to re-enhance shareholder value (including reapplying for resumption of share trading) may not be successful. But we hope that you can take comfort from the extensive effort already exerted and the real and substantial progress made.

Thanking you for your time.

Warmest Regards

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

25 November 2015

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Stamford Corporate Service Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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