

CEDAR STRATEGIC HOLDINGS LTD.
Company Registration No. 198003839Z

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Part 1

INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2, Q3 AND Q4), HALF-YEAR AND FULL YEAR RESULTS

Explanatory notes:

On 9 April 2015, the Company announced that it has requested for mandatory trading suspension over the Company's shares from the Singapore Exchange Securities Trading Limited ("SGX-ST"). On 14 April 2015, the Company announced that it will be engaging an independent auditor to conduct a special audit to, *inter alia*, review and/or ascertain (as the case may be) the accounts and transactions of the Group, and whether there are any irregularities in the accounts and transactions of the Group for the financial years ended 31 December 2013 and 2014. On 3 July 2015, the new Board ("Current Board" or "Board") announced that the Company has appointed Baker Tilly Consultancy (Singapore) Pte Ltd as its independent auditor ("Special Auditor") to carry out an independent review of the disbursements of the Company and its subsidiaries, namely Trechance Holdings Limited and Futura Asset Holdings Pte Ltd ("Futura"), for the financial years ended 31 December 2013 and 2014.

Based on the findings of the Special Auditor announced by the Company on 24 November 2015, the Special Auditors analysed the Company's investment and fund raising transactions, namely (i) divestment of the titanium dioxide business, (ii) acquisition and proposed divestment of Trechance Holdings Limited and its subsidiaries, (iii) acquisition and disposal of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd., (iv) acquisition of Futura Asset Holdings Pte Ltd, (v) severance payments and (vi) disbursements, in order to understand the disbursements made in context.

The Special Auditor noted weaknesses and/or lapses in corporate governance, internal controls and possible non-compliance with the Catalist Rules and has advised the Current Board to seek legal advice and follow up on the various matters noted in the report of the Special Auditor ("Special Audit Report").

The Board has appointed Baker Tilly Consultancy (Singapore) Pte Ltd ("Baker Tilly") to review and evaluate the adequacy and effectiveness of the Company's system of internal controls and work procedures and processes. This review is to ensure that the internal controls are adequate to safeguard the shareholders' investment and the Company's assets and to ensure that the Company's financial statements give a true and fair view of the Company's operations and finances. Upon the completion of the review, the Board would look into the recommendations made by Baker Tilly and take the necessary steps to further strengthen and enhance the Company's internal controls. Baker Tilly will also assist the Board in implementing an enterprise risk management ("ERM") initiative for the Group. The Board has been actively looking at the issues that the Company is currently facing including those raised by the Special Auditor, and has appointed various professionals, including Drew & Napier LLC and Shanghai Yuan Tai Law Offices to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities.

The Company also wishes to highlight that the preparation of the financial information for FY2014 is

subject to the Limitations (as defined in Item 5 of this announcement). In light of the above, the financial information disclosed in this announcement may be subject to further adjustments and revisions and the directors would like to advise shareholders to act with caution and take into consideration the Limitations when reviewing such financial information.

CEDAR STRATEGIC HOLDINGS LTD.
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1 (a) (i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | |
|--|---|---|---------------------------------|
| | Full Year Ended 31/12/2014 | Full Year Ended 31/12/2013 | Increase/ (Decrease) |
| | RMB '000 | RMB '000 | % |
| Revenue | 170,669 | 61,133 | n.m.* |
| Cost of Sales | (110,690) | (43,826) | n.m.* |
| Gross Profit | 59,979 | 17,307 | n.m.* |
| Other Income | 90 | 9,936 | (99.1%) |
| Administration Expenses | (25,176) | (34,050) | (26.1%) |
| Other Non-Operating Expenses | (284,742) | - | n.m. |
| Finance Costs | (3,056) | (151) | n.m.* |
| Loss before taxation from continuing operations | (252,905) | (6,958) | n.m.* |
| Taxation | - | (3,238) | (100.0%) |
| Loss after taxation from continuing operations | (252,905) | (10,196) | n.m.* |
| Profit from discontinued operations, net of tax | - | 86,264 | (100.0%) |
| (Loss)/Profit for the year | (252,905) | 76,068 | n.m. |
| Non-Controlling Interests | - | - | - |

n.m. : not meaningful

*: in excess of 100%

1 (a) (ii) Included in the determination of (loss)/profit before taxation are the following items:

| | Group | | |
|---|---------------------------------------|---------------------------------------|---------------------------------|
| | Full Year Ended 31/12/2014 | Full Year Ended 31/12/2013 | Increase/ (Decrease) |
| | RMB'000 | RMB'000 | % |
| Amortisation of intangible assets | (2) | (22) | (90.9%) |
| Depreciation of property, plant & equipment | (3,791) | (1,337) | n.m.* |
| Loss on disposal of property, plant & equipment | - | (65) | (100.0%) |
| Property, plant & equipment written off | (21) | - | n.m. |
| Impairment losses on property, plant & equipment | (72,817) | - | n.m. |
| Impairment losses on net current assets of PRC entities | (15,645) | - | n.m. |
| Impairment losses on consideration receivable from TCI | (189,912) | - | n.m. |
| Impairment losses on other receivables | (6,347) | - | n.m. |
| Exchange loss, net | (827) | (706) | 17.1% |
| Interest Income | 3 | 9,912 | (100.0%) |
| Rental Income | 33 | - | n.m. |

n.m. : not meaningful
*: in excess of 100%

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A statement of comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | | |
|---|---|---|---------------------------------|
| | Full Year Ended 31/12/2014 | Full Year Ended 31/12/2013 | Increase/ (Decrease) |
| | RMB'000 | RMB'000 | % |
| (Loss)/Profit for the year | (252,905) | 76,068 | n.m. |
| Other Comprehensive income after tax | | | |
| Currency translation differences arising from consolidation | | | |
| - Profit/(losses) | (3) | - | n.m. |
| - reclassification | - | 835 | (100.0%) |
| Total Comprehensive (Loss)/Income for the year | (252,908) | 76,903 | n.m. |

n.m. : not meaningful
 * : in excess of 100%

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1 (b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|-----------------------------|---|-----------------------------|---|
| | 31-Dec-14 RMB'000 | 31-Dec-13 RMB'000 (restated) | 31-Dec-14 RMB'000 | 31-Dec-13 RMB'000 (restated) |
| ASSETS | | | | |
| Non-Current Assets | | | | |
| Intangible Assets | - | 2 | - | 2 |
| Property, Plant and Equipment | 170 | 76,497 | 170 | 24 |
| Investments in Subsidiaries | - | - | 467 | 22,500 |
| Trade and Other Receivables | - | 192,320 | - | 192,320 |
| Total Non-Current Assets | 170 | 268,819 | 637 | 214,846 |
| Current Assets | | | | |
| Development properties | - | 164,625 | - | - |
| Land for development | - | 4,257 | - | - |
| Trade and Other Receivables | 7,328 | 248,125 | 7,328 | 15,097 |
| Cash and Cash Equivalents | 987 | 34,421 | 22 | 22,004 |
| | 8,315 | 451,428 | 7,350 | 37,101 |
| Total Assets | 8,485 | 720,247 | 7,987 | 251,947 |
| Equity | | | | |
| Capital and Reserves : | | | | |
| Share Capital | 471,355 | 462,913 | 471,355 | 462,913 |
| Capital Reduction Reserve | 79,151 | 79,151 | 79,151 | 79,151 |
| Statutory Common Reserve | - | 971 | - | - |
| Share Option Reserve | - | 2,587 | - | 2,587 |
| Warrant Reserve | 14,167 | - | 14,167 | - |
| Foreign Currency Translation Reserve | 26,757 | 26,760 | 26,760 | 26,760 |
| Accumulated Losses | (588,285) | (338,938) | (586,640) | (345,149) |
| Equity attributable to equity holders of the Company | 3,145 | 233,444 | 4,793 | 226,262 |
| Non-Controlling Interests | - | - | - | - |
| Total Equity | 3,145 | 233,444 | 4,793 | 226,262 |

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1 (b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (cont...)

| | Group | | Company | |
|---------------------------------------|-----------------------------|---|-----------------------------|---|
| | 31-Dec-14 RMB'000 | 31-Dec-13 RMB'000 (restated) | 31-Dec-14 RMB'000 | 31-Dec-13 RMB'000 (restated) |
| Liabilities | | | | |
| Non-Current Liabilities | | | | |
| Financial Liability | - | 17,337 | - | 17,337 |
| Total Non-Current Liabilities | - | 17,337 | - | 17,337 |
| Current Liabilities | | | | |
| Trade and Other Payables | 5,340 | 443,816 | 3,194 | 8,348 |
| Current Tax Payable | - | 25,650 | - | - |
| Total Current Liabilities | 5,340 | 469,466 | 3,194 | 8,348 |
| Total Liabilities | 5,340 | 486,803 | 3,194 | 25,685 |
| Total Equities and Liabilities | 8,545 | 720,247 | 7,987 | 251,947 |

1 (b) (ii) Aggregate amount of group's borrowings and debt securities

| | Group 31-Dec-14 | | Group 31-Dec-2013 | |
|--|----------------------------------|-----------------------------|------------------------------------|-----------------------------|
| | Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
| Amount repayable after one year | | | | |
| Financial Liability | - | - | - | 17,337 |
| | - | - | - | 17,337 |

There are no borrowings or debt securities repayable in one year or less, or on demand as at 31 December 2014 and 2013.

Details of any collateral

Not Applicable

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1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Group | |
|---|---|---|
| | Full Year Ended 31/12/2014 | Full Year Ended 31/12/2013 |
| | RMB '000 | RMB '000 |
| Cash Flows from Operating Activities | | |
| Loss before taxation from continuing operation | (252,905) | (6,958) |
| Profit before taxation from discontinued operation | - | 86,264 |
| (Loss)/Profit before taxation | (252,905) | 79,306 |
| Adjustments for : | | |
| Amortisation of Intangible Assets | 2 | 22 |
| Depreciation of property, plant and equipment | 3,791 | 1,337 |
| Property, plant and equipment written off | 21 | - |
| Equity-settled share option expenses | - | 2,138 |
| Impairment losses on property, plant and Equipment | 72,817 | - |
| Impairment losses on net current assets | 15,645 | - |
| Impairment loss on consideration receivables from a vendor | 189,912 | - |
| Impairment loss on other receivables | 6,347 | - |
| Gain on disposal of subsidiaries, net | - | (92,977) |
| Loss on disposal of property, plant and Equipment | - | 65 |
| Issue of remuneration shares | - | 1,689 |
| Interest Income | (3) | (9,912) |
| Interest expenses | 600 | 147 |
| Operating profit/(loss) before Working Capital changes | 36,227 | (18,185) |
| Trade and Other Receivables | (187,621) | 240,173 |
| Trade and Other Payables | 14,083 | (301,206) |
| Development Properties | 98,907 | 37,927 |
| Cash used in operations | (38,404) | (41,291) |
| Income Tax paid | - | - |
| Net Cash used in Operating Activities | (38,404) | (41,291) |
| Cash Flows from Investing Activities | | |
| Interest Received | 3 | - |
| Purchase of Plant and Equipment | (302) | (287) |
| Proceeds from disposal of property, plant and Equipment | - | 30 |
| Acquisition of subsidiaries (net of cash acquired) | - | 16,816 |
| Disposal of subsidiaries (net of cash disposed of) | - | (601) |
| Net Cash (used in)/generated from Investing Activities | (299) | 15,958 |

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1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont...)

| | Group | |
|---|---|---|
| | Full Year Ended 31/12/2014 | Full Year Ended 31/12/2013 |
| | RMB '000 | RMB '000 |
| Cash Flows from Financing Activities | | |
| Issue of ordinary shares from exercise of warrants, net of expenses incurred | - | 11,273 |
| Issue of ordinary shares | 22,609 | - |
| Issue of ordinary shares from rights issue | - | 25,982 |
| Repayment of financial liabilities | (17,337) | (43,247) |
| Net Cash generated from/(used in) Financing Activities | 5,272 | (5,992) |
| Net decrease in Cash and Cash equivalents | (33,431) | (31,325) |
| Cash and Cash equivalents at beginning of year | 34,421 | 66,241 |
| Exchange differences on translation of Cash and Cash equivalents at beginning of year | (3) | (495) |
| Cash and Cash Equivalents at end of year | 987 | 34,421 |

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1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the year ended 31 December 2014 - Group

| The Group | Share capital RMB'000 | Capital reduction reserve RMB'000 | Statutory common reserve RMB'000 | Share option reserve RMB'000 | Warrant reserve RMB'000 | Exchange fluctuation reserve RMB'000 | Accumulated losses RMB'000 | Total attributable to equity holders of the company RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
|--|--------------------------|--------------------------------------|-------------------------------------|---------------------------------|----------------------------|---|-------------------------------|--|--------------------------------------|-------------------------|
| Balance at 1 January 2013 | 407,932 | 79,151 | 2,198 | 4,132 | 2,920 | 25,925 | (417,719) | 104,539 | 13,013 | 117,552 |
| Total comprehensive income for the year | - | - | - | - | - | 835 | 76,068 | 76,903 | - | 76,903 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | |
| Issue of consideration shares | 13,117 | - | - | - | - | - | - | 13,117 | - | 13,117 |
| Issue of shares from exercise of warrants | 14,193 | - | - | - | (2,920) | - | - | 11,273 | - | 11,273 |
| Issue of remuneration shares | 1,689 | - | - | - | - | - | - | 1,689 | - | 1,689 |
| Rights issue | 25,982 | - | - | - | - | - | - | 25,982 | - | 25,982 |
| Equity-settled share option expenses | - | - | - | 2,139 | - | - | - | 2,139 | - | 2,139 |
| Equity-settled share options cancelled | - | - | - | (3,684) | - | - | 3,684 | - | - | - |
| Transfer to statutory common reserve | - | - | 971 | - | - | - | (971) | - | - | - |
| Total contributions by and distributions to owners | 54,981 | - | 971 | (1,545) | (2,920) | - | 2,713 | 54,200 | - | 54,200 |
| Changes in ownership interest in subsidiaries | | | | | | | | | | |
| Disposal of subsidiaries | - | - | (2,198) | - | - | - | - | (2,198) | (13,013) | (15,211) |
| Balance at 31 December 2013 | 462,913 | 79,151 | 971 | 2,587 | - | 26,760 | (338,938) | 233,444 | - | 233,444 |
| Total comprehensive income for the year | - | - | - | - | - | (3) | (252,905) | (252,908) | - | (252,908) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | |
| Issue of ordinary shares | 8,442 | - | - | - | 14,167 | - | - | 22,609 | - | 22,609 |
| Equity-settled share options cancelled | - | - | - | (2,587) | - | - | 2,587 | - | - | - |
| Total contributions by and distributions to owners | 8,442 | - | - | (2,587) | 14,167 | - | 2,587 | 22,609 | - | 22,609 |
| Changes in ownership interest in subsidiaries | | | | | | | | | | |
| Loss of control in subsidiaries | - | - | (971) | - | - | - | 971 | - | - | - |
| Balance at 31 December 2014 | 471,355 | 79,151 | - | - | 14,167 | 26,757 | (588,285) | 3,145 | - | 3,145 |

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1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont...)

Consolidated Statement of Changes in Equity for the year ended 31 December 2014 - Company

| The Company | Share Capital | Capital Reduction Reserve | Share Option Reserve | Warrant Reserve | Foreign Currency Translation Reserve | Accumulated Losses | Total Equity attributable to equity holders of the Company |
|--|----------------|---------------------------|----------------------|-----------------|--------------------------------------|--------------------|--|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at January 1, 2013 | 407,932 | 79,151 | 4,132 | 2,920 | 26,760 | (428,639) | 92,256 |
| Issue of Consideration Shares | 13,117 | - | - | - | - | - | 13,117 |
| Issue of Shares from Exercise of Warrants | 14,193 | - | - | (2,920) | - | - | 11,273 |
| Rights Issue of ordinary shares | 25,982 | - | - | - | - | - | 25,982 |
| Issue of Remuneration Shares | 1,689 | - | - | - | - | - | 1,689 |
| Equity-settled share option expenses | - | - | 2,139 | - | - | - | 2,139 |
| Equity-settled share option expenses cancelled | - | - | (3,684) | - | - | 3,684 | - |
| Total Comprehensive Income for the year | - | - | - | - | - | 79,806 | 79,806 |
| Balance at December 31, 2013 | 462,913 | 79,151 | 2,587 | - | 26,760 | (345,149) | 226,262 |
| Issue of ordinary shares | 8,442 | - | - | 14,167 | - | - | 22,609 |
| Equity-settled share option expenses cancelled | - | - | (2,587) | - | - | 2,587 | - |
| Total Comprehensive Income for the year | - | - | - | - | - | (244,078) | (244,078) |
| Balance at December 31, 2014 | 471,355 | 79,151 | - | 14,167 | 26,760 | (586,640) | 4,793 |

- 1 (d)(ii) Details of any changes in the issuer’s share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

| | Number of shares |
|--|-------------------------|
| Share Capital | |
| Ordinary shares issued and fully paid | |
| Balance as at 31 December 2014 | 7,966,782,808 |

There were no changes to share capital of the Company during the quarter ended 31 December 2014.

As at 31 December 2014, convertibles (including options to subscribe for ordinary shares in our Company) that remained outstanding are as follows:

| | As at 31 Dec 2014 No. of Shares | As at 31 Dec 2013 No. of Shares |
|--|--|--|
| Share Options granted on 25 May 2010 (exercisable on and after 25 May 2011) | - | 10,000,000 |
| Share Options granted on 25 May 2010 (exercisable on and after 25 May 2012) | - | 3,000,000 |
| Share Options granted on 30 August 2012 (exercisable on and after 30 August 2013) | - | 127,000,000 |
| Warrants granted on 15 April 2013 (expire on 14 April 2016) | 250,000,000 | 250,000,000 |
| Warrants granted on 12 June 2014 (expire on 11 June 2017) | 1,277,777,777 | - |
| | 1,527,777,777 | 390,000,000 |

The Company did not hold any treasury shares as at 31 December 2014 and 2013.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year**

The Company’s total number of issued shares (excluding treasury shares) as at 31 December 2014 is 7,966,782,808 (31 December 2013 : 6,689,005,031)

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares at the end of the financial period reported on.**

Not Applicable. The Company does not hold any treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have been audited in accordance with Singapore Financial Reporting Standards and Singapore Standards on Auditing.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Foo Kon Tan LLP has issued an Independent Auditors' Report dated 24 November 2015 which contained a disclaimer of opinion. A copy of the Independent Auditors' Report is attached under Appendix 1.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 2014, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted all the amendments to FRSs that are effective for the annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

In addition, the background and limitations relating to the preparation of the financial information for FY2014 are described under the *basis for disclaimer of opinion* of the Independent Auditors' Report attached under Appendix 1 ("Limitations").

Cautionary Note

In view of the matters described under the Limitations, the Company is unable to ascertain the impact, if any, on the FY2014 financial results and there is no assurance that there are no material facts not known to the current management that may require the FY2014 financial results to be further adjusted. The Company has also appointed various professionals such as Drew & Napier LLC and Shanghai Yuan Tai Law Offices to look into the various matters noted in the Special Audit Report, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities. In the Independent Auditors' Report, the auditors have highlighted various matters which resulted in their inability to provide a basis for an audit opinion. In this regard, they brought some of these discrepancies to the attention of the relevant authorities in accordance with the statutory obligations imposed on them as auditors of the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-
- (a) Based on the weighted average number of ordinary shares on issue; and
- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

| | Group | |
|---|----------------------------------|----------------------------------|
| | Full Year Ended 31/12/2014 | Full Year Ended 31/12/2013 |
| <i>(Loss)/Profit per ordinary share:</i> | | |
| (i) Based on weighted average no. of ordinary shares in issue (fen) | (3.42) | 1.42 |
| (ii) On a fully diluted basis (fen) | (3.42) | 1.39 |
| <i>Number of shares in issue:</i> | | |
| (i) Based on weighted average no. of ordinary shares in issue (in million) | 7,400 | 5,358 |
| (ii) On a fully diluted basis (in million) | 7,400 | 5,484 |

Earnings/(loss) per ordinary share is calculated based on the Group's profit/(loss) for the financial period attributable to the shareholders of the Company divided by the weighted average number of ordinary shares in issue during the period under review.

Diluted earnings/(loss) per ordinary share is calculated based on the same basis as earnings/(loss) per share by adjusting the weighted average number of ordinary shares to include the outstanding warrants and options deemed converted up to the respective reporting periods. In 2014, the diluted loss per share is the same as basic loss per share as the Group does not have any dilutive capital instruments

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital (excluding treasury shares) of the issuer at the end of the :
- (a) current financial period reported on; and
- (b) immediately preceding financial year.

| | Group | |
|--|-----------|-----------|
| | 31-Dec-14 | 31-Dec-13 |
| Net Asset Value (RMB'000) | 3,145 | 233,444 |
| Based on existing issued share capital (fen per share) | 0.04 | 3.49 |
| Net Asset Value has been computed based on the share capital of (in million of shares) | 7,967 | 6,689 |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Explanatory Note

The consolidated financial statements of the Group contained the results of the following wholly owned subsidiaries, (i) Guizhou Cedar Huacheng Investment Management Co., Ltd, (ii) Guiyang Shunhe Real Estate Development Co., Ltd, (iii) Guizhou Shengxiang Investment Management Co., Ltd and (iv) Guizhou Huamao Assets Operation Management Co., Ltd (collectively known as PRC entities" or the "Investees") for the period from 1 January 2014 to 30 September 2014. No accounting records were furnished to the current management in Singapore for the period from 1 October 2014 to 31 December 2014 following the resignation of the entire finance team in the People's Republic of China ("PRC").

Due to the unavailability of the accounting records and the loss of control of the PRC entities (as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities), the Company eventually made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million) comprising gross current assets of RMB 489.7 million and gross current liabilities of RMB 474.1 million, based on the management accounts of the PRC entities as at 30 September 2014.

Review of Financial Performance (FY2014 vs FY2013)

Revenue was contributed by the Trechance Group, which was acquired on 29 October 2013 (and hence contributed only around 2 months of revenue in FY2013), arising mainly from the sale of property units in the "Xiao Cheng Gu Shi" project. Gross profit of approximately RMB 60.0 million was recorded for FY2014, after deducting direct costs of approximately RMB 110.7 million for the same year. Direct cost of RMB 110.7 million for FY2014 was derived from the cost of property units in "Xiao Cheng Gu Shi" project.

Other income declined by 99% from RMB 9.9 million in FY2013 to RMB 90,000 in FY2014 as approximately RMB 9.9 million for FY2013 was derived mainly from interest income on the loans to the vendor of the Trechance Group. The Company has assessed the collectability of these loans and made full impairment. As such, no interest income was recognized on the loans for FY2014.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont...)**

Review of Financial Performance (FY2014 vs FY2013)

Administration expenses decreased from RMB 34.1 million in FY2013 to RMB 25.2 million in FY2014, due mainly to lower mergers and acquisitions activity in FY2014 which resulted in lower staff costs, professional and related fees, partially offset by cessation benefits paid to certain management and staff in FY2014.

Other non-operating expenses of RMB 284.7 million was recorded in FY2014 as the Company made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million), based on the management accounts of the PRC entities as at 30 September 2014 due to the unavailability of the accounting records and the loss of control of the PRC entities as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities. Impairment losses on consideration receivables from the vendor of the Trechance Group of RMB 189.9 million and impairment losses on other receivables of RMB 6.3 million were also recognised in FY2014.

Depreciation of property, plant and equipment in FY2014 was approximately RMB 3.8 million as compared to approximately RMB 1.3 million in FY2013 mainly due to the acquisition of the Trechance Group on 29 October 2013 (and hence contributed only around 2 months to the results of FY2013), which holds properties including the "Xiao Cheng Gu Shi" project.

Finance costs increased from RMB 151,000 in FY2013 to RMB 3.1 million in FY2014 mainly due to finance costs relating to a 5% bond, with a principal amount of S\$3.6 million, issued to the vendor of the Trechance Group and credit facility fee of USD 0.4 million paid to secure a bank loan.

Review of Financial Position (31 December 2014 vs 31 December 2013)

Property, plant and equipment, trade and other receivables (both current and non-current) and the current assets and liabilities have decreased significantly as the Company made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million), based on the management accounts of the PRC entities as at 30 September 2014 due to the unavailability of the accounting records and the loss of control of the PRC entities as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities. Impairment losses on consideration receivables from the vendor of the Trechance Group of RMB 189.9 million and impairment losses on other receivables of RMB 6.3 million were also recognised in FY2014.

The financial liability of RMB 17.3 million was fully repaid in 2014.

As at 31 December 2014, the Group's assets and liabilities mainly comprised of a motor vehicle recorded at net book value of RMB 169,000 , consideration receivable from New Inspiration of RMB 7.0 million (which arose from the disposal of subsidiaries in FY2013), cash and cash equivalents of RMB 987,000 and payables and accrued operating expenses of RMB 5.3 million relating to legal, professional and other ancillary expenses.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont...)

Cash Flow

Net cash used in operating activities was approximately RMB 38.4 million for FY2014 (largely as a result of the net loss before taxation), compared with RMB 41.3 million in FY2013. There was a net cash outflow from investing activities of RMB 0.3 million for FY2014 due to the acquisition of a motor vehicle whilst there was a net cash inflow from investing activities of approximately RMB 16.0 million in FY2013 mainly due to the Company's acquisition of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd.. Net cash generated in financing activities was RMB 5.3 million for FY2014 from the proceeds from an issue of ordinary shares, which was partially offset by the repayment of a bank loan, whilst net cash used in financing activities was RMB 6.0 million in FY2013 (largely because of the repayment of a bank loan to the Group's previous subsidiaries).

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months.**

On 4 November 2015, a wholly-owned subsidiary of the Company, Cedar Properties Pte. Ltd., acquired 60% of the registered capital of the Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd. (惠州大亚湾美泰诚房地产开发有限公司) ("Target Company") for an aggregate consideration of RMB 48 million. The Target Company is the sole developer of a project in No. 3 Xia Guang Road West, Xiao Chong Town, Daya Bay District, Huizhou, Guangdong Province, the PRC and comprised of, *inter alia*, 1,099 suites of decorated apartments. The Company believes that the acquisition provides a valuable opportunity for growth and the Target Company is expected to contribute to the Company's financials for FY2015.

11. **Dividend**

- (a) **Current Financial Period Reported On**
Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended.

- (b) **Corresponding Period of the Immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared or recommended.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

- 12. If the company has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company has not obtained a general mandate from shareholders for Interested Party Transactions.

- 13. Disclosure on the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

The details of the net proceeds utilized as at 31 December 2014 are as follows:

| Intended Use | Amount Allocated | Amount Utilised |
|---|-------------------------|------------------------|
| | S\$'000 | S\$'000 |
| Real estate development and/or investment in real estate assets | 4,350 | 4,350 |

Pursuant to the terms of the Subscription Agreements, the Company raised the sum of S\$4,600,000 by issuing an aggregate of 1,277,777,777 new shares in the share capital of the Company at an issue price of S\$0.0036 per share, with 1,277,777,777 free detachable unlisted warrants, on the basis of one (1) free warrant for every one (1) share at an exercise price of S\$0.0036 on 29 August 2014. The net proceeds of approximately S\$4,350,000 (after deducting estimated expenses of approximately S\$250,000) as at 29 August 2014 had been fully utilised to fund the development of real estate projects and/or investment in real estate and/or related assets (i.e. payment made in connection with the acquisition of Trechance Holdings Ltd. and its subsidiaries). The Current Board however noted that the Company's announcement dated 29 August 2014 may contain factual inaccuracies as payment amounting to S\$752,096 may have already been paid out of the aforesaid proceeds prior to the said announcement.

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

For management purposes, the Group is organised into business segments as the Group's risks and rates of return are affected predominantly by differences in the products produced. The operating businesses are organised and managed separately according to the nature of the products produced, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is organised into four business segments, namely:-

- (i) Property development - relates to the development of properties for sale in the People's Republic of China
- (ii) Asset management - relates to the asset management business in Singapore, classified as disposal group held-for-sale
- (iii) Trading - relates to the trading, marketing and distribution of titanium dioxide related products, classified as disposal group held-for-sale
- (iv) Corporate – comprises Corporate Office which incurs general corporate expenses and inactive entities in the Group

The Group accounts for inter-segment transactions on terms agreed between parties. Inter-segment transactions comprising advances between segments are eliminated on consolidation.

Segment revenue and expenses:

Segment revenue and expenses are the operating revenue and expenses reported in the consolidated statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities:

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Capital expenditure includes the total cost incurred to acquire plant and equipment directly attributable to a segment.

The management monitors the operating results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont...)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates with these industries. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily in the Company's headquarters), head office expenses, and tax assets and liabilities.

Geographically, the non-current assets and operations of the Group are primarily located in the PRC.

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (cont...)

| | Property development | | Trading and asset management (Discontinued) | | Corporate | | Eliminations | | Total | |
|--------------------------------|-----------------------|-----------------------|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Group 2014 RMB'000 | Group 2013 RMB'000 | Group 2014 RMB'000 | Group 2013 RMB'000 | Group 2014 RMB'000 | Group 2013 RMB'000 | Group 2014 RMB'000 | Group 2013 RMB'000 | Group 2014 RMB'000 | Group 2013 RMB'000 |
| Segment revenue | 170,669 | 61,133 | - | - | - | - | - | - | 170,669 | 61,133 |
| Results | | | | | | | | | | |
| Segment (loss)/profit | 55,143 | 12,952 | - | 86,264 | (308,138) | (29,846) | - | - | (252,995) | 69,370 |
| Other income | - | - | - | - | 90 | 9,936 | - | - | 90 | 9,936 |
| (Loss)/ profit before taxation | 55,143 | 12,952 | - | 86,264 | (308,048) | (19,910) | - | - | (252,905) | 79,306 |
| Taxation | - | (3,238) | - | - | - | - | - | - | - | (3,238) |
| (Loss)/profit for the period | 55,143 | 9,714 | - | 86,264 | (308,048) | (19,910) | - | - | (252,905) | 76,068 |
| Attributable to: | | | | | | | | | | |
| Owners of the Company | 55,143 | 9,714 | - | 86,264 | (308,048) | (19,910) | - | - | (252,905) | 76,068 |
| Non-controlling interests | - | - | - | - | - | - | - | - | - | - |
| Assets and liabilities | | | | | | | | | | |
| Segment assets | - | 490,401 | - | - | 8,485 | 229,846 | - | - | 8,485 | 720,247 |
| Segment liabilities | - | 398,214 | - | - | 5,340 | 88,589 | - | - | 5,340 | 486,803 |

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Revenue and earnings for the Property development segment was contributed by the Trechance Group, which was acquired on 29 October 2013 (and hence contributed only around 2 months of revenue in FY2013), arising mainly from the sale of property units in the “Xiao Cheng Gu Shi” project.

The loss for Corporate segment increased to RMB 308 million mainly due to the impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets (RMB 15.6 million), based on the management accounts of the PRC entities as at 30 September 2014 due to the unavailability of the accounting records and the loss of control of the PRC entities as the Company no longer has the practical ability to direct the relevant activities of the said PRC entities. Impairment losses on consideration receivables from the vendor of the Trechance Group of RMB 189.9 million and impairment losses on other receivables of RMB 6.3 million also contributed to the loss in FY2014.

The Discontinued segment comprised of (i) Trading, which relates to the trading, marketing and distribution of titanium dioxide related products, and (ii) Asset management, which relates to the asset management business in Singapore.

16. A breakdown of sales as follows :

| | Latest Financial Year RMB'000 | Group Previous Financial Year RMB'000 | % Increase/ (Decrease) |
|---|--|---|------------------------------|
| a. Sales reported for the first half year (January to June 2014) | 45,269 | 1,007 | n.m.* |
| b. Operating profit/(loss) after tax before deducting minority interest reported for the first half year (January to June 2014) | 8,800 | (10,062) | n.m. |
| c. Sales reported for the second half year (July to December 2014) | 125,400 | 60,126 | n.m.* |
| d. Operating profit/(loss) after tax before deducting minority interest reported for the second half year (July to December 2014) | (261,705) | 86,130 | n.m. |

n.m. : not meaningful

* : in excess of 100%

17. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year as follows :-

Not applicable as the Company did not declare any dividends in the latest full year and its previous full year.

CEDAR STRATEGIC HOLDINGS LTD.
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- 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable as there are no such persons occupying a managerial position in the issuer or any of its principal subsidiaries as at the date of this announcement.

ON BEHALF OF THE DIRECTORS

Christopher Chong Meng Tak
Non-Executive Chairman

BY ORDER OF THE BOARD
24 November 2015

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 Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange 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: 63893000
Email: jookhin.ng@morganlewis.com*

Independent auditor's report

Report on the financial statements

We were engaged to audit the accompanying financial statements of Cedar Strategic Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Company and the Group as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. *Consolidation of subsidiaries*

The consolidated financial statements of the Group contained the results of the following wholly owned subsidiaries, (i) Guizhou Cedar Hua Cheng Investment Management Co., Ltd, (ii) Guiyang Shunhe Real Estate Development Co., Ltd, (iii) Guizhou Shengxiang Investment Management Co., Ltd and (iv) Guizhou Huamao Assets Operation Management Co., Ltd (collectively known as PRC entities" or the "Investees") for the period from 1 January 2014 to 30 September 2014. No accounting records were furnished to the current management in Singapore for the period from 1 October 2014 to 31 December 2014 following the resignation of the entire finance team in the People's Republic of China ("PRC").

Independent auditor's report (Cont'd)

Basis for Disclaimer of Opinion (cont'd)

1. *Consolidation of subsidiaries (cont'd)*

Due to the unavailability of the accounting records and the loss of control of the PRC entities as mentioned in (2), the current management eventually made full impairment provisions on (i) property, plant and equipment (RMB 72.8 million) and (ii) carrying amounts of the net current assets of RMB 15.6 million, comprising gross current assets of RMB 489.7 million and gross current liabilities of RMB 474.1 million, based on the management accounts of the PRC entities as at 30 September 2014, as disclosed in Note 16 to the financial statements.

Accordingly, we were unable to obtain sufficient appropriate audit evidence over the completeness of liabilities incurred, existence and ownership of assets, accuracy and presentation of financial numbers as reported and disclosed, including the amount of impairment losses made to reflect the reported amounts in the consolidated statement of comprehensive income and the consolidated statement of cash flows for the financial year ended 31 December 2014.

FRS 110 – *Consolidated Financial Statements* requires the consolidation of the investees from the date the Company gains control of the investees and ceases when the Company loses control over the investees. Based on the findings noted in (2), we were unable to conclude when the control over the PRC entities was lost.

2. *Modification in shareholding status of subsidiaries without prior approval from shareholders*

On 24 September 2014, the shareholding, shareholders, legal representative and other related information of Guizhou Huamao Assets Operation Management Co. Ltd have been changed from Guizhou Cedar Huacheng Investment Management Co., Ltd (“Cedar Hua Cheng”), the current immediate holding company, to Ms Ji Lei, a related party of Mr Ji Yu Dong (“JYD”), where the latter is purported to be the sole shareholder of Talented Creation International Limited (“TCI”), together with two other third party individuals. All these changes were made without knowledge from ex-management.

On 13 July 2015, the shareholding, shareholders and other related information of Guiyang Shunhe Real Estate Development Co., Ltd have also been changed from Cedar Hua Cheng to two third party individuals.

On 19 November 2015, the Current Board was informed by the ex-Non-executive Chairman that he does not possess any documents or company seals of Guizhou Cedar Huacheng Investment Management Co., Ltd and Guizhou Shengxiang Investment Management Co., Ltd. Furthermore, there is no management personnel in the two entities who are reporting to the Current Board.

Arising from the above, the Current Board is of the view that the Company no longer has the practical ability to direct the relevant activities of the PRC entities and on this basis, the PRC entities ceased to be legal subsidiaries of the Company by 31 December 2014. We have not been able to obtain satisfactory explanations from the ex-management of the Company concerning the

reasons of the said modifications. Consequently, we were unable to satisfy ourselves on the Company's rights and ownership over the PRC entities as at the balance sheet date.

3. Beneficial owner of TCI

JYD appeared to be treated interchangeably with TCI for the purposes of granting authorisation and receiving payments in numerous instances. The Company's announcement dated 22 May 2013 in relation to the acquisition of Trechance Holdings Limited ("Trechance") states that Ms Ji Lei as the beneficial owner of TCI. This was not consistent with TCI's Register of Members which indicated that the sole shareholder of TCI is JYD. Accordingly, we were unable to ascertain who the beneficial owner of TCI is and whether it was appropriate for the ex-management to consider TCI as being interchangeable with JYD. Furthermore, we noted inconsistencies in the various documents furnished, which granted an ex-key management personnel of the Company, authority to approve certain critical documents on behalf of JYD or TCI, as mentioned in (10) below.

4. *Related party transactions*

FRS 24 - *Related Party Disclosures* requires the disclosure of significant related party relationships, transactions and outstanding balances in the accompanying financial statements. We have been unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness, existence and accuracy of related parties and transactions with related parties as disclosed in Note 22 to the financial statements due to missing accounting and financial records of the PRC entities based on the reasons cited in (1). Consequently, we were unable to establish whether any significant related party information has been omitted from the financial statements of the Group and the Company for the financial year ended 31 December 2014.

In addition, the Group made certain payments on behalf of an ex-key management personnel during the financial year, which met the definition of "interested person transactions" in accordance with Rule 904 of the Catalist Rules. These interested person transactions totalled S\$1.47 million (equivalent to RMB 7.1 million as disclosed in Note 22 to the financial statements) approximated 3% of the Group's latest audited net tangible assets as at 31 December 2013, have not been approved by the ex-Audit Committee and the ex-Board of the Company. Consequently, it may constitute a breach of Rule 905 of the Catalist Rules, which requires immediate announcement of the interested person transactions.

Independent auditor's report (Cont'd)

Basis for Disclaimer of Opinion (cont'd)

5. *Impairment losses recognised on the cost of investment in subsidiaries and amounts due from subsidiaries*

As at 31 December 2014, the current management fully impaired its cost of investment in subsidiaries as well as amounts due from its subsidiaries amounting to RMB 22.5 million and RMB 204.9 million, as disclosed in Notes 5 and 8(A), respectively, in the Company's statement of comprehensive income. The accounting and financial records of the subsidiaries were not available based on the reason cited in point 1.

Accordingly, we were unable to satisfy ourselves as to the appropriateness of the carrying amounts of the Company's investment in subsidiaries and the amounts due from subsidiaries as at 31 December 2014 as well as the impairment losses recognised in the Company's statement of comprehensive income for the financial year ended 31 December 2014.

6. *Recoverability of amount due from New Inspiration Development Limited ("New Inspiration")*

Included in trade and other receivables (Note 8(B)) in the Group and the Company's statement of financial position as at 31 December 2014 was the remaining consideration receivable of RMB 7.0 million (equivalent to S\$ 1.5 million) arising from the disposal of subsidiaries in FY2013.

The Settlement Agreement referred to in Note 8(B) to the financial statements was not approved by the then-Board of Directors as at that point of time. In addition, conflicts of interest arose as part of the settlement process. The Company has not obtained control over the assets referred to in Note 8(B) to the financial statements. On this basis, we were unable to obtain sufficient appropriate audit evidence on the recoverability of the consideration receivable as at 31 December 2014.

7. *Impairment loss recognised on amounts due from TCI*

As at 31 December 2014, the current management fully impaired the consideration receivable from TCI amounting to RMB 189.9 million, as disclosed in Notes 8(A) and 16, respectively, in the consolidated statement of comprehensive income. We were unable to satisfy ourselves as to the appropriateness of the impairment losses recognised in the consolidated statement of comprehensive income for the financial year ended 31 December 2014.

Independent auditor's report (Cont'd)

Basis for Disclaimer of Opinion (cont'd)

8. *Remuneration matters*

During the financial year ended 31 December 2014, management recorded retrenchment benefits, bonus and other salary related costs amounting to approximately RMB 4.4 million (Company: RMB 3.7 million) paid/payable to its ex-executive directors and ex-key management personnel of the Company and its subsidiary in the statement of comprehensive income. The Group paid retrenchment benefits, bonus and other salary related costs of RMB 3.0 million (Company: RMB 2.3 million) in October 2014. We were unable to obtain sufficient appropriate audit evidence to determine that such retrenchment benefits have been appropriately approved.

9. *Supporting accounting documents*

Other than those already mentioned in other paragraphs in our basis of disclaimer of opinion, we have not been able to obtain satisfactory explanations from the ex-management concerning a series of payment transactions of (i) at least RMB 147,000 in FY2014, where we cannot determine whether such transactions were incurred in the ordinary course of business of the Group and the Company and (ii) payments of at least RMB 4.0 million that were without proper supporting accounting and approval documents.

10. *Use of Share Proceeds and Settlement of Consideration Payable*

In June 2014, the Company raised gross proceeds amounting to S\$4.6 million pursuant to the issuance of 1,277,777,777 new subscription shares at an issue price of S\$0.0036 per share to 3 investors. The proceeds were intended to repay the consideration payable arising from the acquisition of Trechance in FY2013.

Only S\$1 million has been received by the Company. S\$3.6 million of the gross proceeds were purportedly used to settle the outstanding bond issued to TCI as disclosed in Note 12 to the financial statements. We were unable to perform any substantive audit procedures and obtain sufficient appropriate audit evidence that the gross proceeds of S\$3.6 million were used to settle the outstanding bond as disclosed in Note 12 to the financial statements.

The ex-management paid S\$752,096 of the Cash Consideration as disclosed in Note 21 to the financial statements, to JYD in January 2014 prior to the approval of the Second Supplemental Agreement by the then-Board on 25 August 2014.

Independent auditor's report (Cont'd)

Basis for Disclaimer of Opinion (cont'd)

10. *Use of Share Proceeds and Settlement of Consideration Payable (cont'd)*

The ex-management paid S\$210,000, being the remaining portion of the Cash Consideration as disclosed in Note 21 to the financial statements to one of the investors instead of TCI on 16 September 2014. We have not sighted any written instructions from TCI or JYD for the payment to be remitted to the investor.

Payments totalling S\$962,095 were made during the year to settle the amounts arising from the acquisition of Trechance. The Company announced on 25 August 2014 that an amount of S\$900,039 was paid to settle the consideration payable. There was a discrepancy of S\$62,056 between the actual payment made and the amount stated in the announcement. We have not been able to obtain satisfactory explanations from the ex-management concerning the discrepancy noted.

In addition, conflicts of interest arose in the execution of the above transactions. Accordingly, we were unable to satisfy ourselves as to whether the liabilities arising from the outstanding bond and the Cash Consideration payable, as disclosed in Notes 12 and 21 to the financial statements, have been appropriately discharged as at the balance sheet date. Arising from this, it may constitute a breach of Rule 704(30) of the Catalist Rules in relation to the accuracy of the announcement made on the use of the share placement proceeds dated 29 August 2014.

11. *Non-compliance with disclosure requirements under respective FRSs*

Management has not complied with the respective FRSs in relation to the respective Notes 3, 6, 7, 8, 14, 15, 16, 17, 19, 24 and 26 in the consolidated financial statements as required by the respective FRSs, which include but not limited to FRS 1 - *Presentation of Financial Statements*, FRS 16 - *Property, Plant and Equipment*, FRS 18 - *Revenue*, FRS 24 - *Related Party Disclosures*, FRS 33 - *Earnings Per Share*, FRS 36 - *Impairment of Assets*, FRS 39 - *Financial Instruments: Recognition and Measurement* and FRS 108 - *Operating Segments*.

We were unable to obtain sufficient audit evidence over the completeness, existence and accuracy of the disclosures made in the consolidated financial statements as the accounting and financial records of these PRC entities were not available and the consolidated financial statements were also not prepared in accordance with FRS 110 - *Consolidated Financial Statements*.

Furthermore, there were certain non-disclosures of information as required by the respective FRS, which included but not limited FRS 12 - *Income Taxes*, FRS 16 - *Property, Plant and Equipment* and FRS 36 - *Impairment of Assets*, which was not in accordance with the relevant FRSs.

Independent auditor's report (Cont'd)

Basis for Disclaimer of Opinion (cont'd)

12. *Appropriateness of going concern assumptions of the Group and the Company*

We draw attention to Note 2(a) to the financial statements. The Company had announced on 9 April 2015 that trading in its shares was halted and on 14 April 2015, trading of the Company's shares was subsequently suspended. As at 31 December 2014, the Group and the Company reported a surplus in net assets of RMB 3.1 million and RMB 4.8 million respectively, despite registering net losses and net operating cash outflows of RMB 253.0 million and RMB 38.4 million (The Company: Net losses of RMB 244.1 million and net operating cash outflows of RMB 27.0 million) respectively for the financial year then ended. The surplus in net assets comprised mainly the consideration receivable of RMB 7.0 million as mentioned in (6) above.

The announcement dated 25 February 2015 stated that Futura Asset Holdings Pte Ltd ("Futura") is operational and is expected to contribute to the Group's financials in FY 2015. We were unable to obtain sufficient audit evidence to verify this assertion.

The viability of the Group and the Company's operations to a large extent is highly dependent on (A) the receipt of the remaining consideration receivable and (B) the resumption of trading of the Company's shares, which is subject to the approval from SGX-ST, which would allow the management to raise fresh funds to meet the Group's and the Company's operational needs. The above-mentioned conditions cast doubt on the Group and the Company's ability to continue as a going concern.

There are material uncertainties that may cast doubts about the Group's and the Company's ability to continue as a going concern as we were unable to obtain sufficient appropriate audit evidence on the recoverability of the consideration receivable and whether SGX-ST would approve the resumption of trading of the Company's shares that would enable management to raise fresh funds to meet the Group's and the Company's operational needs.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Independent auditor's report to the members of Cedar Strategic Holdings Ltd. (Cont'd)

Other matters

Based on the findings note in the preceding paragraphs, under such circumstances, we brought some of these discrepancies to the attention of the relevant authorities in accordance with the statutory obligations imposed on us as auditors of the Company.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
24 November 2015