CIRCULAR DATED 3 FEBRUARY 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Cedar Strategic Holdings Ltd. (the "**Company**"). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular with the Notice of the Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular. The issue of a listing and quotation notice in respect of the Consideration Shares (as defined herein) by the SGX-ST is not to be taken as an indication of the merits of the proposed D3 Acquisition (as defined herein), the Company, its subsidiaries and their securities.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Nathaniel C.V., Registered Professional, RHT Capital Pte. Ltd. at Six Battery Road, #10-01, Singapore 049909, telephone no. (65) 6381 6757.

CEDAR
Strategic

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

(I) THE PROPOSED ACQUISITION OF 6,225,000 SHARES REPRESENTING 25.025% OF THE TOTAL ISSUED AND PAID-UP SHARES OF DAS PTE. LTD. (THE "D3 ACQUISITION") AS AN INTERESTED PERSON TRANSACTION;

(II) THE PROPOSED ALLOTMENT AND ISSUE OF 65,469,600 CONSIDERATION SHARES AT AN ISSUE PRICE OF S$0.10 EACH;

(III) THE PROPOSED CHANGE IN THE NAME OF THE COMPANY TO "EMERGING TOWNS & CITIES SINGAPORE LTD." (IN CHINESE, 新世界地产集团有限公司); AND

(IV) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO APPROXIMATELY 468,102,000 CONVERSION SHARES AT A CONVERSION PRICE OF S$0.09 EACH PURSUANT TO A CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDER, MR LUO SHANDONG.

Independent Financial Adviser in relation to the D3 Acquisition as an Interested Person Transaction

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200310232R)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	24 February 2017 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	27 February 2017 at 9.30 a.m.
Place of Extraordinary General Meeting	:	55 Market Street #03-01 Singapore 048941

CONTENTS

CONTENTS

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

"2016 Loans"	:	Has the meaning ascribed to it in paragraph 5.1 of this Circular
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"Associate"	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit Committee"	:	The audit committee of the Company
"Board"	:	The board of Directors of the Company
"Cash Consideration"	:	The sum of US$1,500,000 payable by the Company to D3 pursuant to the proposed D3 Acquisition
"Catalist"	:	The Catalist Board of the SGX-ST
"Catalist Rules"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended up to the Latest Practicable Date
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 3 February 2017
"Code"	:	Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time

"Company" *or* ***"CSH"***	:	Cedar Strategic Holdings Ltd.
"Companies Act"	:	Companies Act (Cap. 50) of Singapore, as amended, modified or supplemented from time to time
"Consideration"	:	The aggregate consideration payable by the Company to D3 in relation to the proposed D3 Acquisition which comprises the Cash Consideration and Consideration Shares
"Consideration Shares"	:	65,469,600 ordinary shares in the Company at the issue price of S$0.10 per share to be issued and allotted to D3 pursuant to the proposed D3 Acquisition
"Constitution"	:	The constitution of the Company, as amended from time to time
"Control"	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of all voting shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or (b) in fact exercises Control over the Company
"Conversion Price"	:	The price at which Conversion Shares will be issued upon conversion which shall be S$0.09 per Conversion Share
"Conversion Shares"	:	The fully paid new ordinary shares in the Company to be allotted and issued to LSD by the Company pursuant to the exercise of the conversion right at any time within fifteen (15) months from the date of the Convertible Loan Agreement to convert up to the full sum of US$29,302,144 (approximately S$41,609,044 based on the exchange rate of US$1.00: S$1.42 as at 25 January 2017) (which comprises the principal loan amounts under the 2016 Loans and all interest accrued thereon as of 25 January 2017) plus any interest accrued thereon based on the Conversion Price
"Convertible Loan"	:	The convertible loan of US$29,302,144 (approximately S$41,609,044 based on the exchange rate of US$1.00: S$1.42 as at 25 January 2017) (the full sum of which comprises the principal loan amounts under the 2016 Loans and all interest accrued thereon as of 25 January 2017) granted by LSD to the Company pursuant to the Convertible Loan Agreement

"Convertible Loan Agreement"	:	The convertible loan agreement dated 25 January 2017 and entered into between LSD as lender and the Company as borrower
"CPF"	:	Central Provident Fund
"D3"	:	D3 Capital Limited
"D3 Acquisition"	:	The proposed acquisition by the Company of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of the Target from D3
"D3 SPA"	:	The sale and purchase agreement dated 17 October 2016 entered into between the Company and D3 in relation to the proposed D3 Acquisition
"Directors"	:	The directors of the Company as at the Latest Practicable Date and each a "**Director**"
"EGM"	:	The extraordinary general meeting of the Company to be held on 27 February 2017 at 55 Market Street #03-01, Singapore 048941 at 9.30 a.m.
"EPS"	:	Earnings per Share
"FY2015"	:	The financial year ended 31 December 2015
"GL"	:	Golden Land Real Estate Development Co. Ltd.
"Golden City Project"	:	The Golden City project which is Myanmar's first foreign developed luxury mixed-use development and one of the leading real estate projects located in Ward No. 3, KanBe, Yankin Township, Yangon Region, Myanmar
"Group"	:	The Company and its subsidiaries
"IFA"	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser appointed by the Company to advise the Directors who are considered independent of the D3 Acquisition and the members of the Audit Committee of the Company on the D3 Acquisition
"IFA Letter"	:	The letter from the IFA addressed to the Directors who are considered independent of the D3 Acquisition and the members of the Audit Committee of the Company as set out in Appendix I to this Circular

"Independent Valuer"	:	Colliers International Thailand, the independent valuer appointed by the Company to value the Target Group for the purposes of the proposed D3 Acquisition
"Latest Practicable Date"	:	25 January 2017, being the latest practicable date prior to the printing of this Circular
"LSD"	:	Mr Luo Shandong
"Notice of EGM"	:	The notice of the EGM which is set out on pages 111 to 113 of this Circular
"NTA"	:	Net tangible assets
"Outstanding Options"	:	The 16,000,000 options granted under The Cedar Strategic Holdings Ltd. Employee Share Option Scheme approved by the Shareholders at an extraordinary general meeting of the Company held on 21 August 2009 (each option carrying the right to subscribe for one (1) new Share in the capital of the Company at an exercise price of S$0.075 exercisable from the date falling 24 months after the date of the grant up till 17 May 2026) existing as at the Latest Practicable Date that were previously issued by the Company, the number and issue price of which have been adjusted pursuant to the completion of the Company's consolidation of every twenty-five (25) existing ordinary shares to one (1) consolidated share, fractional entitlements to be disregarded, as disclosed in the Company's announcement dated 5 December 2016
"Outstanding Warrants"	:	The 51,111,111 warrants (each warrant carrying the right to subscribe for one (1) new Share in the capital of the Company at an exercise price of S$0.09 with an exercise period expiring at 5.00 pm on the day immediately preceding the third anniversary of the date of issue of such warrants) existing as at the Latest Practicable Date that were previously issued by the Company, the number and issue price of which have been adjusted pursuant to the completion of the Company's consolidation of every twenty-five (25) existing ordinary shares to one (1) consolidated share, fractional entitlements to be disregarded, as disclosed in the Company's announcement dated 5 December 2016
"Proposed Name Change"	:	The proposed change in name of the Company from "Cedar Strategic Holdings Ltd." to "Emerging Towns & Cities Singapore Ltd."
"Register of Members"	:	Register of members of the Company
"RMB" *and* ***"fen"***	:	Renminbi and fen respectively, being the lawful currency of the People's Republic of China

"Securities Account"	:	A securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289, of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SGXNET"	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shareholders"	:	The registered holders of Shares in the register of members of the Company, except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares and where the context so admits, mean the Depositors whose securities accounts are credited with such Shares
"Shares"	:	Issued and paid-up ordinary shares in the capital of the Company, and each a "**Share**"
"Sponsor"	:	RHT Capital Pte. Ltd.
"Substantial Shareholder"	:	A person (including a corporation) who has an interest in not less than 5% of the total issued voting Shares
*"**S$**" and "**cents**"*	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"Target"	:	DAS Pte. Ltd.
"Target Acquisition"	:	The proposed acquisition by the Company of all of the issued and paid-up shares of the Target
"Target Group"	:	The Target, UGP, GL and their subsidiaries collectively
"UGP"	:	Uni Global Power Pte. Ltd.
*"**US$**" and "**cents**"*	:	United States dollars and cents respectively, being the lawful currency of the United States of America
"Valuation Letter"	:	The valuation letter issued by the Independent Valuer in relation to the valuation of the Target Group
*"**%**" or "**per cent.**"*	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms "**subsidiaries**" and "**related corporations**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, the Take-over Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the Catalist Rules, the Take-over Code or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198003839Z)

Board of Directors:

Christopher Chong Meng Tak *(Non-executive Chairman/ Independent Director)*
Tan Thiam Hee *(Chief Executive Officer and Executive Director)*
Wong Pak Him Patrick *(Executive Director)*
Peter Tan *(Independent Director)*
Teo Cheng Kwee *(Non-executive Director)*

Registered Office:

80 Raffles Place
#26-05 UOB Plaza 1
Singapore 048624

3 February 2017

To: The Shareholders of Cedar Strategic Holdings Ltd

Dear Sir/Madam

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

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

(II) THE PROPOSED ALLOTMENT AND ISSUE OF 65,469,600 CONSIDERATION SHARES AT AN ISSUE PRICE OF S$0.10 EACH;

(III) THE PROPOSED CHANGE IN THE NAME OF THE COMPANY TO "EMERGING TOWNS & CITIES SINGAPORE LTD." (IN CHINESE, 新世界地产集团有限公司); AND

(IV) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO APPROXIMATELY 468,102,000 CONVERSION SHARES AT A CONVERSION PRICE OF S$0.09 EACH PURSUANT TO A CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDER, MR LUO SHANDONG.

1 INTRODUCTION

1.1 Extraordinary General Meeting

The Board is proposing to convene an EGM to seek Shareholders' approval in respect of:

(i) the proposed acquisition of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of DAS Pte. Ltd. (the "**Target**") from D3 Capital Limited ("**D3**") as an interested person transaction;

(ii) the proposed allotment and issue of 65,469,600 Consideration Shares at an issue price of S$0.10 each to D3, as part satisfaction of the Consideration;

(iii) the proposed change in name of the Company to "Emerging Towns & Cities Singapore Ltd."; and

(iv) the proposed allotment and issue of up to approximately 468,102,000 Conversion Shares at the Conversion Price of S$0.09 each pursuant to the Convertible Loan Agreement.

1.2 Purpose of this Circular

1.2.1 The purpose of this Circular is to provide Shareholders with information pertaining to the aforementioned proposals to be tabled at the EGM and to seek Shareholders' approval in relation thereto at the EGM to be held at 55 Market Street #03-01, Singapore 048941 on 27 February 2017 (Monday) at 9.30 a.m.. The Notice of EGM is set out on pages 111 to 113 of this Circular.

1.2.2 This Circular has been prepared solely for the purpose outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

1.2.3 **The Sponsor and the SGX-ST take no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.**

2 THE PROPOSED ACQUISITION OF 6,225,000 SHARES REPRESENTING 25.025% OF THE TOTAL ISSUED AND PAID-UP SHARES OF DAS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

2.1 Background

On 17 October 2016, the Company announced that it had entered into a sale and purchase agreement with each of Strong Ever Limited, Asiabiz Services Ltd, Sunshine Shimmer Limited, Consortium Investments Limited and D3 (collectively the "**Vendors**"), pursuant to which the Vendors have agreed to sell and the Company has agreed to purchase all of the issued and paid-up shares of the Target (the "**Target Acquisition**").

2.2 The Proposed D3 Acquisition as an Interested Person Transaction

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purposes of Chapter 9 of the Catalist Rules:

(a) an "**entity at risk**" means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;

(b) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(c) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules;

(d) an "**interested person**" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder;

(e) an "**associate**" in relation to any director, chief executive officer or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.3 Details of the Interested Persons

The shareholders of D3, which comprise Mr Desmond Teo Chek Lin ("**Mr Desmond Teo**"), Mr Teo Chek Hau Derek ("**Mr Derek Teo**") and Ms Teo Zhimei, Daphne ("**Ms Daphne Teo**"), are the children of Mr Teo Cheng Kwee, a non-executive director of the Company. The abovementioned immediate family members of Mr Teo Cheng Kwee hold in aggregate 100% shareholding interest in D3. In view of the foregoing, D3 is an associate of Mr Teo Cheng Kwee and is an "interested person" under Chapter 9 of the Catalist Rules. Accordingly, the proposed acquisition by the Company of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of the Target from D3 (the "**D3 Acquisition**") constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules.

Please refer to paragraph 2.5.1 of this Circular for further information regarding the shareholders of D3.

2.4 Shareholders' Approval pursuant to the Materiality Thresholds under Chapter 9 of the Catalist Rules

In accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the Group's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

The consideration payable under the D3 Acquisition (as detailed in paragraph 2.5.3(B) of this Circular) amounts to an aggregate of approximately S$8.68 million (approximately RMB41.92 million based on the exchange rate of S$1.00: RMB4.83 as at 23 January 2017) representing approximately 64.0% of the Group's latest audited consolidated NTA of the Group for FY2015 which is approximately RMB65.56 million as at 31 December 2015. As the consideration payable under the D3 Acquisition exceeds 5% of the Group's latest audited consolidated NTA of the Group for FY2015, pursuant to Rule 906 of the Catalist Rules, the D3 Acquisition is an interested person transaction which is subject to the approval of the Shareholders. Accordingly, the Company is convening the EGM to seek Shareholders' approval for the D3 Acquisition.

Save for the D3 Acquisition and transactions less than S$100,000 in value, the Company has not entered into any interested person transaction with D3, Mr Teo Cheng Kwee and his associates for the period from 1 January 2016 to the Latest Practicable Date to which Rules 905 and/or 906 of the Catalist Rules would apply.

2.5 The Proposed D3 Acquisition

2.5.1 **Information on D3**

D3 is an investment holding company incorporated in British Virgin Islands in July 2011 with its principal place of business and registered office at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Island. The shareholders of D3 are Mr Desmond Teo, Mr Derek Teo and Ms Daphne Teo. D3 also holds equity interest in UGP.

Mr Desmond Teo is currently a captain flying for Singapore Airlines Cargo. Before starting his career as a pilot, he was working for IBM as a procurement specialist. Mr Desmond Teo graduated from the Faculty of Business Administration, National University of Singapore in 2000.

Mr Derek Teo is currently the President of a real estate development company based in the United States which buys land and develops homes for sale. Previously, Mr Derek Teo was the managing director of D3 and was responsible for leading investments and fund raising projects as well as managing the resource trading division. Prior to joining D3, he had spent more than 10 years working in various Fortune 500 companies in Singapore, United States and PRC.

Ms Daphne Teo is the chief investment officer of D3. D3 led the investment and founding of the Golden City Project. Overseeing D3's investment team, Ms Daphne Teo manages and monitors investment activity and works closely with the management of companies under the investment portfolio. Ms Daphne Teo currently also serves as a director in UGP and a consultant focusing on business development and strategy. Ms Daphne Teo previously spent over 4 years in investment banking at HSBC and Goldman Sachs in Hong Kong and Singapore, where she worked extensively on major capital raising and mergers and acquisitions.

2.5.2 **Information on the Target**

The Target was incorporated in Singapore with its principal place of business and registered office at 3 Shenton Way, #25-05 Shenton House, Singapore 068805.

The Target holds 2,800 ordinary shares (representing 70% of the equity interest) of UGP (Company Registration Number 201303683E), a company incorporated in Singapore and having its registered office at 711 Geylang Road, #01-02 Oriental Venture Building, Singapore 389626. UGP specialises in property development in emerging and frontier markets.

UGP holds 70% equity interest of GL (Company Registration Number 441FC of 2013-2014), a company incorporated in Myanmar and having its registered office at Olympic Hotel, National Swimming Pool Compound, U Wisara Road, Dagon Township, Yangon. GL owns a mixed-use luxury development project with gross floor area of approximately 335,284 square metres in the Yankin township of Yangon, Myanmar.

The Target, UGP and GL shall collectively be known as the "**Target Group**". The Target Group is developing the Golden City Project.

As at the Latest Practicable Date, the Company holds 74.975% of the entire issued share capital of the Target. Accordingly, if the D3 Acquisition is approved by Shareholders, upon the completion of the D3 Acquisition, the Company would hold the entire issued share capital of the Target.

2.5.3 **Principal Terms of the Proposed D3 Acquisition**

(A) Completion

The completion of the D3 Acquisition shall take place within five (5) business days from the satisfaction and/or written waiver of the D3 Conditions Precedent (as defined in paragraph 2.5.3(C) below).

(B) Consideration and Satisfaction of Consideration

In consideration for the sale of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of the Target by D3 to the Company, the Company shall:

(i) pay to D3 an aggregate sum of US$1,500,000 (the "**Cash Consideration**"); and

(ii) issue an aggregate of 65,469,600[1] ordinary shares in the Company at the issue price of S$0.10 per share to D3 (the "**Consideration Shares**").

The Cash Consideration and Consideration Shares shall collectively be defined as the "**Consideration**".

Note:

(1) As disclosed in the Company's announcement dated 5 December 2016, the Company has completed the consolidation of every twenty-five (25) existing ordinary shares to one (1) consolidated share, fractional entitlements to be disregarded (the "**Share Consolidation**"). Accordingly, the number and issue price of the Consideration Shares have been adjusted pursuant to the completion of the Share Consolidation.

The Consideration was arrived at after arms' length negotiations, on a willing buyer willing seller basis, after taking into account, *inter alia*, the value of the Target as set out in paragraph 2.8.2 of this Circular.

Within three days of execution of the D3 SPA, the Company shall pay US$1,000,000 to D3 as the deposit (the "**Deposit Amount**"), which will be used as part of the Consideration. The Company had on 17 October 2016 paid the Deposit Amount to D3.

If the D3 SPA is terminated, D3 shall return the Deposit Amount to the Company within 14 days.

(C) Conditions Precedent

D3 and the Company agree that the proposed D3 Acquisition shall be conditional upon the satisfaction and/or written waiver of the following conditions:

(i) completion of a valuation of GL by an independent internationally recognised valuer to the satisfaction of the Company (acting reasonably), and such valuer shall be mutually agreed between D3 and the Company and appointed by the Company;

(ii) completion by the Company and its representatives and advisers of financial, business and legal due diligence on the Target Group (the "**Due Diligence**"), and such Due Diligence shall be completed to the satisfaction of the Company in its reasonable discretion;

(iii) all necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the proposed D3 Acquisition (including without limitation but only where required, by the Company's Sponsor, the SGX-ST and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion of the proposed D3 Acquisition, such conditions being fulfilled before completion of the proposed D3 Acquisition, as the case may be, and such consents or approvals not being revoked or repealed on or before completion of the proposed D3 Acquisition, as the case may be;

(iv) a listing and quotation notice for the listing and quotation of the Consideration Shares to be allotted and issued pursuant to the proposed D3 Acquisition on Catalist having been obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions, such conditions being reasonably acceptable to D3 and the Company; and

(v) the approval of the Shareholders of the Company being obtained at an EGM for the proposed D3 Acquisition,

(collectively, the "**D3 Conditions Precedent**").

2.6 Rationale for the Proposed D3 Acquisition

The Target Acquisition is in line with the Group's growth strategy that focuses on development and investment properties in emerging countries. Driven by the lack of quality supply, Yangon's luxury real estate market presently witnesses strong uptake in demand by the increasingly affluent locals. Given Yangon's rapid transformation into a key residential and commercial powerhouse, the Company anticipates that the valuation of the Golden City Project will continue to appreciate along with the surrounding area's growth. The Golden City Project has the potential to generate good development returns and yield. Further, given the strategic location and 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.

As at the Latest Practicable Date, the Company holds 74.975% of the entire issued share capital of the Target. Accordingly, if the D3 Acquisition is approved by Shareholders, upon the completion of the D3 Acquisition, the Company would hold the entire issued share capital of the Target.

2.7 Risks associated with the D3 Acquisition

The Company's business focus is the development and investment of properties in emerging cities and as such, the entry into the property development business in Myanmar is in line with such stated intentions. Accordingly, the D3 Acquisition and the expansion of the Company's business to Myanmar would not result in a change in the risk profile of the Company. While there is no change in its risk profile, the Company wishes to highlight the risk factors associated with the Company's business in Myanmar.

The risks described below are not intended to be exhaustive. In addition to the risks described below, the Group could be affected by risks relating to the industry and countries in which the Group operates as well as economic, business, market and political risks. In addition, there may be additional risks not presently known to the Group, or that the Group currently deems immaterial, but which could affect its operations. If any of the following considerations and uncertainties develops into actual events, the business, results of operations, financial condition and prospects of the Group could be materially and adversely affected.

General Country and Political Risks associated with the Company's business in Myanmar

Political, economic and social instability in Myanmar

The Golden City Project is based in Myanmar, which has the potential to be politically and economically unstable. The previous governing military regime was succeeded by a civilian government. The new government has already implemented a number of political, economic and social reforms. However, there is no certainty that the reform will continue or be successful, and there is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Various parts of the country are also experiencing a rise in ethnic and sectarian tensions, which, if escalated further, could hamper investor confidence, economic potential, and growth and stability of the construction industry. Any unfavourable changes in the political, economic and social conditions of Myanmar, and the existence of conditions impacting upon safety and security, may also adversely affect the Group's business and operations in Myanmar.

Further, any changes in the political, economic and social policies of the Myanmar government may lead to changes in the laws and regulations or the interpretation and application of the same, as well as changes in the foreign exchange regulations, taxation and land ownership and development restrictions, which may adversely affect the Group's financial performance.

The Myanmar legal system is still maturing and the interpretation and application of Myanmar laws and regulations involve uncertainty

The Group's operations in Myanmar will be subject to the laws and regulations promulgated by the Myanmar legislature, and notifications and guidelines from various government authorities and bodies. These include the laws and regulations relating to labour (such as those dealing with subjects such as work hours, wages and overtime, minimum wage and workmen's compensation) and foreign ownership of land. The laws and regulations of Myanmar may be supplemented or otherwise modified by unofficial or internal guidelines and practices which exist but which are not documented or which are not generally available to the public or uniformly applied. Such guidelines and practices may not have been ruled upon by the courts or enacted by legislative bodies and may be subject to change without notice or adequate notice. There are also limited precedents on the interpretation, implementation or enforcement of Myanmar laws and regulations, and there is limited judicial review over administrative actions and decisions. Therefore, a high degree of uncertainty exists in connection with the application of existing laws and regulations to events, circumstances and conditions.

Myanmar laws and regulations are also undergoing extensive changes. Changes in the laws and regulations may however not adequately address shortcomings in the legal and regulatory regimes and even if they do, may not be successfully implemented or could be subjected to uncertainty and differences in application and interpretation. Further, changes in the laws may be unpredictable and may in some instances introduce conditions that will increase the costs of doing business in Myanmar and adversely affect the Group's financial performance.

While Myanmar adopts a mixed legal system of common law, civil law and customary law, governmental policies play an overriding role in the implementation of the laws. Furthermore, the application and administration of Myanmar laws and regulations may be subject to a certain degree of discretionary determination by the authorities and may differ in implementation across various regional governments and government authorities and bodies.

In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is, at present, limited. The experience of Myanmar courts with respect to commercial disputes is significantly limited, and while domestic arbitration is available under the Arbitration Act of Myanmar 1944, an insignificant number of proceedings have been conducted under this law. There are, furthermore, limited local experts with the know-how needed to preside over commercial disputes. While Myanmar has ratified and acceded to the New York Convention on the

Recognition and Enforcement of Foreign Arbitral Awards 1958, it is uncertain how long it would take to enact or amend the necessary domestic laws to implement a framework capable of supporting the recognition and enforcement of foreign arbitral awards by the Myanmar courts. Whilst Myanmar is also a party to the ASEAN Comprehensive Investment Agreement (2009), it is likewise unclear as yet how disputes covered by and the protections afforded under this agreement will be treated and resolved under Myanmar law or by the Myanmar courts.

Limited accessibility of publicly available information and statistics in Myanmar

Under the current business environment in Myanmar, it may be very difficult to obtain up-to-date information and statistics on other businesses in Myanmar that may be relevant to the Group in terms of, *inter alia*, business activities, geographical spread, track record, operating and financial leverage, liquidity, quality of earnings and accounting, economic outlook, growth statistics and other relevant data. As such it may be difficult for the Group to access the prospects and potential of any business opportunities available to the Group from time to time. Consequently, the investment and business decisions of the Group may not be in the future be based on accurate, complete and timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the business and financial condition of the Group.

Foreign exchange control risks

In 2012, the Central Bank of Myanmar adopted a managed float for the Kyats after a 35-year fixed exchange rate regime. Although this policy shift is widely considered to be a positive development in the liberalisation of Myanmar's economy, the actual impact of such change is yet to be ascertained. Significant fluctuations of the Kyats against the US$ or the S$ could have a material adverse effect on the Group's operations and financial conditions and prospects.

The remittance of foreign currency into Myanmar is generally unlimited but for remittance of foreign currency out of Myanmar, depending on the nature of the remittance, the approval by the Central Bank of Myanmar, Myanmar Investment Commission, Internal Revenue Department and/or other government authorities and bodies may be required. The ability of the subsidiaries to pay dividends or make other distributions, payments of service fees and repayments of loans to the Group by way of repatriation or remittance from the Myanmar operations may be restricted by, amongst other things, the availability of funds and statutory and other legal restrictions. To the extent that the ability of the subsidiaries to distribute to the Group is restricted, it may have an adverse effect on the Group's business, operations and financial condition.

2.8 Key Financial Information on the Target and the Target Group

2.8.1 As at the Latest Practicable Date, the Target has an issued and paid-up share capital of US$24,875,000 divided into 24,875,000 ordinary shares. Based on the unaudited pro forma consolidated financial statements of the Target as at 31 March 2016, the net tangible liability of the Target was approximately S$6.74 million.

2.8.2 The Company had commissioned the Independent Valuer, Colliers International Thailand, to value the Target Group's sole project, the Golden City Project, for the purposes of the proposed D3 Acquisition.

According to a Valuation Letter issued by the Independent Valuer, the value of the Golden City Project as at 14 November 2016 is estimated to be approximately S$160.0 million.

The Independent Valuer adopted the income approach (residual method) and market approach in arriving at the value of the Golden City Project. Please refer to the executive summary of the Valuation Letter set out in Appendix II to this Circular.

2.9 Source of Funds

The Cash Consideration will be fully funded through internal resources of the Group and a loan from the Company's Controlling Shareholder, Mr Luo Shandong (the "**Loan**").

Please refer to the Company's announcement released on SGXNET on 17 October 2016 for further details regarding the Loan.

2.10 Financial Effects of the Proposed D3 Acquisition

2.10.1 Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the proposed D3 Acquisition taken as a whole are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the proposed D3 Acquisition as the Company has, since its FY2015 audited consolidated financial statements, decreased its issued share capital to approximately S$14,503,660 divided into 763,425,245 Shares as at the Latest Practicable Date. Accordingly, Shareholders should note that the following *pro forma* financial effects of the proposed D3 Acquisition have been calculated to take into consideration the reduced share capital of the Company as mentioned above.

2.10.2 Share Capital

The *pro forma* financial effects of the proposed D3 Acquisition on the share capital of the Company for FY2015 after adjusting for (i) the Share Consolidation, (ii) the capital reduction approved by Shareholders at an EGM held on 21 November 2016 which was effected by reducing the issued and paid-up share capital of the Company by S$112,000,000 on 3 January 2017 (the "**Capital Reduction**"), (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 are as follows:

	Before the proposed D3 Acquisition	After the proposed D3 Acquisition
Number of issued Shares	763,425,245	828,894,845
Amount of share capital (S$)	14,503,660	21,050,620

2.10.3 Net Tangible Assets ("**NTA**")

Assuming that the proposed D3 Acquisition was completed on 31 December 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the proposed D3 Acquisition, the *pro forma* financial effects of the proposed D3 Acquisition (excluding non-controlling interests) on the consolidated NTA of the Group are as follows:

	As at 31 December 2015	
	Before the proposed D3 Acquisition	**After the proposed D3 Acquisition**
NTA of the Group (RMB'000)[(1)]	100,122	131,766
Number of Shares	763,425,245	828,894,845
NTA per share (RMB fen)	13.11	15.90

Note:

(1) The NTA of the Target Group as at 31 March 2016 (as per its unaudited *pro forma* consolidated financial statements for the financial year ended 31 March 2016) which was taken into consideration to arrive at the post-acquisition NTA of the Group does not represent the audited NTA at the date of completion given that it may change upon finalisation of the "Purchase Price Allocation" exercise, which is to be conducted by an internationally-recognised independent valuer in determining the fair values of the identifiable assets acquired and liabilities assumed.

2.10.4 Earnings Per Share ("**EPS**")

Assuming that the proposed D3 Acquisition had been completed on 1 January 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the proposed D3 Acquisition or upon finalisation of the "Purchase Price Allocation" exercise, the *pro forma* financial effects of the proposed D3 Acquisition on the consolidated EPS of the Group are as follows:

	For FY2015	
	Before the proposed D3 Acquisition	**After the proposed D3 Acquisition**
Profit/(Loss) after tax and minority interest (RMB'000)	672	(1,602)[(1)]
Weighted Average Number of Shares	449,955,992	449,955,992
EPS per share (RMB fen)	0.15	(0.36)

Note:

(1) The effect of the D3 Acquisition on the profit/(loss) after tax and minority interest has been computed based on the Group's share of the Target's net loss after tax and minority interest of approximately US$1.89 million as per its unaudited *pro forma* consolidated financial statements for the financial year ended 31 March 2016.

2.10.5 Gearing

Assuming that the proposed D3 Acquisition had been completed on 31 December 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the proposed D3 Acquisition, the *pro forma* financial effects of the proposed D3 Acquisition on the gearing of the Group are as follows:

	As at 31 December 2015	
	Before the proposed D3 Acquisition	**After the proposed D3 Acquisition**
Total Debts (RMB'000)[1]	404,822	404,822
Total Equity (RMB'000)[2]	100,122	131,766
Gearing Ratio (times)	4.04	3.07

Notes:

(1) The effect of the D3 Acquisition on the debts included loan(s) from the Company's controlling shareholder, LSD, of up to US$5 million to fund the Target Acquisition. The loans of the Target Group of approximately US$39 million obtained subsequent to 31 March 2016 were also included in the above computation.

(2) The effect of the D3 Acquisition on the equity has been computed based on the Target's negative shareholders' equity of approximately US$4.87 million as per its unaudited *pro forma* consolidated financial statements for the financial year ended 31 March 2016. The equity of the Target Group as at 31 March 2016 (as per its unaudited *pro forma* consolidated financial statements for the financial year ended 31 March 2016) which was taken into consideration in arriving at the post-acquisition equity of the Group does not represent the audited equity at the date of completion given that it may change upon finalisation of the "Purchase Price Allocation" exercise, which is to be conducted by an internationally-recognised independent valuer in determining the fair values of the identifiable assets acquired and liabilities assumed.

2.11 Advice of the Independent Financial Adviser

Chapter 9 of the Catalist Rules provides that, where Shareholders' approval is required for an interested person transaction, the Circular must include an opinion from an independent financial adviser ("**IFA**") as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, Asian Corporate Advisors Pte. Ltd. has been appointed as the IFA to advise the Directors who are considered independent of the D3 Acquisition and the members of the Audit Committee of the Company as to whether the financial terms of the D3 Acquisition as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the letter dated 3 February 2017 from the IFA (the "**IFA Letter**"), containing its opinion in full, is set out in Appendix I to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Directors who are considered independent of the D3 Acquisition and the members of the Audit Committee has been extracted from the IFA Letter and is reproduced in italics below:

"*In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of reference,* ***we are of the opinion that, on balance, the Proposed D3 Acquisition as an IPT is ON NORMAL COMMERCIAL TERMS, and NOT PREJUDICIAL to the interest of the Company and its Minority Shareholders.***"

2.12 Audit Committee's Statement

Having considered, *inter alia*, the terms, rationale for and benefits of the D3 Acquisition, as well as the opinion and advice of the IFA on the D3 Acquisition as an Interested Person Transaction, the Audit Committee concurs with the opinion of the IFA and is of the view that the D3 Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

2.13 Additional Listing Application

The Sponsor, on behalf of the Company, will be submitting an additional listing application to the SGX-ST for the listing of and quotation for the Consideration Shares on Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST is obtained.

3 THE PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES

Rule 804 of the Catalist Rules provides that, except in the case of an issue made on a pro rata basis to Shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of shares unless independent shareholders have approved the specific allotment. Rule 805 of the Catalist Rules provides that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company.

As (i) D3 is an associate of Mr Teo Cheng Kwee, a Director of the Company, and (ii) the allotment and issue of the Consideration Shares is not in reliance of the general mandate obtained from Shareholders at the annual general meeting of the Company on 28 April 2016, the allotment and issue of the Consideration Shares by the Company to D3 requires the approval of Shareholders under Section 161 of the Companies Act and Rules 804 and 805(1) of the Catalist Rules and is conditional upon the D3 Acquisition being approved by Shareholders at the EGM.

4 THE PROPOSED CHANGE IN THE NAME OF THE COMPANY TO "EMERGING TOWNS & CITIES SINGAPORE LTD."

Shareholders' approval is being sought at the EGM for the Proposed Name Change of the Company by a special resolution.

4.1 Rationale

The Company proposes that its name be changed to "Emerging Towns & Cities Singapore Ltd." (in Chinese, 新世界地产集团有限公司).

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, the Board is of the view that the proposed name "Emerging Towns & Cities Singapore Ltd." will reflect the Company's new imperatives and a "new beginning". The new name will provide a distinct corporate identity for the Company which the Company may use in establishing and building its own brand name.

4.2 Approvals

ACRA has given its approval for the Proposed Name Change. The proposed name "Emerging Towns & Cities Singapore Ltd." has been reserved by the Company for 60 days from 17 January 2017.

The Proposed Name Change will be proposed as a special resolution and is subject to Shareholders' approval at the EGM and the issue by ACRA of the Certificate of Incorporation on Change of Name of Company. The name "Cedar Strategic Holdings Ltd." shall be substituted by "Emerging Towns & Cities Singapore Ltd." wherever the former name appears in the Company's Constitution, after the Company has obtained Shareholders' approval and made the requisite lodgement with ACRA.

4.3 Existing Share Certificates

Shareholders should note that notwithstanding the change of the Company's name, the Company will not recall existing share certificates bearing the current name of the Company, which will nonetheless continue to be *prima facie* evidence of legal title. No action will be required from Shareholders in this regard.

5 THE PROPOSED ALLOTMENT AND ISSUE OF UP TO APPROXIMATELY 468,102,000 CONVERSION SHARES AT A CONVERSION PRICE OF S$0.09 EACH PURSUANT TO A CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDER, MR LUO SHANDONG

5.1 Background

The Company had on 17 October 2016 announced that it entered into a loan agreement with LSD dated 17 October 2016, pursuant to which LSD had agreed to grant the Company a loan of an aggregate principal amount of up to US$5,000,000 at an interest rate of 6% per annum.

Prior to the Company entering into the sale and purchase agreements on 17 October 2016 for the Target Acquisition, the Target had on 15 October 2016 also entered into a loan agreement with LSD (the "**DAS Loan Agreement**"), pursuant to which LSD had agreed to grant the Target a loan of a principal amount of US$24,125,000 at an interest rate of 6% per annum. The DAS Loan Agreement was intended to finance the acquisition of the Golden City Project.

(Collectively, the abovementioned loans granted by LSD to the Company and the Target shall be referred to as the "**2016 Loans**").

Subsequent to the completion of the Target Acquisition (save for the D3 Acquisition) and the Target becoming a subsidiary of the Company, the Target, the Company and LSD had on 25 January 2017 entered into a deed of novation (the "**Novation**"), pursuant to which LSD has agreed to release and discharge the Target from its obligations under the DAS Loan Agreement subject to the Company undertaking to observe, perform and be bound by the terms of the DAS Loan Agreement in every respect as if the Company was named in the DAS Loan Agreement as a party thereto in place of the Target.

In connection with the 2016 Loans, the Company had on 25 January 2017 entered into the Convertible Loan Agreement with LSD pursuant to which LSD had agreed for the terms of the 2016 Loans to now be subject to the Convertible Loan Agreement. Pursuant to the Convertible Loan Agreement, the 2016 Loans and all indebtedness under the 2016 Loans would be replaced with the Convertible Loan. Under the Convertible Loan Agreement, LSD has the right at any time within fifteen (15) months from the date thereof to convert up to the full sum of US$29,302,144 (approximately S$41,609,044[1]) (which comprises the principal loan amounts under the 2016 Loans and all interest accrued thereon as of 25 January 2017) and any interest accrued thereon into fully paid new ordinary shares (the "**Conversion Shares**") in the Company, which amounts to an aggregate of up to approximately 468,102,000 Conversion Shares.

Note:

1. Based on the exchange rate of US$1.00: S$1.42 as at 25 January 2017.

Both the Convertible Loan Agreement and the Novation shall be deemed to take effect from 25 January 2017 provided that the following conditions precedent take place on or before 31 March 2017:

(a) the Company obtains approval from its shareholders for the entry into of the Convertible Loan Agreement and the issue of the Conversion Shares; and

(b) the completion of the D3 Acquisition,

(collectively, the "**Conditions Precedent**").

In the event that any of the Conditions Precedent are not been satisfied on or before 31 March 2017, the Convertible Loan Agreement and Novation shall automatically terminate with immediate effect and the 2016 Loans shall continue in force in accordance with the terms thereof.

5.2 Terms and Conditions of the Convertible Loan

The terms and conditions of the Convertible Loan were negotiated and agreed upon by the parties on an arm's length basis.

The salient terms and conditions of the Convertible Loan are set out below:

Principal Amount:	US$29,302,144 (approximately S$41,609,044 based on the exchange rate of US$1.00: S$1.42 as at 25 January 2017) which comprises the principal loan amounts under the 2016 Loans and all interest accrued thereon as of 25 January 2017
Interest:	The interest on the principal amount payable shall be fixed at a rate of 1% per annum and shall be paid by the Company to LSD on the Maturity Date
Maturity Date:	15 months from the date of the Convertible Loan Agreement
Conditions Precedent:	The rights and obligations of each of LSD and the Company under the Convertible Loan Agreement is conditional upon the satisfaction of the following conditions: (a) the Company obtaining approval from its shareholders for the entry into of the Convertible Loan Agreement and the issue of the Conversion Shares; and (b) the completion of the D3 Acquisition If any of the Conditions Precedent have not been satisfied on or before 31 March 2017, the Convertible Loan Agreement shall automatically terminate with immediate effect and the 2016 Loans shall continue in force in accordance with the terms thereof If all the Conditions Precedent are satisfied on or before 31 March 2017, the rights and obligations of each of LSD and the Company under the Convertible Loan Agreement shall be deemed to take effect from the date of execution of the said agreement (i.e. 25 January 2017)

Conversion Right:	LSD shall have the right at any time on or before the Maturity Date to convert the full sum of the principal amount and the interest accrued thereon into fully paid new ordinary shares in the Company. LSD irrevocably and unconditionally agrees and confirms that the Company may in its absolute and sole discretion determine by way of notice to LSD if (i) the total indebtedness outstanding at the Maturity Date shall convert automatically into the Conversion Shares on the Maturity Date, or (ii) the Company shall make full repayment of the total indebtedness owing by the Company to LSD on the Maturity Date
Conversion Price:	S$0.09 per Conversion Share
Conversion Right Conditions Precedent:	The exercise of the conversion right under the Convertible Loan Agreement shall be conditional upon: (a) the listing and quotation notice being obtained from the SGX-ST in relation to the Conversion Shares; and (b) the approval of the shareholders at a general meeting of the Company to be convened for the proposed allotment and issue of the Conversion Shares being obtained and not revoked prior to the conversion date
Prepayment of Loan:	The Company may (at its absolute discretion) prepay the whole or any part of the principal amount and all interest accrued thereon before the Maturity Date. No fees, expenses or charges shall be levied by LSD on any amounts prepaid by the Company
Status of the Conversion Shares:	The Conversion Shares will rank for any dividends, rights or other distributions, the record date for which is on or after the date of conversion and (subject as aforesaid), will rank *pari passu* in all respects with the then existing shares in the capital of the Company

5.3 Rationale for the Convertible Loan

The rationale for the entry into the Convertible Loan Agreement is to replace the 2016 Loans and all indebtedness owed by the Group to LSD under the 2016 Loans with the Convertible Loan. 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. The proposed allotment and issue of the Conversion Shares is to improve the Company's balance sheet position and reduce borrowings of the Group as a whole.

5.4 Chapter 9 of the Catalist Rules – Interested Person Transaction

LSD is a controlling shareholder of the Company and is regarded as an "interested person" for the purposes of Chapter 9 of the Catalist Rules. Accordingly, the Convertible Loan Agreement constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules.

For illustration purposes, based on the latest audited financial statements of the Group for FY2015, the audited consolidated NTA of the Group was approximately RMB65,558,000. The US$29,302,144 (approximately RMB201,109,405[1]) in aggregate principal amount of the Conversion Shares represents approximately 306.8% of the Group's latest audited consolidated NTA of the Group for FY2015. Under Chapter 9 of the Catalist Rules, where the value of a transaction with an interested person singly, or, in aggregation with the values of other transactions conducted with the same interested person in the same financial year, equals or exceeds 5% of the Group's latest audited consolidated NTA, that transaction shall be subject to Shareholders' approval.

Note:

1. Based on the exchange rate of US$1.00: RMB6.8633 as at 25 January 2017.

Accordingly, the proposed allotment and issue of the Conversion Shares is an interested person transaction which is subject to the approval of Shareholders at the EGM pursuant to Rule 906(1)(a) of the Catalist Rules.

Except for the transactions disclosed in this Circular and transactions less than S$100,000 in value, the Company, its subsidiaries and associated companies which, for the purposes of Chapter 9 of the Catalist Rules, are considered to be "entities at risk", have not entered into transactions with LSD and his associates for the period from 1 January 2017 to the Latest Practicable Date.

5.5 Shareholders' Approval Pursuant to Chapter 8 of the Catalist Rules

Rule 812 of the Catalist Rules provides that an issue of shares must not be placed to, *inter alia*, a Substantial Shareholder of the Company unless specific shareholders' approval for such issuance of shares has been obtained. Rule 805 of the Catalist Rules provides that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company.

As (i) the allotment and issuance of the Conversion Shares to LSD constitutes an issuance of shares to a person under Rule 812 of the Catalist Rules, specifically Rule 812(1)(a) being the issuance of shares to a Substantial Shareholder of the Company, and (ii) the allotment and issue of the Conversion Shares is not in reliance of the general mandate obtained from Shareholders at the annual general meeting of the Company on 28 April 2016, the allotment and issue of the Conversion Shares by the Company to LSD requires the approval of Shareholders under Section 161 of the Companies Act and Rules 805(1) and 812 of the Catalist Rules.

5.6 Implications under the Take-over Code

As at the Latest Practicable Date, LSD holds approximately 22.57% of the issued shares of the Company (excluding treasury shares) as set out in paragraph 6 of this Circular below. Based on LSD's shareholding as at the Latest Practicable Date, in the event the Company allots and issues up to approximately 468,102,000 Conversion Shares, the shareholdings and voting rights of LSD will increase from 22.57% to 52.0% of the enlarged issued and paid up share capital of the Company upon the allotment and issue of up to approximately 468,102,000 Conversion Shares.

Pursuant to Rule 14.1 read with Note 10 on Rule 14.1 of the Code, the conversion of the Convertible Loan resulting in an acquisition of Shares carrying more than 30% of the voting rights of the Company may, pursuant to the Code, require LSD and his concert parties to make a mandatory general offer (the "**Mandatory General Offer**") in respect of all the remaining Shares as well as appropriate offers for outstanding convertible securities of the Company that LSD and his concert parties do not already own, control or have agreed to acquire. LSD does not intend to apply for a waiver of Rule 14 of the Code from the Securities Industry Council, and accordingly does not intend to obtain a whitewash resolution from the Shareholders. LSD, his concert parties and the Company will make the necessary announcements in connection with the Mandatory General Offer as and when necessary.

5.7 Financial Effects of the Convertible Loan and the Convertible Shares

5.7.1 Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the Convertible Loan and the Convertible Shares taken as a whole are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015 and do not necessarily reflect the actual future financial position and performance of the Group in the event that the Convertible Loan is fully disbursed and fully converted as the Company has, since its FY2015 audited consolidated financial statements, decreased its issued share capital to approximately S$14,503,660 divided into 763,425,245 Shares as at the Latest Practicable Date. Accordingly, Shareholders should note that the following *pro forma* financial effects of the Convertible Loan and the Convertible Shares have been calculated to take into consideration the reduced share capital of the Company as mentioned above.

5.7.2 Share Capital

In the event that the Convertible Loan is fully disbursed and fully converted, the *pro forma* financial effects on the share capital of the Company for FY2015 after adjusting for (i) the Share Consolidation, (ii) the capital reduction approved by Shareholders at an EGM held on 21 November 2016 which was effected by reducing the issued and paid-up share capital of the Company by S$112,000,000 on 3 January 2017 (the "**Capital Reduction**") (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 are as follows:

	Before conversion of the Convertible Loan and issue of the Convertible Shares	After conversion of the Convertible Loan and issue of the Convertible Shares
Number of issued Shares	763,425,245	1,231,527,245
Amount of share capital (S$)	14,503,660	56,632,840

5.7.3 Net Tangible Assets ("**NTA**")

Assuming that the Convertible Loan is fully disbursed and fully converted on 31 December 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the Convertible Loan, the *pro forma* financial effects of the Convertible Loan (excluding non-controlling interests) on the consolidated NTA of the Group are as follows:

	As at 31 December 2015	
	Before conversion of the Convertible Loan and issue of the Convertible Shares	After conversion of the Convertible Loan and issue of the Convertible Shares
NTA of the Group (RMB'000)	100,122	131,766
Number of Shares	763,425,245	1,231,527,245
NTA per share (RMB fen)	13.11	10.70

5.7.4 Earnings Per Share ("**EPS**")

Assuming that the Convertible Loan is fully disbursed and fully converted on 1 January 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the Convertible Loan, the *pro forma* financial effects of the Convertible Loan on the consolidated EPS of the Group are as follows:

	For FY2015	
	Before conversion of the Convertible Loan and issue of the Convertible Shares	**After conversion of the Convertible Loan and issue of the Convertible Shares**
Profit/(Loss) after tax and minority interest (RMB'000)	672	(1,602)
Weighted Average Number of Shares	449,955,992	449,955,992
EPS per share (RMB fen)	0.15	(0.36)

5.7.5 Gearing

Assuming that the Convertible Loan is fully disbursed and fully converted on 31 December 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the Convertible Loan, the *pro forma* financial effects of the Convertible Loan on the gearing of the Group are as follows:

	As at 31 December 2015	
	Before conversion of the Convertible Loan and issue of the Convertible Shares	**After conversion of the Convertible Loan and issue of the Convertible Shares**
Total Debts (RMB'000)	404,822	404,822
Total Equity (RMB'000)	100,122	303,745
Gearing Ratio (times)	4.04	1.33

5.8 Director's Opinion

The Directors are of the opinion that, after taking into consideration:

(i) the Group's present bank facilities, internal resources and operating cashflow, the working capital available to the Group is sufficient to meet its present requirements; and

(ii) the Group's present bank facilities, internal resources, operating cashflow and the net proceeds from the Conversion Shares, the working capital available to the Group is sufficient to meet its present requirements.

5.9 Audit Committee's Statement

Pursuant to Rules 917(4)(a) and 921(4)(b)(i) of the Catalist Rules, the Audit Committee, having considered the terms of the Convertible Loan Agreement and the proposed allotment and issue of the Conversion Shares, is of the view that the proposed allotment and issue of the Conversion Shares is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

5.10 Listing and Quotation of the Conversion Shares

The Sponsor, on behalf of the Company, will be submitting an additional listing application to the SGX-ST for the listing of and quotation for the Conversion Shares on Catalist. An announcement will be made in due course to notify the Shareholders when the listing and quotation notice from the SGX-ST is obtained.

6 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AND SHAREHOLDING STRUCTURE OF THE COMPANY

6.1 The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	Shareholding (%)[1]	Number of Shares	Shareholding (%)[1]	Number of Shares	Shareholding (%)[1]
Director(s)						
Christopher Chong Meng Tak[2]	11,111,111	1.46	–	–	11,111,111	1.46
Tan Thiam Hee[3]	360,000	0.05	–	–	360,000	0.05
Peter Tan[4]	–	–	–	–	–	–
Teo Cheng Kwee[5]	20,000,000	2.62	–	–	20,000,000	2.62
Wong Pak Him Patrick[6]	81,212,921	10.64	–	–	81,212,921	10.64
Substantial Shareholder(s)						
Luo Shandong	149,410,864	19.57	22,878,532[7]	3.00	172,289,396	22.57
Zhu Xiaolin	20,000,000	2.62	65,469,600[8]	8.58	85,469,600	11.20
Sunshine Shimmer Limited	65,469,600	8.58	–	–	65,469,600	8.58
Asiabiz Services Ltd	65,469,600	8.58	–	–	65,469,600	8.58
Sun Yanping	–	–	65,469,600[9]	8.58	65,469,600	8.58

Notes:

(1) Calculated based on 763,425,245 Shares in the capital of the Company, and assuming that the Outstanding Warrants have not been exercised.

(2) Mr Christopher Chong Meng Tak also has interests in 11,111,111 Outstanding Warrants and 2,000,000 Outstanding Options.

(3) Mr Tan Thiam Hee has interests in 5,000,000 Outstanding Options.

(4) Mr Peter Tan has interests in 2,000,000 Outstanding Options.

(5) Mr Teo Cheng Kwee has interests in 2,000,000 Outstanding Options.

(6) Mr Wong Pak Him Patrick has interests in 2,000,000 Outstanding Options.

(7) Mr Luo Shandong is deemed interested in 22,878,532 shares held by Shenwan Hongyuan (H.K.) Limited as his nominee.

(8) Mr Zhu Xiaolin is deemed interested in 65,469,600 shares held by Asiabiz Services Ltd as he is the sole shareholder of Asiabiz Services Ltd.

(9) Ms Sun Yanping is deemed interested in 65,469,600 shares held by Sunshine Shimmer Limited as she is the sole shareholder of Sunshine Shimmer Limited.

6.2 Apart from the interests of Mr Teo Cheng Kwee as disclosed in paragraph 2.3 of this Circular, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the proposed D3 Acquisition, other than through their respective shareholdings in the Company.

6.3 Apart from the interests of LSD as disclosed in paragraphs 5.1 and 5.4 of this Circular, none of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Convertible Loan and the Convertible Shares, other than through their respective shareholdings in the Company.

7 DIRECTORS' RECOMMENDATION

7.1 Proposed D3 Acquisition

After having considered, amongst other things, the rationale for the proposed D3 Acquisition, the Directors (save for Mr Teo Cheng Kwee who has abstained from making recommendations on the proposed D3 Acquisition) are of the view that the proposed D3 Acquisition is in the best interests of the Company and the Shareholders. Accordingly, the Directors (save for Mr Teo Cheng Kwee) recommend that the Shareholders vote in favour of the proposed D3 Acquisition.

7.2 Proposed Allotment and Issue of Consideration Shares

After having considered, amongst other things, the rationale for the proposed allotment and issue of Consideration Shares to D3, the Directors (save for Mr Teo Cheng Kwee who has abstained from making recommendations on the proposed allotment and issue of Consideration Shares to D3) are of the view that the proposed allotment and issue of Consideration Shares to D3 is in the best interests of the Company and the Shareholders. Accordingly, the Directors (save for Mr Teo Cheng Kwee) recommend that the Shareholders vote in favour of the proposed allotment and issue of Consideration Shares to D3.

7.3 Proposed Name Change

After having considered, amongst other things, the rationale for the Proposed Name Change, the Directors are of the view that the Proposed Name Change is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Proposed Name Change.

7.4 Proposed Allotment and Issue of Conversion Shares

After having considered, amongst other things, the rationale for the proposed allotment and issue of Conversion Shares to LSD, the Directors are of the view that the proposed allotment and issue of Conversion Shares to LSD is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the proposed allotment and issue of Conversion Shares to LSD.

7.5 In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

8 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 111 to 113 of this Circular, will be held at 55 Market Street #03-01, Singapore 048941 on 27 February 2017 (Monday) at 9.30 a.m., for the purpose of considering and, if thought fit, passing with or without modification the Resolutions set out in the Notice of EGM.

9 INTER-CONDITIONALITY

Shareholders should note that Ordinary Resolution 1 (Proposed D3 Acquisition) and 2 (Allotment and Issue of the Consideration Shares to D3) are inter-conditional upon each other. This means that:

(a) if Ordinary Resolution 2 is not passed, Ordinary Resolution 1 would not be passed; and

(b) if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 would not be passed.

10 ACTION TO BE TAKEN BY THE SHAREHOLDERS

10.1 Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624, not less than 72 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy or proxies.

10.2 A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

11 ABSTENTIONS FROM VOTING

11.1 Proposed D3 Acquisition and Allotment and Issue of Consideration Shares

Mr Teo Cheng Kwee shall abstain, and shall procure that his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 1 relating to the proposed D3 Acquisition and Ordinary Resolution 2 relating to the proposed allotment and issue of Consideration Shares to D3.

Mr Teo Cheng Kwee shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolutions 1 and 2 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

11.2 Proposed Allotment and Issue of Conversion Shares

LSD shall abstain, and shall procure that his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 4 relating to the proposed allotment and issue of Conversion Shares to LSD.

LSD shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 4 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

12 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed D3 Acquisition, the proposed allotment and issue of Consideration Shares to D3, the Proposed Name Change, the proposed allotment and issue of Conversion Shares to LSD, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

13 CONSENTS

13.1 The IFA, Asian Corporate Advisors Pte. Ltd.

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

13.2 The Independent Valuer, Colliers International Thailand

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

(a) the D3 SPA;

(b) the IFA Letter;

(c) the letter of consent from the IFA, referred to in paragraph 13.1 of this Circular;

(d) the Valuation Letter;

(e) the valuation report dated 25 January 2017 issued by Asia-Pacific Consulting and Appraisal Limited in respect of the capital value of the Group's investment properties as at 31 December 2016;

(f) the letter of consent from the Independent Valuer, referred to in paragraph 13.2 of this Circular;

(g) the Convertible Loan Agreement;

(h) the Constitution; and

(i) the annual report of the Company for FY2015.

Yours faithfully
For and on behalf of the Board of Directors of
CEDAR STRATEGIC HOLDINGS LTD.

Christopher Chong Meng Tak
Non-Executive Chairman

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE NON-INTERESTED DIRECTORS AND THE AUDIT COMMITTEE OF CEDAR STRATEGIC HOLDINGS LTD.

ASIAN CORPORATE ADVISORS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Non-Interested Directors and the Audit Committee
Cedar Strategic Holdings Ltd.
80 Raffles Place #26-05
UOB Plaza 1
Singapore 048624

3 February 2017

THE PROPOSED ACQUISITION OF 6,225,000 SHARES REPRESENTING 25.025% OF THE TOTAL ISSUED AND PAID-UP SHARES OF DAS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION ("PROPOSED D3 ACQUISITION")

Unless otherwise defined or the context otherwise requires, all terms used herein shall have the same meaning as defined in the Circular (as defined below).

1. INTRODUCTION

On 17 October 2016 (the "**Announcement Date**"), Cedar Strategic Holdings Ltd. (the "**Company**") announced ("**Announcement**") that it had entered into sale and purchase agreements (each a "**SPA**" and collectively the "**SPAs**") with each of Strong Ever Limited ("**SEL**"), Asiabiz Services Ltd ("**ASL**"), Sunshine Shimmer Limited ("**SSL**"), Consortium Investments Limited ("**CIL**") and D3 Capital Limited ("**D3**") (each a "**Vendor**" and collectively the "**Vendors**"), pursuant to which the Vendors have agreed to sell and the Company has agreed to purchase all of the issued and paid-up shares of DAS Pte. Ltd. (the "**Target**") (the "**Target Acquisition**").

It is noted from the circular dated 3 February 2017 ("**Circular**") issued by the Company to the registered holders ("**Shareholders**") of the ordinary shares in the capital of the Company ("**Shares**") that as at 25 January 2017 (the "**Latest Practicable Date**"), the shareholders of D3, which comprise Mr Desmond Teo, Mr Derek Teo and Ms Daphne Teo, are the children of Mr Teo Cheng Kwee, a non-executive director of the Company. The abovementioned immediate family members of Mr Teo Cheng Kwee hold in aggregate 100% shareholding interest in D3. In view of the foregoing, D3 is an associate of Mr Teo Cheng Kwee and is an "interested person" under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"). Accordingly, the Proposed D3 Acquisition constitutes an "interested person transaction" ("**Interested Person Transaction**" or "**IPT**") under Chapter 9 of the Catalist Rules.

Asian Corporate Advisors Pte. Ltd. ("**ACA**") has been appointed as an independent financial adviser ("**IFA**") to advise the directors of the Company ("**Directors**") who are considered independent (the "**Non-Interested Directors**") of the Proposed D3 Acquisition and the members of the audit committee of the Company ("**Audit Committee**") as to whether the financial terms of the Proposed D3 Acquisition as an IPT, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders of the Company ("**Minority Shareholders**"), for the purposes of making a recommendation to the Shareholders in respect of the Proposed D3 Acquisition. As at the Latest Practicable Date, the Non-Interested Directors are Messrs. Christopher Chong Meng Tak, Tan Thiam Hee, Wong Pak Him Patrick and Peter Tan.

This letter ("**Letter**" or "**IFA Letter**") sets out, *inter alia*, our views and evaluation of the Proposed D3 Acquisition as an Interested Person Transaction which have been proposed as an ordinary resolution in the notice of the extraordinary general meeting ("**EGM**") of the Company as set out in the Circular, which is subject to the approval by the Shareholders other than the interested parties and their associates ("**Independent Shareholders**"). It forms part of the Circular providing, *inter alia*, the details of the Proposed D3 Acquisition. Unless otherwise defined or where the context otherwise requires, the definition used in the Circular shall apply throughout this Letter. Certain of the figures and computations as enumerated or set out in this letter are based on approximations and its accuracy is subject to rounding.

2. TERMS OF REFERENCE

ACA has been appointed by the Company to advise the Audit Committee and the Non-Interested Directors with respect to the Proposed D3 Acquisition, being an IPT under Chapter 9 of the Catalist Rules. We were neither a party to the negotiations entered into by the Company in relation to the Proposed D3 Acquisition as an IPT, nor were we involved in the deliberation leading up to the decision on the part of the Directors to enter into the Proposed D3 Acquisition. We do not, by this Letter or otherwise, advise or form any judgment on the merits of the transactions contemplated in the Circular (the "**Proposed Transactions**") for the Company and its subsidiaries (the "**Group**") or the possibilities or feasibilities of the completion of the Proposed D3 Acquisition or the timing on when the Proposed D3 Acquisition can be completed or whether there are alternative transactions available other than to form an opinion, strictly and solely on the bases set out herein on whether the financial terms of the Proposed D3 Acquisition as an IPT (pursuant to Chapter 9 of the Catalist Rules) are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

We have confined our evaluation strictly and solely on the financial terms for the Proposed D3 Acquisition as an IPT and have not taken into account the legal/commercial/financial/operational/compliance/political/foreign exchange risks and/or merits (if any) of or the timing for the Proposed Transactions contemplated in the Circular including the structuring or inter-conditionality (if applicable) of the Proposed D3 Acquisition as an IPT or the validity of any resolution or its feasibility. It is not within our scope to opine on the future financial performance or position of the Company or the Group or the Target or the Target and its subsidiaries ("**Target Group**") or the enlarged group comprising the Group and the Target Group upon completion of the Target Acquisition ("**Enlarged Group**") subsequent to the Target Acquisition or the possibility or probability that the Group or the Target or the Target Group or the Enlarged Group can improve their profitability or that the anticipated benefits from the Proposed D3 Acquisition or the Target Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed Transactions or the viability, profitability and risks of the Proposed D3 Acquisition or the profitability and risks related to the Target Group's business operations.

In addition, our scope does not require us to opine on the ability of the Group or the Target or the Target Group or the Enlarged Group to service its borrowings (both principal and interest payment) when it falls due or to pay the lease payment in connection with the Golden City Project (defined later) when it falls due or the adequacy of the working capital or the ability to continue as a going concern of the Group, the Target or the Enlarged Group, or the future financial performance or position of the Company, the Group, the Target and the Target Group subsequent to the Proposed D3 Acquisition as well as the Target Acquisition as an IPT or the possibility or probability that the Group can improve their profitability or that the anticipated benefits from the Proposed D3 Acquisition can be realised (as the case may be). Such evaluation or comment remains the responsibility of the Directors and the management ("**Management**") of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

In the course of our evaluation, we have held discussions with certain Directors and the Management on, *inter alia*, regarding their assessment of the rationale for the Proposed D3 Acquisition as well as the Target Acquisition and have examined publicly available information collated by us including the audited financial statements as well as information including material information or developments pertaining to the Company, the Group, the Target and the Target Group where applicable (both written and verbal), provided to us by the Directors and Management and professional advisers of the Company, including its consultants or advisers or solicitors or auditors. We have not independently verified such information but have made such enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular as well as their announcements for the financial results have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the financial statements for the nine-months period ended 30 September 2016 ("**9M2016**") for the Group and the five-months period ended 31 August 2016 ("**5M2017**") for the Target Group. The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Target or the Target Group or the Enlarged Group after the completion of the transactions stipulated in the Circular. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group or the Target or the Target Group or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed D3 Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed D3 Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group or the Target or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Group or the Target or the Target Group or the Proposed D3 Acquisition as an IPT, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors. Non-Interested Directors and the Audit Committee (as well as Independent Shareholders who would be receiving the Circular and this Letter enclosed with the Circular) should note that our evaluation is based solely on publicly available and other information provided by the Company and the Directors as well as those disclosed in the Circular, the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after the relevant financial period or financial year end for the Company or the Group or the Target or the Target Group or developments both macro and company specific and that these factors do and will necessarily affect the evaluation of the Proposed D3 Acquisition as an IPT and our recommendation or opinion or views. Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided and contained therein. The Directors have, to their best knowledge, confirmed to ACA that all material information including but not limited to plans or prospects or proposals or rationale involving the Company or the Group or the Target or the Target Group or the Proposed D3 Acquisition stipulated in the Circular or issue or changes to its capital structure, available to them and the Management in connection with the Proposed D3 Acquisition has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, investment properties and development properties) and the Target Group's assets and liabilities (including without limitation, property, plant and equipment, investment properties and development cost) or contracts entered into by the Group or the Target Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Target Group save for the following valuation reports:

(i) Valuation report dated 25 January 2017 ("**APA Valuation Report**") issued by Asia-Pacific Consulting and Appraisal Limited ("**APA**") in respect of the capital value of the Group's investment properties as at 31 December 2016 ("**APA Valuation Date**"); and

(ii) Valuation report dated 13 December 2016 ("**Colliers Valuation Report**") issued by C.I.T. Appraisal Co., Ltd trading as Colliers International Thailand ("**Colliers**") in respect of the market value of the Target Group's investment properties and development cost as at 14 November 2016 ("**Colliers Valuation Date**").

With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, investment properties and development cost) including, *inter alia* the contracts or agreements that the Target Group or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance or condition of the Group and the Target Group as reflected in the unaudited financial statements for the Group and the Target Group as at 30 September 2016 and 31 August 2016 respectively are true and fair. The Directors have also confirmed that to the best of its knowledge, nothing has come to their attention which may render the unaudited financial statements for 9M2016 for the Group and unaudited proforma consolidated financial statements for 5M2017 for the Target Group to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact *inter alia* the valuation or appraisal of assets and liabilities including, *inter alia* the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading. Our views, opinion and recommendations are thus limited and subject to these matters as well as others mentioned in the Letter. As at the Latest Practicable Date, the Group has completed the Target Acquisition, save for the Proposed D3 Acquisition. Accordingly, as at the Latest Practicable Date, the Group has control and influence over the Target Group.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter and the unaudited financial statements for the Group and the Target Group for 9M2016 and 5M2017 respectively, there has been no material changes to the Group's and the Target Group's assets and liabilities, financial position, condition and performance.

In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Independent Shareholder. As different Independent Shareholders would have different investment profiles and objectives, we would advise the Non-Interested Directors and the Audit Committee to recommend that any individual Independent Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter on the Proposed D3 Acquisition as an IPT or the Company or the Group or the Target or the Target Group or the Enlarged Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Independent Shareholder or Non-Interested Directors and the Audit Committee, and as such the Non-Interested Directors and the Audit Committee are advised to highlight to Independent Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views on the Proposed D3 Acquisition as an IPT or its recommendation, following the date of the issue of this Letter.

This Letter is addressed to the Non-Interested Directors and the Audit Committee in connection with and for the sole purposes of their evaluation of the financial terms of the Proposed D3 Acquisition as an IPT. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor Shareholders, may reproduce, disseminate or quote from this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except at the forthcoming EGM and for the sole purpose of the Proposed D3 Acquisition as an IPT. In addition, any references to our Letter or opinion or views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia,* the matters, conditions, assumptions, limitations, factors and bases as well as our terms of reference for this Letter.

3. THE PROPOSED D3 ACQUISITION

3.1. Principal Terms of the Proposed D3 Acquisition

The principal terms the Proposed D3 Acquisition can be found in Section 2.5.3 of the Circular. A summary of the salient terms of the Proposed D3 Acquisition is presented in this Letter. The principal terms of the Proposed D3 Acquisition have been extracted from the Circular and are set out in italics below. We recommend that Independent Shareholders read those pages of the Circular carefully. Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meaning herein.

*"**2.5.3 Principal Terms of the Proposed D3 Acquisition***

(A) <u>Completion</u>

The completion of the D3 Acquisition shall take place within five (5) business days from the satisfaction and/or written waiver of the D3 Conditions Precedent (as defined in paragraph 2.5.3(C) below).

(B) <u>Consideration and Satisfaction of Consideration</u>

In consideration for the sale of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of the Target by D3 to the Company, the Company shall:

*(i) pay to D3 an aggregate sum of US$1,500,000 (the "**Cash Consideration**"); and*

*(ii) issue an aggregate of 65,469,600[(1)] ordinary shares in the Company at the issue price of S$0.10 per share to D3 (the "**Consideration Shares**").*

*The Cash Consideration and Consideration Shares shall collectively be defined as the "**Consideration**".*

Note:

*(1) As disclosed in the Company's announcement dated 5 December 2016, the Company has completed the consolidation of every twenty-five (25) existing ordinary shares to one (1) consolidated share, fractional entitlements to be disregarded (the "**Share Consolidation**"). Accordingly, the number and issue price of the Consideration Shares have been adjusted pursuant to the completion of the Share Consolidation.*

The Consideration was arrived at after arms' length negotiations, on a willing buyer willing seller basis, after taking into account, inter alia, the value of the Target as set out in paragraph 2.8.2 of this Circular.

*Within three days of execution of the D3 SPA, the Company shall pay US$1,000,000 to D3 as the deposit (the "**Deposit Amount**"), which will be used as part of the Consideration. The Company had on 17 October 2016 paid the Deposit Amount to D3.*

If the D3 SPA is terminated, D3 shall return the Deposit Amount to the Company within 14 days.

(C) <u>Conditions Precedent</u>

D3 and the Company agree that the proposed D3 Acquisition shall be conditional upon the satisfaction and/or written waiver of the following conditions:

(i) completion of a valuation of GL by an independent internationally recognised valuer to the satisfaction of the Company (acting reasonably), and such valuer shall be mutually agreed between D3 and the Company and appointed by the Company;

*(ii) completion by the Company and its representatives and advisers of financial, business and legal due diligence on the Target Group (the "**Due Diligence**"), and such Due Diligence shall be completed to the satisfaction of the Company in its reasonable discretion;*

(iii) *all necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the proposed D3 Acquisition (including without limitation but only where required, by the Company's Sponsor, the SGX-ST and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion of the proposed D3 Acquisition, such conditions being fulfilled before completion of the proposed D3 Acquisition, as the case may be, and such consents or approvals not being revoked or repealed on or before completion of the proposed D3 Acquisition, as the case may be;*

(iv) *a listing and quotation notice for the listing and quotation of the Consideration Shares to be allotted and issued pursuant to the proposed D3 Acquisition on Catalist having been obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions, such conditions being reasonably acceptable to D3 and the Company; and*

(v) *the approval of the Shareholders of the Company being obtained at an EGM for the proposed D3 Acquisition*

*(collectively, the "**D3 Conditions Precedent**")."*

3.2. Proposed D3 Acquisition as an IPT

We note from Section 2.4 of the Circular that in accordance with Rule 906(1)(a) and Rule 918 of the Catalist Rules, where the value of an IPT, or when aggregated with other transactions entered into with the same Interested Person during the same financial year, is equal to or exceeds 5% of the Group's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

The consideration payable under the D3 Acquisition (as detailed in paragraph 2.5.3(B) of the Circular) amounts to an aggregate of approximately S$8.68 million approximately RMB41.92 million based on the exchange rate of S$1.00: RMB4.83 as at 23 January 2017) representing approximately 64.0% of the Group's latest audited consolidated NTA of the Group for FY2015 which is approximately RMB65.56 million as at 31 December 2015. As the consideration payable under the Proposed D3 Acquisition exceeds 5% of the Group's latest audited consolidated NTA of the Group for FY2015, pursuant to Rule 906 of the Catalist Rules, the Proposed D3 Acquisition is an interested person transaction which is subject to the approval of the Shareholders. Accordingly, the Company is convening the EGM to seek Shareholders' approval for the Proposed D3 Acquisition.

Save for the Proposed D3 Acquisition and transactions less than S$100,000 in value, the Company has not entered into any interested person transaction with D3, Mr Teo Cheng Kwee and his associates for the period from 1 January 2016 to the Latest Practicable Date for which Rules 905 and/or 906 of the Catalist Rules would apply.

4. INFORMATION ON D3 AND THE TARGET

Information on D3 and the Target can be found in Sections 2.5.1 and 2.5.2 of the Circular respectively.

5. EVALUATION OF THE PROPOSED D3 ACQUISITION AS AN IPT

In assessing the financial terms of the Proposed D3 Acquisition as an IPT, we have taken into account the following pertinent factors as well as others in the Letter, which we consider will have a significant bearing on our assessment:

(i) Rationale for the Proposed D3 Acquisition;

(ii) Assessment of the Issue Price (as defined herein);

(iii) Assessment of the Consideration for the Proposed D3 Acquisition ("**D3 Consideration**");

(iv) Pro-forma financial effects of the Proposed D3 Acquisition described in the Circular; and

(v) Other considerations which have significant bearing on our assessment.

These factors are discussed in greater detail in the ensuing paragraphs.

In our assessment of the Proposed D3 Acquisition as an IPT, we have applied certain valuation ratios and a brief description of such valuation ratios are as follows:

(i) **EV/EBITDA**

"**EV**" or "**Enterprise Value**" is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. "**EBITDA**" stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items.

The "**EV/EBITDA**" multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.

(ii) **Price-to-Earnings ("PER")**

The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company's shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.

(iii) **Price-to-NTA ("P/NTA")**

The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value. The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.

(iv) **Price-to-NAV ("P/NAV")**

The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.

The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

5.1. Rationale for the Proposed D3 Acquisition

The rationale for the Proposed D3 Acquisition has been extracted from Section 2.6 of the Circular and is set out in italics below. We recommend that the Non-Interested Directors and the Audit Committee advise Independent Shareholders to read this section of the Circular carefully. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise stated:

"***2.6 Rationale for the Proposed D3 Acquisition***

The Target Acquisition is in line with the Group's growth strategy that focuses on development and investment properties in emerging countries. Driven by the lack of quality supply, Yangon's luxury real estate market presently witnesses strong uptake in demand by the increasingly affluent locals. Given Yangon's rapid transformation into a key residential and commercial powerhouse, the Company anticipates that the valuation of the Golden City Project will continue to appreciate along with the surrounding area's growth. The Golden City Project has the potential to generate good development returns and yield. Further, given the strategic location and 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.

As at the Latest Practicable Date, the Company holds 74.975% of the entire issued share capital of the Target. Accordingly, if the D3 Acquisition is approved by Shareholders, upon the completion of the D3 Acquisition, the Company would hold the entire issued share capital of the Target."

The Board is of the view that:

(i) the Target Acquisition (which includes the Proposed D3 Acquisition) is in line with the Group's growth strategy that focuses on development and investment properties in emerging countries;

(ii) driven by the lack of quality supply, Yangon's luxury real estate market presently witnesses strong update in demand by the increasingly affluent locals;

(iii) given Yangon's rapid transformation into a key residential and commercial powerhouse, the Company anticipates that the valuation of the Golden City Project will continue to appreciate along with the surrounding area's growth.

(iv) the Golden City Project has the potential to generate good development returns and yield; and

(v) given the strategic location and the timing of the Target Acquisition, the Target Acquisition will bolster the Group's real estate portfolio and enhance Shareholder value.

In considering the rationale of the Proposed D3 Acquisition set out above, we have taken into account the following factors:

(a) Historical financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for FY2015, FY2014, FY2013, and the unaudited consolidated financial statements for 9M2016 and 9M2015:

Summary of income statement

Figures in RMB'000	Unaudited 9M2016	Unaudited 9M2015	Audited FY2015	Audited FY2014	Audited FY2013
Revenue	114,846	–	26,298	170,669	61,133
Cost of sales	(77,189)	–	(25,368)	(110,690)	(43,826)
Gross profit	37,657	–	930	59,979	17,307
Other income	102	175	21,872	90	9,936
Total operating expenses	(16,418)	(4,580)	(13,919)	(25,176)	(34,050)
Other non-operating expenses	–	–	(2,261)	(284,742)	–
Finance costs	(5,668)	–	–	(3,056)	(151)
Profit/(loss) before tax	15,673	(4,405)	6,622	(252,905)	(6,958)
Profit/(loss) after tax	8,353	(4,405)	6,995	(252,905)	76,068
Profit/(loss) after tax attributable to owners of the Company	(431)	(4,405)	7,497	(252,905)	76,068

Summary of statements of financial position

Figures in RMB'000	Unaudited 9M2016	Audited FY2015	Audited FY2014	Audited FY2013
Non-current assets	271,235	271,805	170	268,819
Current assets	243,869	202,884	8,315	451,428
Non-current liabilities	144,851	147,245	–	17,337
Current liabilities	177,336	261,886	5,340	469,466
Shareholders' equity	139,666	21,091	3,145	233,444
Total borrowings	–	9,589	–	17,337
Net working capital	66,533	(59,002)	2,975	(18,038)

Summary of statements of cash flows

Figures in RMB'000	Unaudited 9M2016	Unaudited 9M2015	Audited FY2015	Audited FY2014	Audited FY2013
Net cash from/(used) in operating activities	2,895	(3,754)	(29,768)	(38,404)	(41,291)
Net cash from/(used) in investing activities	7	(144)	16,862	(299)	15,958
Net cash generated from/(used) in financing activities	108,696	9,288	30,280	5,272	(5,992)
Net increase/(decrease) in cash and cash equivalents	111,598	5,390	17,374	(33,431)	(31,325)
Cash and cash equivalents at end of period	129,981	6,362	18,356	987	34,421

Note:

(1) Figures and computation presented in this section are subjected to rounding.

We note the following:

(i) The Group's revenue is derived from sales of the development properties and rental income from the investment properties.

The Group recorded revenue of approximately RMB114.8 million, RMB26.3 million, RMB170.7 million and RMB61.1 million for 9M2016, FY2015, FY2014 and FY2013 respectively. No revenue recorded by the Group for 9M2015.

The Group's revenue increased substantially from approximately RMB61.1 million in FY2013 to approximately RMB170.7 million in FY2014 due to revenue contribution from Trechance Holdings Limited ("**Trechance**"), 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 Group's revenue decreased from approximately RMB170.7 million in FY2014 to approximately RMB26.3 million in FY2015. The Group's revenue in FY2015 was contributed solely by Hui Zhou Daya Bay Mei Tai Cheng Property Development Co., Limited ("**Daya Bay**"), which was acquired on 4 November 2015, arising from the sale of property units in the Daya Bay project of RMB25.5 million and rental of holiday apartments of RMB0.8 million.

Likewise, the Group's revenue in 9M2016 of approximately RMB114.8 million was mainly contributed from the sale of property units in the Daya Bay project of RMB107.4 million and rental of holiday apartments (held as investment properties) of RMB7.4 million.

The Group reported gross profit amounted to approximately RMB37.7 million, RMB0.9 million, RMB60.0 million and RMB17.3 million for 9M2016, FY2015, FY2014 and FY2013 respectively. The corresponding gross profit margins were 32.8%, 3.5%, 35.1% and 28.3% respectively.

Other income amounted to approximately RMB0.1 million, RMB21.9 million, RMB90 thousand and RMB9.9 million for 9M2016, FY2015, FY2014 and FY2013 respectively. Other income of approximately RMB0.1 million for 9M2016 comprised interest income, whilst other income of approximately RMB21.9 million for FY2015 comprised mainly gain on bargain purchase from the acquisition of Daya Bay of approximately RMB21.2 million, fair value gain on investment properties of approximately RMB0.4 million and gain on disposal of property, plant and equipment of approximately RMB0.1 million, Other income of approximately RMB90 thousand in FY2014 comprised rental income, interest income and others, whilst other income of approximately RMB9.9 million for FY2013 comprised mainly of interest income.

Total operating expenses (comprising distribution expenses and administrative expenses) amounted to approximately RMB16.4 million, RMB4.6 million, RMB13.9 million, RMB25.2 million and RMB34.1 million for 9M2016, 9M2015, FY2015, FY2014 and FY2013 respectively. It is noted that the Group's total operating expenses had been decreasing for the period FY2013 to FY2015. The total operating expenses had decreased from approximately RMB34.1 million in FY2013 to RMB25.2 million in FY2014, mainly due 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. It had further declined to approximately RMB13.9 million in FY2015, mainly due to the deconsolidation of the PRC entities following the loss of control of the said PRC entities in 4Q2014, partially offset by the inclusion of administrative expenses incurred by Daya Bay. The Group's total operating expenses amounted to approximately

RMB16.4 million in 9M2016 comprised distribution costs (in connection with the sale of property units in the Daya Bay project) of approximately RMB6.3 million and administrative costs of approximately RMB10.1 million (mainly administrative costs related to the Daya Bay project and was partially offset by write back of provision for amount due to ex-director of approximately RMB2.3 million).

The Group incurred other non-operating expenses of approximately RMB2.3 million in FY2015 (mainly due to partial impairment provision made on the consideration receivables from New Inspiration Development Limited, which arose from the disposal of the Company's entire interest in West Themes Pte. Ltd., and Yess Le Green Pte Ltd in FY2013) and approximately RMB284.7 million in FY2014 (mainly due to (i) full impairment provision on property, plant and equipment of approximately RMB72.8 million; (ii) full impairment provision on carrying amount of the net current assets of approximately RMB15.6 million of the PRC entities due to unavailability of the accounting records and the loss of control of the PRC entities; (iii) impairment loss on consideration receivable from the vendor of Trechance of approximately RMB189.9 million; and (iv) impairment loss on other receivables of approximately RMB6.3 million).

The Group reported profit after tax attributable to the owners of the Company of approximately RMB7.5 million and RMB76.1 million in FY2015 and FY2013. For FY2013, the Group's profit after tax attributable to the owners of the Company was contributed by profit from the discontinued operation (net of tax) of approximately RMB86.3 million. In FY2014, the Group reported significant loss after tax attributable to the owners of the Company of approximately RMB252.9 million in FY2014 mainly due to other non-operating expenses recorded in FY2014. The Group reported loss after tax attributable to the owners of the Company of approximately RMB0.4 million for 9M2016.

(ii) The Group's net working capital position has improved from approximately negative RMB18.0 million as at 31 December 2013, to positive RMB3.0 million as at 31 December 2014. It had subsequently turned back into negative region of approximately RMB59.0 million as at 31 December 2015, but subsequently it improved to positive RMB66.5 million as at 30 September 2016. The improvement in the Group's net working capital position as at 30 September 2016 was due to an increase in current assets from approximately RMB202.9 million as at 31 December 2015 to approximately RMB243.9 million as at 30 September 2016 and a decline in current liabilities from approximately RMB261.9 million as at 31 December 2015 to approximately RMB177.3 million as at 30 September 2016. The increase in current assets in 9M2016 is mainly due to substantially higher cash and cash equivalent (increased from approximately RMB18.4 million as at end of FY2015 to approximately RMB130.0 million as at end of 9M2016 mainly due to net proceeds received from the rights issue and placement of approximately RMB108.7 million) which was partially offset by a lower development properties (declined from approximately RMB169.1 million as at end of FY2015 to approximately RMB93.8 million as at end of 9M2016 as the sold property units were progressively recognised as income upon handover). The decline in current liabilities in 9M2016 is due to lower trade and other payables (declined from approximately RMB170.9 million as at end of FY2015 to approximately RMB124.5 million as at end of 9M2016), lower deposits from customers on purchase of development properties (declined from approximately RMB80.0 million as at end of FY2015 to approximately RMB35.2 million as at end of 9M2016), which was partially offset by higher current tax payable (increased from approximately RMB10.9 million as at end of FY2015 to approximately RMB17.7 million as at end of 9M2016).

(iii) The Group shareholders' equity decreased from approximately RMB233.4 million as at 31 December 2013 to approximately RMB3.1 million as at 31 December 2014, and subsequently increased to approximately RMB21.1 million as at 31 December 2015 (mainly due to the capital reserve of approximately RMB10.5 million representing the additional investment in Daya Bay by certain related parties of Shenzhen Tong Ze, the non-controlling shareholder of Daya Bay, in connection with the interest free loans extended to Daya Bay) and RMB139.7 million as at 30 September 2016 (mainly due to the proceeds received from the rights issue and placement conducted during 9M2016).

The Group had no borrowings as at 30 September 2016.

(iv) The Group's net cash flow from operating activities were in the negative region during FY2013 to FY2015. However, the Group generated positive net cash flow from operating activities of approximately RMB2.9 million in 9M2016.

The Directors further confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter and the latest unaudited financial statements for the Group for 9M2016, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(b) Qualified opinion and emphasis of matter by the Independent Auditor

We note from the AR2015 and the Independent Auditor's report dated 30 March 2016 ("**Independent Auditor's Report**") on the Group and the Company's financial statements for FY2015 contained a qualified opinion and an emphasis of matter relating to *inter alia*, going concern. The following paragraph as set out in italics below are extracted from the Independent Auditor's Report (pages 53 to 54 of the AR2015) and note 2(A) to the audited financial statements of the Group for FY2015. We recommend that the Non-Interested Directors and members of the Audit Committee advise Independent Shareholders to read those sections of the AR2015 carefully:

"Basis of Qualified Opinion

Disclaimer of Opinion on the Financial Statements for the Year ended 31 December 2014

Our audit report dated 24 November 2015 on the consolidated financial statements for the previous financial year ended 31 December 2014 contained a disclaimer of opinion. With further resolution of the disclaimer items in FY 2015 as described in Note 27 to the financial statements, certain bases for the disclaimer of opinion in the 2014 auditors' report did not affect the opening statement of financial position of the Group and the Company as at 1 January 2015 except for:

Item 6: Recoverability of the amount due from New Inspiration Development Limited/Dr Charlie In;

Item 10: Use of share proceeds of S$3.6 million and the settlement of the consideration payable to TCI; and

Item 11: Non-compliance with disclosure requirements under the respective FRSs.

As described in further details in Note 2(a) to the financial statements, the deficiencies in net current assets of the Group and the Company as at 31 December 2015 arose mainly from (i) the aggregate of investment amounts received in advance from Mr Teo Cheng Kwee and Mr Wong Pak Him Patrick (collectively known as the "Investees") amounting to RMB9.6 million, will be discharged by way of issuance and allotment of new ordinary shares once the Company resumes trading of the Company's shares on the Catalist, (ii) settlement of the accrued consideration payable of RMB48 million arising from the acquisition of Huizhou Daya Bay Mei Tai Cheng Property Co., Ltd ("Daya Bay") by 30 June 2016, assuming the Vendor of Daya Bay completes and resolves the remaining outstanding conditions precedent by 31 March 2016 as stipulated in the second supplementary agreement signed on 2 February 2016.

The viability of the Group and the Company's operations to a large extent is dependent on whether (i) the aggregate of investment amounts received in advance from the Investees amounting to RMB9.6 million will be discharged by way of issuance and allotment of new ordinary shares once the Company resumes of the Company's shares on the Catalist; (ii) the Company is able to raise fresh funds to settle the outstanding consideration payable to the Vendor of Daya Bay and (iii) the Group generates sufficient revenue and receipts from the sale of the remaining unsold development properties held for sale to meet the liabilities of Daya Bay as and when they fall due.

The financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. As described above, management is of the view that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. If the Group and the Company are unable to continue to generate sufficient revenues and/or raise new funds from lenders, third parties and shareholders or through the injection or acquisition of new businesses, and are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which *they are currently recorded in the balance sheet. In addition, the Group and the Company may need reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide further liabilities that may arise. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter."*

Note 2(A) to the audited financial statements for FY2015 are reproduced in italics below.

"2(A) GOING CONCERN

Trading in the Company's shares was halted on 9 April 2015 and subsequently suspended on 14 April 2015. As at 31 December 2015, the Company reported a deficiency in net assets and current assets of RMB7.5 million (2014: surplus in net assets of RMB4.8 million) and RMB8.4 million (2014 – surplus in net current assets of RMB4.2 million) respectively, and registered a loss before taxation of RMB12.3 million (2014 – RMB244.1 million).

In addition, the Group registered a deficiency in net current assets and cash outflows from operating activities of RMB59.0 million (FY 2014: surplus in net current assets of RMB3.0 million) and cash outflows from operating activities of RMB29.8 million (2014 – RMB38.4 million) respectively as at the balance sheet date. These factors indicate the existence of an uncertainty which may cast doubt on the Group and the Company's ability to continue as a going concern.

The deficiency in the Company's net current assets of RMB8.4 million as at 31 December 2015 was mainly represented by the aggregated of investment amounts received in advance from Mr Teo Cheng Kwee and Mr Wong Pak Him Patrick (collectively known as the "Investees") amounting to RMB9.6 million (also known as the "Investment Placement Amounts") and accrued professional fees amounting to RMB3.4 million, against the consideration receivable due from New Inspiration Development Limited ("New Inspiration")/Dr Charlie In amounting to RMB4.6 million.

The net proceeds raised from the investment placement of RMB9.6 million (S$2.1 million) have been fully utilised by January 2016 to repay the Group's and the Company's existing liabilities (including but not limited to legal and professional fees, special audit fee, annual audit fee and staff costs of the Group's employees and other ancillary expenses).

In respect of the investment placement amounts received from the Investees, the intention was for the Company to discharge the investment placement amounts by issuing and allotting an aggregate of 950 million new ordinary shares at a price of S$0.0022, which has been subsequently approved by the shareholders of the Company at the Extraordinary General Meeting held on 15 December 2015. As stipulated in the investment agreements, the Company shall by 3 January 2016, repay the entire investment placement amounts in cash, plus accrued interest at a rate of 12% per annum in the event the Company does not repay the investment amount by way of issuance and allotment of the investment shares. The interest on the investment placement amounts will only be waived in the event the Company *repays the investment placement amounts by way of issuance and allotment of the investment shares. As announced on 8 January 2016, the repayment date for the investment placement amounts has been extended to 29 February 2016. The Company has defaulted on the repayment of the investment placement amounts. However, on 18 March 2016, SGX-ST granted the listing and quotation notices for the listing and quotation of the aggregate of 950 million placement shares into new ordinary shares in the capital of the Company.*

Though the Company received an in-principle approval from SGX-ST on 18 March 2016 on its application for the resumption of trading of the Company's shares on the Catalist, the Company would still need to conduct fund raising exercises to raise RMB48 million to settle the accrued consideration payable arising from the acquisition of Huizhou Daya Bay Mei Tai Cheng Property Development Co., Ltd ("Daya Bay") by 30 June 2016 assuming the Vendor of Daya Bay resolves the remaining outstanding conditions precedent by 31 March 2016 as stipulated in the second supplemental agreement signed on 2 February 2016.

These factors indicate the existence of an uncertainty which may cast doubt on the Group and the Company's ability to continue as a going concern. Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the presentation of these financial statements as:

(A) Receipt of the proceeds from Placement Subscribers

The Company had on 3 July 2015 entered into separate share subscription agreements with Mr Zhu Xiaolin and Mr Tao Xucheng (collectively known as the "Placement Subscribers") respectively, pursuant to which the Company will allot and issue to the Placement Subscribers an aggregate of 950 million new ordinary shares in the capital of the Company at the issue price of S$0.0026 for each placement share. The placement has been approved by the shareholders of the Company at the Extraordinary General Meeting on 15 December 2015. The Company has subsequently received the proceeds of RMB6.1 million and RMB5.4 million (equivalent to S$1.3 million and S$1.17 million) from Mr Zhu Xiaolin and Mr Tao Xucheng on 5 February 2016 and 19 February 2016 respectively. On 18 March 2016, SGX-ST granted the listing and quotation notices for the listing and quotation of the aggregate of 950 million placement shares into new ordinary shares in the capital of the Company.

(B) Expressions of interest from Cornerstone Investors

Management has received letters of expression of interest from Mr Teo Cheng Kwee, Mr Wong Pak Him Patrick, Mr Zhu Xiaolin and Mr Tao Xucheng to participate in the fund raising exercises to be conducted by management and is expected to raise approximately S$14.7 million, which would be sufficient for the Company to settle the outstanding consideration payable of RMB48 million due to the Vendor.

(C) Share subscription agreement with Mr Luo Shandong

On 22 February 2016, the Company entered into a share subscription agreement with Mr Luo Shandong ("Mr Luo") pursuant to which Mr Luo has agreed to subscribe for an aggregate of 500 million new ordinary shares at S$0.0028 for each subscription share. The Company subsequently entered into a supplemental agreement with Mr Luo such that the consideration for the subscription shares are to be paid by 15 April 2016 as opposed to 29 February 2016.

(D) Cash flows generated from Daya Bay

The directors are confident that the cash flows generated from the sale of remaining unsold development properties for sale and the net rental income derived from the lease of the holiday apartments at Haiyunyayuan ("海韵雅苑") project following the acquisition of Daya Bay will be able to settle the liabilities of Daya Bay as and when they fall due.

The financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. As described above, management is of the view that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. If the Group and the Company are unable to continue to generate sufficient revenues and/or raise new funds from lenders, third parties and shareholders or through the injection or acquisition of new businesses, and are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may need reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide further liabilities that may arise. No such adjustments have been made to these financial statements."

(c) Suspension of the Shares and special audit

Trading in the Shares was halted on 9 April 2015 and subsequently suspended on 14 April 2015. 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 FY2013 and FY2014.

On 3 July 2015, the Company announced the appointment 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 and Futura Asset Holdings Pte Ltd ("**Futura**"), for FY2013 and FY2014.

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

Since the release of the special audit report, the Board has been actively looking at issues including those raised by the special auditor and has appointed various professionals, to look into the various matters, including but not limited to taking legal actions or reporting the incident(s) to the relevant authorities.

On 31 March 2016, the trading for the Shares resumed.

On 21 November 2016, the Company announced the final update on the six (6) issues arising from the report issued by the Special Auditor as follow:

No.	Issues	Status/Conclusion
1	Divestment of the titanium dioxide business	Not worthwhile to pursue, concluded with no further follow-up required
2	Acquisition and proposed divestment of Trechance and its subsidiaries	No basis to pursue, concluded with no further follow-up required
3	Acquisition and disposal of Yess Le Green Pte. Ltd. and West Themes Pte. Ltd.,	Received S$1.1 million from Dr In on 3 November 2016 No basis to pursue on recovery of consultancy fees, concluded with no further follow-up required
4	Acquisition of Futura	No basis to pursue, concluded with no further follow-up required
5 & 6	Severance payments and disbursements paid	Dr In agreed to waive and forego claims on the Group as per the terms of the 2 September 2016 Settlement Deed Received S$3.8 thousand for duplicate claims filed

The Independent Shareholders are advised to read the Company's announcement dated 21 November 2016 carefully and in its entirety.

The Board and the Management confirmed that the final and conclusion of the six (6) issues arising from the report issued by the Special Auditor will not have any material impact on the Group's financial position and NAV or NTA per Share; and the information presented herein for the IPT, the Target Acquisition or the effects on the NAV and NTA of the Company and the Group.

5.2. Assessment of the Issue Price

In assessing the issue price of S$0.10 ("**Issue Price**") for the Consideration Shares, we have considered the Group's net assets value ("**NAV**") or net tangible assets ("**NTA**"), the historical trading performance of Shares, the relative valuation of the Selected Comparable Companies, as well as the past fund raising undertaken by the Company in the past two (2) years ("**Past Fund Raising**").

(a) NAV and NTA of the Group

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values at which assets may actually be realized or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realized or disposed of.

In assessing the Proposed D3 Acquisition as an IPT and the Issue Price of $S0.10 for each Consideration Shares, in relation to the NAV and NTA per Share of the Group as at 30 September 2016, we have reviewed the unaudited balance sheet of the Group as at 30 September 2016 (to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach). Save as disclosed in the unaudited balance sheets of the Group as at 30 September 2016, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in the balance sheet of the Group as at 30 September 2016 in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, to the best of their knowledge and beliefs based on disclosures made available to them, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 30 September 2016, save as disclosed in the unaudited financial statement of the Group as at 30 September 2016 as well as the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 September 2016 are true and fair. Further, the Directors confirmed that that the final and conclusion of the six (6) issues arising from the report issued by the Special Auditor will not have any material impact on the Group's financial position and NAV or NTA as at 30 September 2016. Lastly, the Directors confirmed that to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or facts, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

Consolidated unaudited balance sheet as at 30 September 2016(1)	**RMB'000**
Non-Current Assets	
Property, plant and equipment	5,735
Investment property	265,500
	271,235
Current Assets	
Development properties	93,819
Trade and other receivables	20,069
Cash and cash equivalents ("**Cash**")	129,981
	243,869
Non-Current Liabilities	
Provisions	135
Deferred tax liabilities	38,817
Financial liabilities	105,899
	144,851

Consolidated unaudited balance sheet as at 30 September 2016[(1)]	RMB'000
<u>Current Liabilities</u>	
Trade and other payables	124,481
Current tax payable	17,676
Deposits from customers on purchase of development properties	35,179
	177,336
NAV including non-controlling interest	**192,917**
Less: non-controlling interests	(53,251)
NAV attributable to equity holders of the Company	**139,666**
Less: Intangible assets	–
NTA as at 30 September 2016	**139,666**
NAV and/or NTA per Share (RMB)[(2)]	**0.2245**
NAV and/or NTA per Share (S$)[(2)(3)]	**0.0463**
Issue Price (S$)	**0.1000**
Premium of Issue Price over the Group's NAV and/or NTA per Share	**115.8%**
Cash per Share as at 30 September 2016 (RMB)[(2)]	0.2090
Cash per Share as at 30 September 2016 (S$)[(2)(3)]	0.0431
Issue Price less Cash per Share (S$)	**0.0569**
NAV and/or NTA per Share less Cash per Share (S$)	**0.0032**
Premium of Issue Price less Cash per Share over Group's NAV and/or NTA per Share less Cash per Share	**1,670.1%**

Notes:

(1) The figures above are based on the Group's latest announced unaudited results for the nine months period ended 30 September 2016.

(2) The figures are computed based on the Company's issued Share capital of 622,006,968 Shares as at 30 September 2016 adjusted with the Share Consolidation (as defined herein), which was completed on 5 December 2016. It is further assumed that there will be no exercise of the 51,111,111 warrants after adjustment in connection with the Share Consolidation (expiring on 11 June 2017) and 16,000,000 Share options after adjustment in connection with the Share Consolidation (expiring on 16 May 2026).

(3) Based on the exchange rate of S$1:RMB4.84584 as at the Latest Practicable Date.

(4) The figures and computation above are subject to rounding.

For illustrative purposes only, the Issue Price represents a premium of approximately 115.8% over the Group's NAV and/or NTA per Share as at 30 September 2016. We wish to highlight that the Group substantial Cash which amounted to approximately RMB130.0 million and no borrowings as at 30 September 2016. The Group's Cash per Share of approximately S$0.0431 represents approximately 43.1% of the Issue Price.

In the event that the Group's Cash per Share is deducted from the Issue Price as well as the Group's NAV and/or NTA per Share as at 30 September 2016, the Issue Price less the Cash per Share represents a substantial premium of approximately 1,670.1% over the Group's NAV and/or NTA per Share less the Cash per Share. In summary, the valuation of the Group as implied by the Issue Price appears to be favourable in terms of comparison with the Group's NAV and/or NTA taking into account the Group's Cash position and no borrowings as at 30 September 2016.

Revalued NAV and NTA of the Group

In our evaluation of the Issue Price for the Consideration Shares, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which recorded in the unaudited balance sheet of the Group as at 30 September 2016.

(i) Investment Properties – The Company has commissioned APA to determine the capital value of the Group's Investment Properties. The Investment Properties with a net book value of approximately RMB265.5 million as at 30 September 2016 comprises of:

Location	Type	Description	Area (sq metres)	Tenure
No. 1-3 Xiachong Dayawan Huizhou Guangdong Province, the PRC	Leasehold	399 residential units, 2 commercial units, various car parking spaces and ancillary units of Haiyunyayuan Building	37,627.14	70 years

The capital value of the Investment Properties in existing state ascribed by APA as at 31 December 2016 (being the APA Valuation Date) is approximately RMB268.5 million.

We recommend that the Non-Interested Directors and Audit Committee advise Shareholders to note and review carefully the contents of the APA Valuation Report (which is made available for inspection at the registered office of the Company from the date of the Circular up to and including the date of the EGM) in its entirety including the assumptions made and the basis for the assumptions.

(ii) Development Properties – the Group's Development Properties with a net book value of approximately RMB93.8 million as at 30 September 2016 comprises (a) 176 units which have been sold but have not been recognized in the Group's profit and loss statements; and (b) 56 unsold units. The Directors and the Management have represented to us the following:

– Sales revenue of the 176 units which have been sold is approximately RMB98.46 million;

– The remaining unsold units can be sold with average prices which are based on historical average selling price for the sold units of approximately RMB15 thousand/sq m, the estimated sales revenue of the 56 unsold units (with gross floor area of 2,028 sq m) after deducting estimated selling expenses is approximately RMB30.4 million; and

– All costs and expenses for the Development Properties have been recognised and accounted for as at 30 September 2016 and that there are no material costs and expenses for the sale of the remaining unsold units.

We have not made any independent evaluation or appraisal of the Investment Properties and the Development Properties but have been furnished by the Company with the APA Valuation Report in respect of the fair value of the Investment Properties and the estimated revenue from the Development Properties as provided by the Management. With respect to such valuation and estimation of revenue, we are not experts in the evaluation or appraisal of the Investment Properties and the Development Properties and have relied on (i) the APA Valuation Report for the capital value of the Investment Properties; and (ii) estimated revenue from the Development Properties provided by the Management as a proxy of the market value of the Development Properties.

We understand that the Directors having reviewed the APA Valuation Report (*inter alia*, the assumptions, methodology used and information relied upon by APA) and the estimated revenue from the Development Properties as a whole and are of the opinion that the assumptions and methodology of the APA Valuation Report and the estimated revenue from the Development Properties are reasonable.

The aggregate net book value of the Group's Investment Properties and Development Properties accounted for approximately 69.8% of the Group's total assets as at 30 September 2016. The aggregate of the capital value of the Investment Properties and the estimated revenue of the Development Properties amounted to approximately RMB397.4 million.

For illustrative purpose only, the revaluation surplus for the Group's Investment Properties and Development Properties has been calculated and presented in the table below assuming a hypothetical sale of the Group's Investment Properties and Development Properties at the capital value and the estimated revenue respectively

Revalued NAV and/or Revalued NTA	**RMB'000**
Fair value of the Investment Properties ascribed by APA	268,500
Less: Net book value of the Investment Properties as at 30 September 2016	(265,500)
Less: potential tax liabilities	(750)
Revaluation surplus from the Investment Properties	**2,250**
Estimated revenue from the Development Properties(1)	128,878
Less: Net book value of the Development Properties as at 30 September 2016	(93,819)
Less: potential tax liabilities	(8,765)
Revaluation surplus from the Development Properties	**26,294**
NAV and/or NTA of the Group as at 30 September 2016	139,666
Add: Revaluation surplus from the Investment Properties and Development Properties	28,544
Revalued NAV ("RNAV") and/or Revalued NTA ("RNTA")	**168,210**
RNAV and/or RNTA per Share (RMB)(2)	0.2704
RNAV and/or RNTA per Share (S$)(2)(3)	0.0558
Premium of Issue Price over the Group's RNAV and/or RNTA per Share	**79.2%**

Notes:

(1) Computed based on the total floor area of 2,028 sq metre (based on the unsold units, including deposit received but contract not signed) multiply by the price per sq metre of RMB15,000 and including the total sales value (after discount) for the 176 units sold as provided by Management.

(2) The figures are computed based on the Company's issued Share capital of 622,006,968 Shares as at 30 September 2016 adjusted with the Share Consolidation (as defined herein), which was completed on 5 December 2016. It is further assumed that there will be no exercise of the 51,111,111 warrants after adjustment in connection with the Share Consolidation (expiring on 11 June 2017) and 16,000,000 Share options after adjustment in connection with the Share Consolidation (expiring on 16 May 2026).

(3) Based on the exchange rate of S$1:RMB4.84584 as at the Latest Practicable Date.

(4) The figures and computation above are subject to rounding.

For illustrative purpose only, we note that the Issue Price represents a premium of approximately 79.2% over the Group's RNAV and/or RNTA per Share as at 30 September 2016.

The Directors have confirmed that to their best knowledge and belief, as at the Latest Practicable Date, other than the revaluation surplus arising in respect of the Investment Properties and the Development Properties, there are no material differences between the realizable value of the Group's assets and their respective book values as at 30 September 2016 which would have a material impact on the Group's RNAV and/or RNTA.

The Company announced on 20 December 2016 that the Target Acquisition (save for the Proposed D3 Acquisition) has been completed on the same date. Following the completion of the Target Acquisition (save for the Proposed D3 Acquisition), the Company owns approximately 74.975% of the issued and paid up share capital of the Target and the Target becomes a subsidiary of the Company. In addition, the Company has on 20 December 2016 allotted and issued 140,638,400 Consideration Shares to the nominees notified by each of ASL, SSL, and CIL. Pursuant to the allotment and issuance of the 140,638,400 Consideration Shares, the total number of issued and paid-up ordinary shares of the Company has increased from 622,006,968 to 762,645,368 Shares.

As such, in our evaluation, we have also considered the effect of the completion of the Target Acquisition (save for the Proposed D3 Acquisition) on the Group's NAV and NTA per Share. The Directors and the Management have represented and confirmed to us that assuming, *inter alia,* that the completion of the Target Acquisition (save for the Proposed D3 Acquisition) took place on 30 September 2016, the Group's NAV and/or NTA would increase from approximately RMB139.7 million as at 30 September 2016 to approximately RMB229.9 million ("**Pro-forma NAV**" or "**Pro-forma NTA**").

Pro-forma NAV and/or NTA	**RMB'000**
Pro-forma NAV and/or NTA after completion of the Target Acquisition, save for the Proposed D3 Acquisition	229,888
Pro-forma NAV and/or NTA per Share (RMB)(1)	0.3011
Pro-forma NAV and/or NTA per Share (S$)(1)(2)	0.0621
Premium of Issue Price over the Group's Pro-forma NAV and/or NTA per Share	**60.9%**
Pro-forma NAV and/or NTA	229,888
Add: Revaluation Surplus from the Investment Properties and the Development Properties	28,544
Pro-forma RNAV and/or RNTA	**258,432**
Pro-forma RNAV and/or RNTA per Share (RMB)(1)	0.3385
Pro-forma RNAV and/or RNTA per Share (S$)(1)(2)	0.0699
Premium of Issue Price over the Group's Pro-forma RNAV and/or RNTA per Share	**43.1%**

Notes:

(1) *The figures are computed based on the Company's issued Share capital of 763,425,245 Shares as at the Latest Practicable Date (including 140,638,400 Consideration Shares which have been issued to the nominees notified by each of ASL, SSL, and CIL).*

(2) *Based on the exchange rate of S$1:RMB4.84584 as at the Latest Practicable Date.*

(3) *The figures and computation above are subject to rounding.*

For illustrative purpose only, we note that the Issue Price represents a premium of approximately 43.1% over the Group's Pro-forma RNAV and/or RNTA per Share.

We wish to highlight that the Group's RNAV and/or RNTA shown above include the revaluation surplus arising from the Investment Properties and the Development Properties. Shareholders should note that the Group has not realized the surplus on such asset as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus eventually recorded by the Group on the Investment Properties and the Development Properties (in the event they are disposed) will be the same as indicated above.

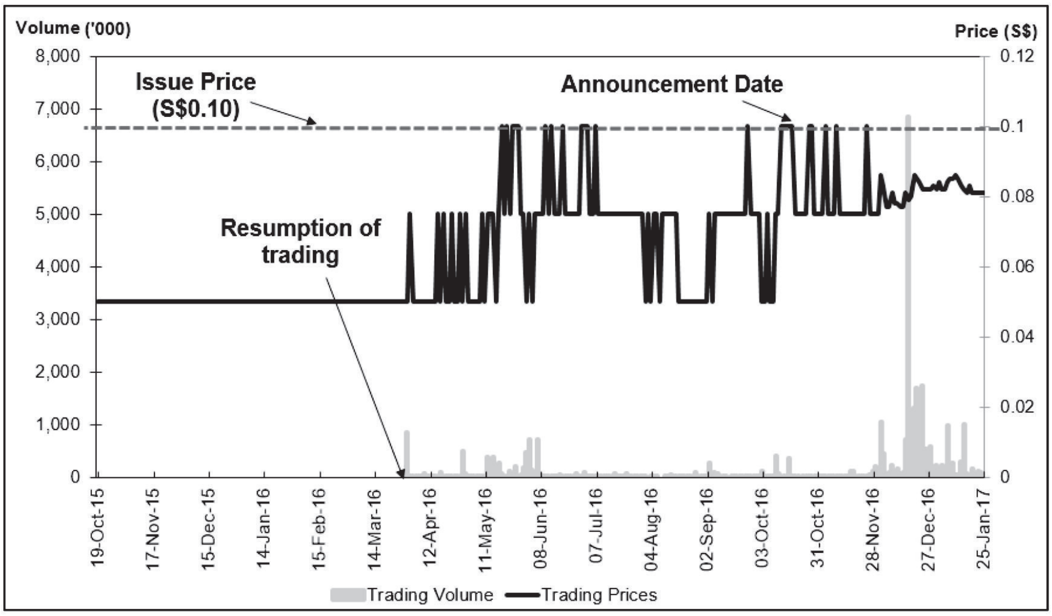
The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA and is realisable or distributable to the shareholders of the Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Group as a going concern nor can it capture or illustrate any value for the Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

We recommend that the Non-Interested Directors and the Audit Committee advise the Independent Shareholders that they should note and review the contents of the APA Valuation Report (which is made available for inspection) in its entirety including the assumptions made and the basis for the assumptions.

(b) Market quotation and trading activity for the Shares

The historical price chart (based on the closing prices together with the number of Shares traded on a daily basis) for the Shares during the period commencing from 19 October 2015 (being the Market Day 12 months prior to the Announcement Date) and ending on the Latest Practicable Date is set out below:



Source: SGX-ST

The Company announced on 30 September 2016, *inter alia*, a proposed share consolidation for every twenty-five (25) existing Shares to one (1) consolidated Share which was approved by Shareholders on 21 November 2016 ("**Share Consolidation**"). The Share Consolidation exercise was completed on 5 December 2016. Accordingly, all the prices of the Shares prior to the completion of the Share Consolidation had been adjusted to take into account the effects of the Share Consolidation.

For the period commencing from 19 October 2015 and ending on 13 October 2016, being the last Trading Day immediately preceding the Announcement Date (both dates inclusive), we note that the Shares were being traded on 133 Market Days out of 249 Market Days. The closing prices of the Shares were equal to the Issue Price on 15 Market Days and below the Issue Price on 234 Market Days out of the 249 Market Days.

We noted that trading of Shares was suspended from 9 April 2015 to 30 March 2016, and only resumed trading from suspension with effect on 31 March 2016.

The Company requested for a trading halt on 14 October 2016 before market open, pending the release of the announcement in connection with the Target Acquisition (which was released on 17 October 2016 at 2:02 p.m.). The trading halt was lifted on 17 October 2016 at 2:45 p.m..

For the period commencing from 17 October 2016 till 25 January 2017 (being the Latest Practicable Date), the closing prices for the Shares were equal to the Issue Price on 7 Market Days and below the Issue Price on 64 Market Days out of the 71 Market Days. The prices of the Shares closed at S$0.081 on the Latest Practicable Date.

As a general market comparison and observation, the FTSE Straits Times Catalist Index ("**FTSE ST Catalist**") decreased by approximately 18.2% for the period commencing from 19 October 2015 and ending on 13 October 2016, being the last Trading Day immediately preceding the Announcement Date, and subsequently increased by approximately 3.7% from 17 October 2016 to the Latest Practicable Date. For the same period commencing from 19 October 2015 and ending on 13 October 2016, being the last Trading Day immediately preceding the Announcement Date, the price for the Shares increased by approximately 100.0% and subsequently declined by approximately 19.0% from 17 October 2016 till the Latest Practicable Date. The Shares appeared to have outperformed the FTSE ST Catalist for the 12 month period prior to the Announcement Date and subsequently underperformed the FTSE ST Catalist for the period commencing from the Announcement Date till the Latest Practicable Date.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares.

The volume-weighted closing price ("**VWCP**") of the Shares, the highest and lowest transacted prices for the Shares and the average number of Shares traded on a daily basis from 19 October 2015 to the Latest Practicable Date is set out below:

	VWCP per Share[(1)] (S$)	**Premium of the Issue Price over the VWCP per Share (%)**	**Lowest transacted price (S$)**	**Highest transacted price (S$)**	**Average daily trading volume[(2)] (Shares)**	**Average daily trading volume as % of free-float[(3)] (%)**
For the period prior to the Announcement Date						
Last 12 months	n.m. [(4)]	n.m. [(4)]	n.m. [(4)]	n.m. [(4)]	n.m. [(4)]	n.m. [(4)]
Last 6 months	0.071	40.4%	0.025	0.100	54,871	0.02%
Last 3 months	0.071	40.0%	0.050	0.100	26,668	0.01%
Last 1 month	0.071	40.2%	0.050	0.100	39,058	0.01%
Last transacted price on 13 October 2016[(5)] (being the last trading date prior to the Announcement Date)	0.100	0.0%	0.075	0.100	20,888	0.01%

	VWCP per Share[(1)] (S$)	Premium of the Issue Price over the VWCP per Share (%)	Lowest transacted price (S$)	Highest transacted price (S$)	Average daily trading volume[(2)] (Shares)	Average daily trading volume as % of free-float[(3)] (%)
For the period after the Announcement up to the Latest Practicable Date						
Till the Latest Practicable Date	0.082	22.2%	0.050	0.125	301,799	0.09%
Latest Practicable Date[(6)]	0.081	23.5%	0.081	0.081	46,600	0.01%

Notes:

(1) *The VWCP had been weighted based on the last transacted prices of the Shares and traded volume for the relevant trading days for each of the periods. Historical trading prices and volume of the Shares have been adjusted with the Share Consolidation.*

(2) *The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period dividend by the number of market days during that period. Historical trading volume of the Shares have been adjusted with the Share Consolidation.*

(3) *Free float refers to approximately 327,512,617 Shares (or approximately 42.90% of the issued Share capital) held by Shareholders, other than the Substantial Shareholders and Directors as at the Latest Practicable Date and as enumerated in the Circular.*

(4) *The analysis for the last 12 months prior to the Announcement Date are not meaningful as the Shares were suspended since 14 April 2015 and resumed trading only on 31 March 2016.*

(5) *This represents the last transacted price instead of VWCP and trading volume for the Shares on 13 October 2016, being the Last Trading Day immediately preceding the Announcement Date.*

(6) *This represents the last transacted price instead of VWCP and trading volume for the Shares on 25 January 2017, being the Latest Practicable Date.*

Based on a general observation of the table above and after taking into consideration the summary of the transacted Share prices, we note that the Issue Price is:

(i) in line with the last transacted price of S$0.10 for each Share on the Catalist on 13 October 2016 (adjusted with the Share Consolidation), being the last Trading Day immediately preceding the Announcement Date;

(ii) at a premium of approximately 40.4%, 40.0% and 40.2% over the VWCP for the Shares (adjusted with the Share Consolidation) for 6-month, 3-month and 1 month period prior to the Announcement Date respectively;

(iii) at a premium of approximately 22.2% over the VWCP for the Shares for the period commencing from the Market Day immediately on the Announcement Date (adjusted with the Share Consolidation) and ending on the Latest Practicable Date; and

(iv) at a premium of approximately 23.5% over the last transacted price of S$0.081 per Share on the Catalist on 25 January 2017, being the Latest Practicable Date.

For illustrative purposes only, based on the number of Shares traded on a daily basis during the period commencing from 19 October 2015 and ending on the Latest Practicable Date, we note that:

(i) the trading of Shares was suspended from 19 October 2015 to 30 March 2016 (or 112 Market Days), and only resumed trading from suspension with effect on 31 March 2016. The Company requested for a trading halt on 14 October 2016 before market open, pending the release of the Announcement on 17 October 2016 at 2:02 p.m.. The trading halt was lifted on 17 October 2016 at 2:45 p.m.;

(ii) from 19 October 2015 to 13 October 2016, being the last Trading Day immediately preceding the Announcement Date, Shares were traded on 133 Market Days out of the total 249 Market Days during the period, with the total number of Shares traded being approximately 7.9 million Shares and an average daily trading volume of approximately 58 thousand Shares (based on the number of Market Days subsequent to the resumption of trading), which represents approximately 0.008% of the issued Share Capital as at the Latest Practicable Date or approximately 0.018% of the issued Share capital held by Shareholders other than the Substantial Shareholders and Directors as at the Latest Practicable Date;

(iii) the trading volume for the Shares were exceptionally high (for trading volume above 0.5 million Shares) for the following dates: 2 June 2016 (approximately 0.7 million Shares) and 7 June 2016 (approximately 0.7 million Shares) prior to the Announcement Date. In the event that the number of traded Shares for the above dates were excluded, the premium implied by the Issue Price over the VWCP for the Shares for the period to and including the Announcement Date for the 6-month period would have been higher at approximately 42.3%. It is also noted that on 31 March 2016, being the Market Day immediately following the resumption of trading, the trading volume of the Shares was exceptionally high (approximately 0.9 million Shares); and

(iv) for the period commencing from the Announcement Date till the Latest Practicable Date (both dates inclusive), the Shares were traded on 68 Market Days out of the total 71 Market Days during the period, with the total number of Shares traded being approximately 21.4 million Shares and an average daily trading volume of approximately 302 thousand Shares, which represents approximately 0.04% of the issued Share capital as at the Latest Practicable Date or approximately 0.09% of the issued Share capital, held by Shareholders other than the Substantial Shareholders and Directors as at the Latest Practicable Date.

We note that trading for the Shares is erratic and that the daily average number of Shares traded during the 6 month period prior to the Announcement Date is significantly low as compared to the number of issued Shares as at the Latest Practicable Date. However, the trading for the Shares was relatively active in the context of that the Shares were traded on 121 Trading Days out of the 125 Market Days during the 6 month period prior to the Announcement Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller.

We also note that the number of Shares that were traded on a daily basis for the period commencing on the Announcement Date till the Latest Practicable Date is higher than the number of Shares that were traded on a daily basis during the 6-month period prior to the Announcement Date.

The relatively weaker performance of the Shares as compared to the FTSE ST Catalist and the increase in the number of Shares traded on the Announcement Date to the Latest Practicable Date may, *inter alia*, be a reflection of the Proposed D3 Acquisition as well as prospects or demand for the Shares on or after the Announcement Date.

Independent Shareholders should note that there is no assurance that the prices and average volume of Shares traded on a daily basis will be maintained or that the transacted prices for the Shares or the average volume of Shares traded on a daily basis after completion of the Proposed D3 Acquisition (or if the Proposed D3 Acquisition lapses) will be at the same levels prevailing during the period commencing from the Announcement Date and ending on the Latest Practicable Date.

(c) Relative valuation analysis for the Group

In evaluating the Issue Price for the Consideration Shares, we have considered the financial performance, financial positions and valuation statistics of selected companies that may, in our view, be broadly comparable to the existing core business of the Group prior to the transaction, which is in property development and property investment (the "**Selected Comparable Companies**").

The Selected Comparable Companies have been identified after a search was carried out on various exchanges and evaluation of the companies operating in the same industry as the Group as well as considering the geographical location of the Group's existing property development and investment, being the People's Republic of China. We have had discussions with the Directors about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Group prior to the transaction. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. The Selected Comparable Companies may or may not have similar business operations or similar assets as the Group, accounting policies with respect to the values for which the assets or the revenue and cost are recorded or the relevant financial period compared may differ from the Group.

We advise Independent Shareholders to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Selected Comparable Companies as the business of these companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

Non-Interested Directors and the Audit Committee should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

The Group's Selected Comparable Companies are set out below.

Selected Comparable Companies	**Market capitalisation (S$ million)**	**Principal activities**
China Yuanbang Property Holdings Limited ("**China Yuanbang**") *Listed on SGX*	24.6	The group is engaged in developing, managing, marketing, and selling of residential and commercial properties in the People's Republic of China. It is also involved in property holding activities; tourism and resorts development operations; and hotel business.
Debao Property Development Ltd. ("**Debao**") *Listed on SGX*	33.7	The group is engaged in property developing in the People's Republic of China. It operates through four segments: property development, construction contract, property investment, and property management. The group develops residential and commercial properties; and leases properties. It also builds structural projects and provides interior works for third parties; sells and distributes construction materials; and provides public utilities engineering, landscaping, and renovation services, as well as manages properties.
CWG International Ltd. ("**CWG**") (formerly known as Chiwayland International Limited) *Listed on SGX*	107.9	The group is engaged in the development of real estate properties in the People's Republic of China. The group's portfolio comprises residential and commercial properties, office buildings, education hubs, and fixed price housing in the Yangtze River Delta Region, including Shanghai, Suzhou, Wuxi, Zhangjiagang, and Xuancheng. It also provides real estate investment, township planning, project management, and building maintenance services.
Pan Hong Holdings Group Limited ("**Pan Hong**") *Listed on SGX*	92.2	The group is engaged in developing residential and commercial properties in the People's Republic of China. It is also involved in interior and exterior decoration, furnishing, and general trading activities; and the provision of consultancy services.

Source: *Bloomberg and SGX website*

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies and the Group:

Selected Comparable Companies	FYE	ROE[1] (%)	Net profit margin[2] (%)	Asset turnover[3] (times)	Total liabilities[4]/ shareholder equity[5] (times)	Total borrowings[6]/ shareholder equity (times)
China Yuanbang	30-Jun-16	n.m.[7]	n.m.[7]	0.1	5.5	2.1
Debao	31-Dec-15	2.3%	12.2%	0.05	3.1	2.0
CWG	31-Dec-15	5.2%	1.1%	0.3	13.6	5.9
Pan Hong	31-Mar-16	5.0%	13.3%	0.1	1.8	0.7
MAXIMUM		**5.2%**	**13.3%**	**0.3**	**13.6**	**5.9**
MINIMUM		**2.3%**	**1.1%**	**0.05**	**1.8**	**0.7**
MEDIAN		**5.0%**	**12.2%**	**0.1**	**4.3**	**2.0**
SIMPLE AVERAGE		**4.2%**	**8.9%**	**0.2**	**6.0**	**2.7**
The Group						
FY2015	**31-Dec-15**	**35.5%**	**28.5%**	**0.1**	**19.4**	**0.5**
(Annualised 9M2016)[9]		**n.m.[8]**	**n.m.[8]**	**0.3**	**2.3**	**No borrowings**

Source: *The latest annual reports of respective companies. The ratios for China Yuanbang, Debao, CWG and Pan Hong are based on the respective audited financial statements for the financial year ended 30 June 2016, 31 December 2015, 31 December 2015, and 31 March 2016 respectively. For the Group, the ratios are computed based on the audited financial statements for FY2015 and unaudited financial statements for 9M2016 (annualised).*

Notes:

*(1) The return on equity ("**ROE**") is based on the ratio of the consolidated net profits after tax attributable to the shareholders to the consolidated shareholders' equity excluding minority interest of the respective companies.*

(2) Net profit margin is the ratio of the consolidated net profits after tax attributable to shareholders to the total consolidated revenue of the respective companies.

(3) Asset turnover is the ratio of the total consolidated revenue to the total consolidated assets of the respective companies.

(4) Total liabilities include all the liabilities of the respective companies but exclude any contingent liabilities.

(5) Shareholders' equity is the consolidated shareholders' funds excluding minority interest of the respective companies as at the respective financial year end of the Group's Selected Comparable Companies and the Group.

(6) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts.

(7) China Yuanbang incurred a loss after tax attributable to equity holders of approximately RMB81.7 million for the financial year ended 30 June 2016. Hence China Yuanbang's ROE and net profit margin ratios are negative and not meaningful.

(8) The Group incurred a loss after tax attributable to the equity holders of approximately RMB0.5 million for 9M2016. Hence the Group's ROE and net profit margin ratios (on annualized basis) are negative and not meaningful for 9M2016.

Relative Performance of the Group

For illustrative purposes only, we note the following:

Based on the Group's audited financial statements for FY2015

(i) The Group's ROE and net profit margin ratios for FY2015 are higher and more favourable than any of the Selected Comparable Companies. However, as highlighted in Section 5.1 of this IFA Letter, the Group's profit after tax attributable to the owners of the Company of approximately RMB7.5 million for FY2015 was mainly contributed by the gain on bargain purchase from the acquisition of Daya Bay of approximately RMB21.2 million, which is non-recurring and non-trade in nature. In the event the gain on bargain purchase from the acquisition of Daya Bay is excluded, the Group would have been in the loss making position for FY2015.

(ii) The Group's asset turnover ratio was 0.1 times for FY2015 and this is within the range and in line with the median but lower than the simple average for the Selected Comparable Companies.

(iii) The Group's ratios of total liabilities to shareholders' equity as at 31 December 2015 is higher than any of the Selected Comparable Companies whilst its ratio of total borrowings to shareholders' equity as at 31 December 2015 is lower than any of the Selected Comparable Companies.

Based on the Group's unaudited financial statements for 9M2016

(i) The Group incurred loss after tax attributable to the owners of the Company of approximately RMB0.4 million for 9M2016, as such the Group's ROE and net profit margin ratios for 9M2016 are negative and not meaningful. For illustrative purpose only, the Selected Comparable Companies were, save for China Yuanbang, profitable during the period reviewed and the simple average for the ROE and the net profit margin ratios are 4.2% and 8.9% respectively.

(ii) The Group's asset turnover ratio (annualized basis) was 0.3 times for 9M2016 and this is within the range and higher than both the median and simple average for the Selected Comparable Companies.

(iii) The Group's financial position as reflected by the ratio of total liabilities to shareholders' equity of 2.3 times as at 30 September 2016 is within the range and lower than the simple average and median for the Selected Comparable Companies. The Group had no borrowings as at 30 September 2016, whilst the ratio of total borrowings to shareholders' equity of the Selected Comparable Companies ranges between 0.7 times to 5.9 times. The improvement of the Group's financial position in 9M2016 was mainly contributed to the proceeds received from the rights issue.

In summary, the historical financial performance of the Group as reflected by its negative ROE and net profit margin for FY2015 (in the event that the gain from bargain purchase from the acquisition of Daya Bay is excluded) and 9M2016, appear to be weaker and less favourable than the Selected Comparable Companies (save for China Yuanbang, which was also loss making). The Group's turnover ratio for

9M2016 (annualized basis) appears to be more favourable than the Selected Comparable Companies. Lastly, the Group financial position in terms of total liabilities to shareholders' equity as at 30 September 2016 is more favourable than the simple average and the median for the Selected Comparable Companies and the Group had no borrowings as at 30 September 2016.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while the valuation of the Group is based on the Issue Price and the last transacted price for the Shares as at the Latest Practicable Date. All the valuation statistics are computed on a historical basis using financial data and information obtained from their latest publicly available unaudited financial statement or audited financial statements from their annual reports or result announcements.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Group should be evaluated in the context of their relative financial performance and position:

Selected Comparable Companies	**Market capitalisation(1) (S$ million)**	**EV/EBITDA (times)**	**PER(2) (times)**	**P/NAV(3) (times)**	**P/NTA(4) (times)**	**Premium/ (discount) over/ from NTA (%)**
China Yuanbang(5)	24.6	n.m.(5)	n.m.(5)	0.2	0.2	(82.6)%
Debao	33.7	15.0	4.8	0.1	0.1	(89.0)%
CWG	107.9	20.1	13.9	0.7	0.7	(28.4)%
Pan Hong	92.2	11.5	5.5	0.3	0.3	(72.1)%
MAXIMUM	**107.9**	**20.1**	**13.9**	**0.7**	**0.7**	**(28.4)%**
MINIMUM	**24.6**	**11.5**	**4.8**	**0.1**	**0.1**	**(89.0)%**
MEDIAN	**63.0**	**15.0**	**5.5**	**0.2**	**0.2**	**(77.3)%**
SIMPLE AVERAGE	**64.6**	**15.5**	**8.1**	**0.3**	**0.3**	**(68.0)%**
The Group(7)						
Issue Price	**76.3**	**9.2(8)**	**n.m.(6)**	**1.4(9)**	**1.4(9)**	**43.1%**
As at Latest Practicable Date	**61.8**	**7.0(8)**	**n.m.(6)**	**1.2(9)**	**1.2(9)**	**16.0%**

Notes:

(1) Market capitalisation is based on the total number of issued shares multiplied with the last closing price for the shares as at the Latest Practicable Date for the respective companies.

(2) The PERs for the Selected Comparable Companies are based on the earnings per share as reflected in their latest audited financial statements from their annual reports as at the respective financial year end.

(3) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV as reflected in their latest audited financial statements from their annual reports as at the respective financial year end.

(4) The P/NTA ratios for the Selected Comparable Companies are on their respective NTA values as reflected in their latest audited financial statements from their annual reports as at the respective financial year end.

(5) China Yuanbang recorded a loss after tax attributable to equity holders of approximately RMB81.7 million and negative EBITDA of approximately RMB2.1 million for the financial year ended 30 June 2016. Hence China Yuanbang's PER and EV/EBITDA ratio are negative and not meaningful.

(6) The Group recorded a loss after tax attributable to owners of the Company of approximately negative RMB0.4 million. Hence, the Group's PER ratio is negative and not meaningful.

(7) For the Group, the computations for PER, EV/EBITDA, P/NTA and P/NAV ratios are based on the market capitalization based on the Issue Price and the last transacted price for Shares as at the Latest Practicable Date.

(8) For the Group, the computation for EV/EBITDA is based on the annualized EBITDA for 9M2016 of approximately RMB32.0 million.

(9) For the Group, the computation for P/NAV and P/NTA is based on the Group's Pro-forma RNAV and/or RNTA per Share.

Relative valuation for the Group

For illustrative purposes only, we note the following:

(i) The market capitalization of the Group as implied by the Issue Price is within range and higher than the simple average and the median for the Selected Comparable Companies. The market capitalization of the Group as implied by the last transacted price for the Shares as at the Latest Practicable Date is within the range but slightly lower than the simple average and the median for the Selected Comparable Companies. We note that trading statistics for companies with higher market capitalisation may be different that those with lower market capitalisation and this may be attributed to the relative liquidity in terms of number or value of shares traded as well as relative interest in the shares of shares traded as well as relative interest in the shares of companies with larger market capitalizations. Hence, comparison of the valuation ratios for the Group and the Selected Comparable Companies are necessarily limited and presented herein for illustrative purpose only.

(ii) The valuation of the Group in terms of PER is negative and not meaningful in view of the loss making position in 9M2016 as well as in FY2015 in the event that the in the event that the gain from bargain purchase from the acquisition of Daya Bay is excluded. For illustrative purpose only, the Selected Comparable Companies (save for China Yuanbang) are traded at PER of approximately between 4.8 times to 13.9 times.

(iii) The valuation of the Group in terms of EV/EBITDA ratio (as implied by the Issue Price or the last transacted price for the Shares as at the Latest Practicable Date, and based on the annualized EBITDA for 9M2016) is lower than any of the Selected Comparable Companies (save for China Yuanbang which recorded negative EBITDA during period reviewed).

(iv) The valuation of the Group in terms of P/NAV and P/NTA (as implied by the Issue Price and the last transacted price for the Shares as at the Latest Practicable Date, and based on the Group's Pro-forma RNAV and/or RNTA) are higher and more favourable than any of the Selected Comparable Companies.

In summary, whilst the valuation of the Group in terms of EV/EBITDA (as implied by the Issue Price or the last transacted price for the Shares as at the Latest Practicable Date, and the annualized EBITDA for 9M2016) is less favourable than any of the Selected Comparable Companies (save for China Yuanbang which recorded negative EBITDA during the period reviewed), its valuation in terms of P/NAV and P/NTA ratios (as implied by the Issue Price or the last transacted price for the Shares as at the Latest Practicable Date, and the Group's Pro-forma RNAV and/or RNTA) are higher and more favourable than any of the Selected Comparable Companies. The above valuation ratios should be assessed in the context of the historical financial performance and position of the Group *vis a vis* the Selected Comparable Companies. The historical financial performance of the Group as reflected by its negative ROE and net profit margin for FY2015 (in the event that the gain from bargain purchase from the acquisition of Daya Bay is excluded) and 9M2016, appear to be weaker and less favourable than the Selected Comparable Companies (save for China Yuanbang, which was also loss making). The Group's turnover ratio for 9M2016 (annualized basis) appears to be more favourable than the Selected Comparable Companies. Lastly, the Group financial position in terms of total liabilities and borrowings to shareholders' equity as at 30 September 2016 is more favourable than the simple average and the median for the Selected Comparable Companies and the Group had no borrowings as at 30 September 2016.

We also wish to highlight that the NAV and NTA based approach of valuing a company is dependent on factors that may differ for each Selected Comparable Company including, *inter alia*, factors such as depreciation policies. As such, the comparison of the NAV and NTA of the Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, as all the ratios and tools used invariably uses the price of the shares, they may or may not take into account any relative or perceived or actual risk premiums or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios that are based on historical financial performance or position, they may or may not reflect the anticipated financial performance and the mix of its activities or the relative contributions in terms of assets, financial performance may differ.

Non-Interested Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of financial performance or historical share price performance or demand and supply conditions of the shares as well as the relative liquidity of the shares and the market capitalisation or the relative sentiments of the market for the shares.

(d) Comparison with Past Fund Raising

We note that since 1 January 2015 to the Latest Practicable Date, the Company has conducted the following fund raising exercises:

(a) The Company had on 3 July 2015 entered into share subscription agreements ("**2015 Share Subscription Agreements**") with two (2) individual subscribers ("**2015 Subscribers**") pursuant to which the Company had agreed to allot and issue 950,000,000 new Shares ("**2015 Subscription Shares**") to the 2015 Subscribers at an issue price of S$0.0026 per 2015 Subscription Share ("**2015 Subscription Price**"), amounting to an aggregate gross consideration of approximately S$2.5 million ("**2015 Share Subscription**"). The 2015 Subscription Shares represent approximately 11.9% of the then existing issued Share capital or approximately 10.7% of the then enlarged Share capital. The 2015 Investment Price represents a premium of approximately 30.0% over the last transacted price of approximately S$0.002 on 8 April 2015, being the preceding market day before trading in the Shares was halted. The 2015 Subscription Shares were listed and quoted on the SGX-ST on 4 April 2016;

(b) The Company had also on 3 July 2015 entered into investment agreements ("**Investment Agreements**") with two (2) individual investors ("**2015 Investors**") pursuant to which the Company had agreed to allot and issue 950,000,000 new Shares ("**2015 Investment Shares**") to the 2015 Investors at an issue price of S$0.0022 per 2015 Investment Share ("**2015 Investment Price**"), amounting to an aggregate gross consideration of approximately S$2.1 million ("**2015 Investment**"). The 2015 Investment Shares represent approximately 11.9% of the then existing issued Share capital or approximately 10.7% of the then enlarged Share capital. The 2015 Investment Price represents a premium of approximately 10.0% over the last transacted price of approximately S$0.002 on 8 April 2015, being the preceding market day before trading in the Shares was halted. The 2015 Investment Shares were listed and quoted on the SGX-ST on 4 April 2016;

(c) The Company had on 22 February 2016 entered into a share subscription agreement ("**2016 Share Subscription Agreement**") with one (1) individual subscriber ("**2016 Subscriber**") pursuant to which the Company had agreed to allot and issue 500,000,000 new Shares ("**2016 Subscription Shares**") to the 2016 Subscriber at an issue price of S$0.0028 per 2016 Subscription Share ("**2016 Subscription Price**"), amounting to an aggregate gross consideration of approximately S$1.4 million ("**2016 Share Subscription**"). The 2016 Subscription Shares represent approximately 6.3% of the then existing issued Share capital or approximately 5.9% of the then enlarged Share capital. The 2016 Subscription Price represents a premium of approximately 40.0% over the last transacted price of approximately S$0.002 on 8 April 2015, being the preceding market day before trading in the Shares was halted. The 2016 Subscription Shares were listed and quoted on the SGX-ST on 11 April 2016; and

(d) The Company had also on 29 June 2016 announced a renounceable non-underwritten rights issue of up to 5,822,280,292 new Shares ("**Rights Shares**") at an issue price of S$0.0036 for each Rights Share ("**Rights Issue Price**") on the basis of one (1) Rights Share for every two (2) existing ordinary Shares ("**2016 Rights Issue**"). The Rights Issue Price represents a discount of approximately 10.0% from the last transacted price on 29 June 2016, being the last trading day immediately prior to the announcement of the 2016 Rights Issue. The 2016 Rights Issue was completed on 19 September 2016 and the 2016 Rights Shares were listed on 20 September 2016.

We tabulate below the comparison between the Proposed D3 Acquisition, the 2015 Share Subscription, the 2015 Investment, the 2016 Share Subscription and the 2016 Rights Issue. For easier comparison, the table below is based on the pre-Share Consolidation.

Transactions	Announcement Date	No of shares or new shares issued	Subscription/ Investment/ Rights Issue Price[1] (S$)	% of then prevailing enlarged shares (%)	Premium/ (discount) over/from the last transacted price prior to announcement (%)	P/NTA[2] (times)
2015 Share Subscription	3 Jul 2015	950,000,000	0.0026	10.7	30.0	0.33
2015 Investment	3 Jul 2015	950,000,000	0.0022	10.7	10.0	0.28
2016 Share Subscription	22 Feb 2016	500,000,000	0.0028	5.9	40.0	1.59
2016 Rights Issue	29 Jun 2016	5,822,280,292	0.0036	50.0	(10.0)	2.09
MAXIMUM			**0.0036**	**50.0**	**40.0**	**2.09**
MINIMUM			**0.0022**	**5.9**	**(10.0)**	**0.28**
MEDIAN			**0.0027**	**10.7**	**20.0**	**0.96**
SIMPLE AVERAGE			**0.0028**	**19.3**	**17.5**	**1.07**
Proposed D3 Acquisition	**17 Oct 2016**	**1,636,740,000**	**0.0040**	**10.5**	**0.0**	**2.16**

Notes:

(1) *Based on the pre-Share Consolidation price for the respective transactions.*

(2) *The P/NTA is computed based on the Group's latest announced unaudited NTA prior to the respective date of announcements.*

For illustrative purpose only, we note the following:

(i) The pre-Share Consolidation Issue Price of S$0.004 ("**Pre-Consolidation Issue Price**") is higher than the 2015 Subscription Price, the 2015 Investment Price, the 2016 Subscription Price and the 2016 Rights Issue Price.

(ii) The Pre-Consolidation Issue Price is on par with the last transacted price for the Shares prior to the Announcement Date and is less favourable in terms of premiums or discounts to last transacted prices prior to the relevant announcement than the 2015 Subscription Price, the 2015 Investment Price and the 2016 Subscription Price which were at premium of 30.0%, 10.0% and 40.0% respectively over the last transacted price for the Shares prior to the respective announcements. However, the Pre-Consolidation Issue Price is more favourable than the Rights Issue Price which was at a discount of approximately 10.0% from the last transacted price prior to the announcement of the 2016 Rights Issue, which should be viewed in perspective wherein rights shares are normally issued at a discount to the prevailing market prices.

(iii) For the Proposed D3 Acquisition, the valuation of the Group in terms of P/NTA as implied by the Pre-Consolidation Issue Price and the Group's NTA as at 30 September 2016 is higher and more favourable than the P/NTA multiples for the Group as implied by the 2015 Subscription Price, the 2015 Investment Price, the 2016 Subscription Price and the 2016 Rights Issue Price. Thus the Pre-Consolidated Issue Price is at a premium of approximately 11.1% above the issue price for the rights shares or 3.4% above the ex-rights price (based on the last transacted price prior to announcement). As highlighted in Section 5.2 (a) of this Letter, the Issue Price represents approximately 1.8 times and 1.4 times of the Group's RNTA as at 30 September 2016 and Pro-forma RNTA respectively and this is within the range and higher than the simple average and the median of P/NTAs for the past 2-years fund raising conducted by the Group highlighted in the table above.

The above comparison should be assessed in conjunction with the fact that (a) trading of the Shares were suspended since 14 April 2015 and only resumed trading on 31 March 2016, (b) qualified opinion and emphasis of matter by the Independent Auditors for FY2015 on *inter alia* the going concern assumption, and (c) the underlying rationale for the numerous fund raising activities conducted by the Group within a short span of time.

The above comparison has to be assessed in the context of the fact that the economic or general market conditions for the Shares or the prices for which the Shares were traded at the time then prevailing as well as the purpose for the issuance of such instruments may have been different from the Proposed D3 Acquisition. Hence, the comparison between the Proposed D3 Acquisition with the 2015 Share Subscription, the 2015 Investment, the 2016 Share Subscription and the 2016 Rights Issue above is necessarily limited and meant for illustration purpose.

5.3. Assessment of the D3 Consideration

(a) The Consideration for the Target Acquisition

We note from the Announcement that the Company has entered into the SPA in respect of the sale of all of the issued and paid-up shares of the Target by the Vendors to the Company (including the Proposed D3 Acquisition).

The Company shall:

(i) pay to the Vendors (other than CIL) an aggregate sum of US$10,000,000 (the "**Cash Consideration**"); and

(ii) issue an aggregate of 206,108,000 post-Share Consolidation Consideration Shares ("**Consideration Shares**") at the Issue Price of S$0.100 per Consideration Share to the Vendors (other than SEL).

The Cash Consideration and Consideration Shares shall collectively be defined as the "**Consideration**".

The Consideration shall be satisfied in the following manner:

Vendor	% equity interest in Target (%)	Total Consideration (US$'000)	Cash Consideration (US$'000)	% of Cash Consideration (%)	Consideration Shares (US$'000)	% of Consideration Shares (%)	No. of Consideration Shares
SEL	22.111	5,500	5,500	100.0	–	–	–
ASL	25.025	6,225	1,500	24.1	4,725	75.9	65,469,600
SSL	25.025	6,225	1,500	24.1	4,725	75.9	65,469,600
CIL	2.814	700	–	–	700	100.0	9,699,200
D3	25.025	6,225	1,500	24.1	4,725	75.9	65,469,600
Total	**100.0**	**24,875**	**10,000**	**40.2**	**14,875**	**59.8**	**206,108,000**

We note from the table above the following:

(i) Consideration for SEL, a non-interested person, will be fully satisfied via cash of US$5.5 million;

(ii) Consideration for CIL will be fully satisfied via 9,699,200 Consideration Shares; and

(iii) ASL, SSL and D3 (Interested Person) will be paid US$1.5 million in cash and 65,469,600 Consideration Shares each. The Issue Price for each Consideration Shares to be issued to ASL, SSL and D3 is similar.

As at 17 October 2016, the Company had paid out an aggregate of US$5.0 million refundable deposit comprising (i) US$2.0 million to SEL and (ii) US1.0 million to each of ASL, SSL and D3, which would be used as part of the Consideration.

As at the Latest Practicable Date, save for the Proposed D3 Acquisition being the IPT, the Company had completed the acquisition of 74.975% equity interest in the Target.

The Directors have represented and confirmed the following:

(i) The Consideration paid or to be paid to the respective Vendors are in proportion to the respective equity interest in the Target and the structure of the Consideration (Cash Consideration, Consideration Shares or combination of both Cash Consideration and Consideration Shares) is based on negotiations with respective Vendors (on a willing buyer willing seller basis) after taking into account their preferences and respective negotiation with the Company as well as the Company's requirements.

(ii) Save for the variances in the structure of the Consideration, the terms and conditions of the Proposed D3 Acquisition are in line and not more favourable than the terms and conditions stipulated in the sale and purchase agreement entered into with SEL, ASL, SSL, and CIL.

Adjusted D3 Consideration

In determining the "intrinsic value" of the Consideration, we have considered the following:

(i) While the Issue Price is on par with the last transacted price for the Share prior to the Announcement (after taking into account the Share Consolidation), as highlighted in Section 5.2 (a) of this IFA Letter, the Issue Price represents a premium of approximately 79.2% over the Group's RNAV and/or RNTA per Share of approximately S$0.0558.

(ii) The Issue Price represents a premium of approximately 43.1% over the Group's Pro-forma RNAV and/or RNTA per Share of approximately S$0.0699 (following completion of acquisition of 74.975% equity interest in the Target).

As such, for illustrative purpose only, we present the computation of the adjusted Consideration for the Proposed D3 Acquisition ("**Adjusted D3 Consideration**") below based on the "intrinsic value" of the Consideration Shares.

Vendor	**Number of Consideration Shares (a)**	**RNAV and/or NTA (b)**	**Value of the Consideration Shares (c = a x b) (US$'000)**	**Cash Consideration (d) (US$'000)**	**Total adjusted Consideration (c + d) (US$'000)**
D3	65,469,600	S$0.0558 (being the Group's RNAV and/or RNTA per Share) or approximately US$0.0393 (based on the exchange rate of S$1: US$0.7046 as at the Latest Practicable Date) Or S$0.0699 (being the Group's Pro-forma RNAV and/or RNTA per Share) or approximately US$0.0492 (based on the exchange rate of S$1: US$0.7046 as at the Latest Practicable Date)	2,574 – 3,222	1,500	4,074 – 4,722 ("**Adjusted D3 Consideration**")
Other Vendors	140,638,400	S$0.0558 or approximately US$0.0393 (same as above)	5,530	8,500	14,030
Total	**206,108,000**		**8,104 – 8,752**	**10,000**	**18,104 – 18,752**

It is noted that the Adjusted D3 Consideration (based on the Group's RNAV and/or RNTA as well as the Group's Pro-forma RNAV and/or RNTA) is lower than the Consideration to be paid to D3 (based on the Issue Price). Likewise, the total Adjusted Consideration is lower than the total Consideration to be paid to all Vendors (based on the Issue Price).

For the purpose of this IFA letter and in line with our engagement (which is in connection with the Proposed D3 Acquisition as an IPT), our evaluation is based on the D3 Consideration and the Adjusted D3 Consideration (and the implied consideration for 100% equity interest in the Target based on either the D3 Consideration and/or the Adjusted D3 Consideration, which is slightly lower than the total Adjusted Consideration shown in the table above in view of the variances in the combination of the Consideration Shares and Cash Consideration for each Vendor).

(b) Financial performance and position of the Target Group

We note that the Target was incorporated in Singapore recently on 27 September 2016 for the purpose of investment holding and is 100% owned by the Vendors. The Target holds 70% of the equity interest of Uni-Global Power Pte. Ltd. ("**UGP**"), a company incorporated in Singapore which specialises in property development in emerging and frontier markets. UGP in turn holds a 70% equity interest in Golden Land Real Estate Development Co. Ltd. ("**GLRE**") which holds a single property development project, Golden City, in Myanmar ("**Golden City**"). Accordingly, the Target has an effective interest in GLRE of 49%. Collectively, the Target, UGP and GLRE are referred as the "**Target Group**".

We have been provided by the Management the following:

(i) The unaudited proforma consolidated financial statements for the Target Group as at 31 August 2016 which have been adjusted with various adjustments arising from the financial due diligence exercise and have been prepared on the assumption that the Target has been incorporated on 31 August 2016; and

(ii) The unaudited proforma consolidated financial statements of UGP for TFY2016, TFY2015 and TFY2014 (comprising UGP and GLRE).

The following tables provide a summary of the unaudited proforma consolidated financial performance and position of the Target Group for 5M2017, TFY2016, TFY2015 and TFY2014:

Summary of the Proforma Consolidated Statement of Income

Figures in US$'000[1]	Unaudited 5M2017	Unaudited TFY2016	Unaudited TFY2015	Unaudited TFY2014
Other income	486	2,485	980	1,139
Operating expenses	(2,126)	(5,144)	(6,533)	(4,093)
Loss before tax	(1,641)	(2,659)	(5,553)	(2,954)
Loss after tax attributable to owners	(1,166)	(1,894)	(3,980)	(2,061)

Note:

(1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.

Summary of the Proforma Consolidated Balance Sheet

Figures in US$'000[1]	Unaudited 5M2017[2]	Unaudited TFY2016	Unaudited TFY2015	Unaudited TFY2014
Non-current assets	6,032	2,757	4,013	3,433
Current assets	138,980	65,184	42,351	28,545
Non-current liabilities	59,250	–	–	–
Current liabilities	120,798	72,809	48,470	30,601
Total borrowings	38,246	–	–	–
Shareholders' equity	(33,561)	(3,988)	(2,022)	2,171
Net working capital	18,182	(7,625)	(6,118)	(2,055)

Notes:

(1) The figures included herein and discrepancies between the listed and total amounts thereof are subject to rounding.

(2) The balance sheet figures as at 31 August 2016 have been adjusted with various adjustments as stated in the financial due diligence report.

We note the following:

(i) The Target Group did not record any revenue for the period under review (TFY2014 to 5M2017). We understand from the Management that phase 1 and 2 of the Golden City were launched for pre-sale in March 2014 and January 2015 respectively and as at end of August 2016, it has recorded a sale of approximately US$131.1 million (which has not been recognised as revenue). The Target Group recorded other income of approximately US$0.5 million, US$2.5 million, US$1.0 million and US$1.1 million in 5M2017, FY2016, FY2015 and FY2014 respectively. The Management has represented that the other income mainly comprised (a) exchange gains due to appreciation of USD against MMK, (b) bank interest income and (c) non-recurring rental income from Old CMA building that ceased in May 2016 due to the ongoing refurbishment work.

The Target Group recorded total operating expenses (comprising administrative and marketing expenses) of approximately US$2.1 million, US$5.1 million, US$6.5 million, and US$4.1 million in 5M2017, FY2016, FY2015 and FY2014 respectively.

The Target Group incurred losses after tax attributable to owners of approximately US$1.2 million, US$1.9 million, US4.0 million and US$2.1 million in 5M2017, FY2016, FY2015 and FY2014 respectively.

(ii) As at 31 August 2016, the Target Group's non-current assets of approximately US$6.0 million comprising property, plant and equipment of approximately US$2.4 million and investment properties (being the portion of the Old CMA building which would be leased out) of approximately US$3.6 million. The Target Group's current assets as at 31 August 2016 amounted to approximately US$139.0 million comprising development costs of approximately US$113.9 million, other receivables and prepayments of approximately US$17.2 million, amount due from related parties of approximately US$2.3 million, and cash and bank balances of approximately US$5.6 million.

The Target Group recorded current liabilities as at 31 August 2016 of approximately US$120.8 million comprising receipts in advance from the pre-sales of phase 1 and 2 of the Golden City of approximately US$79.8 million, accounts payable of approximately US$18.5 million, unearned revenue of approximately US$15.8 million, and other payables and accruals of approximately US$6.7 million.

The Target Group's non-current liabilities amounted to approximately US$59.3 million as at 31 August 2016 consisted of other payables and accruals of approximately US$20.5 million, long term loan of approximately US$24.1 million obtained from the controlling Shareholder at an interest rate of 6% per annum and repayable in full within 2 years from the date of disbursement of the loan (December 2016), bank loan (a two-year floating interest loan from ICBC Bank drawn down on 4 April 2016) of approximately US$14.1 million and accounts payables of approximately US$0.5 million.

(iii) The Target Group's net working capital position were negative during TFY2014 to TFY2016, however it improved to a positive US$18.2 million as at 31 August 2016.

(iv) The Target Group recorded negative shareholders' equity and it had deteriorated from a negative US$2.0 million as at 31 March 2015 to a negative US$4.0 million as at 31 March 2016 and a negative US$33.6 million as at 31 August 2016. The Target Group's total borrowings amounted to approximately US$38.2 million as at 31 August 2016 (with the principal repayment amount due in March 2018 and December 2018 for the loan obtained from ICBC Bank and the controlling Shareholder respectively).

The Directors confirmed to the best of their knowledge, that as at the Latest Practicable Date and save for matters disclosed in this Letter and the unaudited financial statements for the Target Group for 5M2017, there has been no material changes to the Target Group's assets and liabilities, financial position, condition and performance.

(c) Information on and the market value of the Golden City

Background information on the Golden City

This section is based on the information provided by the Management.

Project name	:	Golden City
Address	:	No. 3, Land Survey Block, Kanbe,Yankin Road, Yankin Township, Yangon
Land type	:	Mixed-use development
Leasehold	:	50 year + 10 year + 10 year with effect of 15 October 2013
No. of blocks	:	(i) 9 residential (ii) 1 office (Old CMA Building) (iii) 1 service apartment, retail and office
Expected TOP	:	See table below
Land size area	:	Approximately 33,900 sq m
Developed GFA	:	Approximately 329,300 sq m

(i) The Golden City project is a luxury mixed-use real estate development in Yangon. Split into four phases, the first phase comprising four residential blocks, which has been completed in December 2016.

(ii) In addition to the four phases which are solely new developments, the Golden City project also includes redevelopment of the existing building structure, the Old CMA Building.

(iii) The Old CMA Building is currently used as a showroom and office by GLRE; with ongoing refurbishment on the top two levels with the intent to lease them out for retail/office use. Management indicated that there were no committed signed leases as of 25 October 2016.

Indicative timeline

Phase	Type	Sales date	Structure work start	Structure work completion	Decoration completion	Delivery
Phase 1	4 residential blocks	March 2014	September 2014	January 2016	October 2016	December 2016
Phase 2	3 residential blocks	January 2015	February 2016	March 2017	November 2017	January 2018
Phase 3	2 residential blocks	NA	January 2018	January 2019	September 2019	October 2019

Phase	Type	Sales date	Structure work start	Structure work completion	Decoration completion	Delivery
Phase 4	1 commercial block (Retail, office and service apartment)	NA	January 2017	March 2018	July 2019	October 2019
Old CMA Building	Office	NA	NA	NA	March 2017	March 2017

Pre-sales for Phase 1 and 2

Phase 1 and 2 were launched for sale in March 2014 and January 2015 respectively. As of the Latest Practicable Date, it has recorded 62% and 24% sold units respectively as shown below:

Phase	No. of units	No. of units sold				Total sales (units)	Total sales (US$ million)	Price per sq m (US$/ sq ft)	% sold
		FY2014	FY2015	FY2016	1 Jan 2017 to the Latest Practicable Date				
Phase 1	504	248	6	51	5	310	128	254	62%
Phase 2	561	–	49	80	6	135	32	275	24%

Yangon Property Market

The information on, *inter alia*, the Yangon property market overview can be found in Section 6 of the Colliers Valuation Report which has been made available to us.

Market value of the Golden City

We note from the Colliers Valuation Report that Colliers has been engaged by the Company to provide the market value of the leasehold land with a mixed-used development referred to as "**Golden City**", under construction thereon located on Yankin Road, Yankin Township, Yangon, Myanmar (the "**Property**"). The development will contain condominiums, retail, office, and serviced apartments on an 8.396 acre leased parcel of land. The land is a trapezoid in shape with the land frontage on Yankin Road on the west side. The land is currently flat and filled to the same level as the surrounding land. The lease term of the land will be an initial 50 years commencing on 15 October 2013 and with two additional terms of 10 years each, for a total term of 70 years. As of the date of valuation, there is 65.92 years remaining.

The Property was launched on 15 March 2014 and targets the high-end and luxury market. There will be 11 buildings with a gross built-up area of 329,332.98 sq metre and a total saleable area of 234,901.92 sq metre, once construction is completed. The construction of the Property is divided in four phases as per below:

Phase	Block	Project completion date	Status of completion (%)	Details of the construction
1	1 to 4	Dec 2016	100%	Construction started in 2014 and has been completed in Dec 2016.(1)
2	5 to 7	Jan 2018	50%	In the process of superstructure erection, currently the blocks are constructed to the 20th storey.(1)
3	8 to 9	Oct 2019	–	Construction to start in 2018.(1)
4	10	Oct 2019	–	Construction to start in January 2017.
–	11	Mar 2017 (begin leasing out)	–	Existing showroom building which will be converted into an office use, with leasing out scheduled to start in March 2017.

Note:

(1) Block 1 to 9 are the condominium towers with retail space on the podium levels. The rest of the podium area will be a decorated landscape garden, the design of which received the Green Asia Habitat Award from Asian Habitat Society, as informed by the Company.

As stated in the Colliers Valuation Report, Colliers has arrived at a market value for (i) leasehold land (Built-Operate-Transfer ("**BOT**") system, with 65.92 remaining years) and under construction buildings (Phases 1, 2 and Block 11) of US$74,780,000 (which takes into account sold units where cash has not been received and unsold units) and (ii) market value of leasehold land (BOT system, with 65.92 remaining years) and under construction buildings (vacant land – Phase 3 and 4) of US$37,920,000. In aggregate, the market value of the Property is US$112,700,000 on an "as-is" basis.

Colliers have based its valuation on the following approaches to determine the market value of the Property:

(i) Income approach/residual method – The income approach considers the income that an asset will generate over a given period, e.g. its remaining useful life, and estimates value through a capitalisation process. The income stream may be derived under a lease or contract, or be non-contractual, e.g. the profit generated from either the use off or holding of hotel, serviced apartment, office and retail components of the Property. Two methods are commonly used to arrive at a capital value. One is direct capitalisation, where an appropriate all-risks yield is applied to a fixed income stream and the other is discounted cash flow, where the cashflows of future periods are discounted to a present value. The residual method of valuation requires analysis of potential income generated by the subject development and entails the assumption of a proposed development on the site within the parameters of the planning requirements.

(ii) Market approach – The market approach considers the sales of similar substitute property and related market data. In brief, the Property is compared with others that have transacted in the market or that are listed or offered for sale, with appropriate adjustments to reflect their different characteristics.

We also note from the Colliers Valuation Report that the market value of the Property on an "as-is" basis is based on the following key assumptions and representations by the Company:

– Property's development has been undertaken in accordance with the permitted lease terms and that there are no breaches of covenant, or statutory laws or requirements arising from the existing or proposed use of Property;

– The value of the Property have been assessed by Colliers on the basis that the Property can be developed into a mixed used development in accordance with the planning zoning applicable for the site, and in a timely manner based on all necessary and current statutory approvals and other permissions being received in a normal time frame, and that there will be no major adverse factors affecting or that will affect the construction programme;

– All of the information provided by the Company on title, tenure and all other matters is accurate and that there are no legal or other encumbrances that would adversely affect the value of the Property;

– The valuation is based on the assumption that Myanmar is in normal state and that there are no economic slumps, political instability/uprisings, tourism slowdowns, natural disasters, epidemics, etc. affecting the business performance of the Property. Such instances may alter the value of the Property;

– Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated;

– Property is not adversely affected by any environmental or contamination issues;

– Valuation has been prepared with the understanding that the information provided is complete and accurate. The Company has agreed that the valuation can be based on the information supplied to Colliers without further detailed enquiries to the matters covered. Colliers will take no responsibility for any misstatement, omission or misrepresentation made in the information supplied;

– Property can be freely transferred, mortgaged and let in the market without any additional fee;

– Leasehold interest in the land will continue for the full term granted, and be extended for two further terms of 10 years, upon normal terms and without difficulty, for 70 years in total;

– The lease payment will commence at the end of October 2017;

– Colliers have not been provided with the complete floor plan and layout plan. Therefore, Colliers have based the area of the buildings and number of units on the figures and details provided by the Company;

– It should be noted that the Condominium Law has been approved by Myanmar's Union Parliament in January 2016. The law allows foreigner to purchase condominium for the total of 40% of the total area of the units of the condominium, which could have an impact on the demand regarding the sale of condominiums as part of the development plan of the Property. To date, the law has been passed, however there has been a delay in issuing the by-laws, these are expected for release in December 2017. Considering this, it is not yet effective and it is not taken into consideration in the Colliers Valuation Report;

– Regarding commercial units for sale, Colliers have assumed that the stated units can be sold;

– For preliminary setup expenses incurred by GLRE for property manager (Golden City Business Management Co., Ltd) before handover the management right to them is around US$300,000 (during June 2016 – December 2016), provided by the Company; and

– Considering Phases 1 and 2 of the Property.

The Directors have confirmed that they had reviewed the Colliers Valuation Report to understand the assumptions, methodology used in arriving at the market value of the Property on an "as-is" basis. The Directors have also reviewed the information made available to them as a whole and are of the opinion that the assumptions and methodology of Colliers Valuation Report are reasonable and appropriate.

We wish to highlight that the above valuation is subject to and dependent on certain key assumptions, as highlighted by Colliers in the Colliers Valuation Report, which also includes certain implicit assumptions that (1) the Property will continue to be developed and operate as per the development plan provided by the Company, comprising condominium, retail and office, (2) all components relating to its trading potential as a fully equipped operational entity would be included as part of a hypothetical sale along with trade inventories, licenses, etc., required to continue trading, (3) the valuation reflects the plant and equipment required to provide nominal building services, fixtures, fittings and furnishings and (4) where any items are owned separately from the land or buildings or are subject to financed leases or charges, Colliers have assumed that the owners of the items would consent to their transfer as part of the hypothetical sale. Colliers have also assumed a special assumption that the land of Phase 3 and Phase 4 is transferrable (despite that the BOT right on the land of the Property is not transferrable together with the limitation of the land comparables for this right) which the Company has confirmed, based on legal due diligence, that the Property will not violate the clause whereby BOT right on the land is not transferrable. The land size of Phase 3 and Phase 4 was based on Collier's estimation and not provided by the Company which is estimated at 5,209.81 sq m and 6,050.11 sq m respectively.

Our scope does not require us and we have not made any independent evaluation or business valuation of the Property (including without limitation, market value or economic potential). With respect to such valuation, we are not experts in the evaluation of market value of the Property on an "as-is" basis (including without limitation, market value or economic potential) and have relied on the opinion of the Directors and the financial statements of the Target Group (audited and unaudited), where applicable for the assessment.

(d) NAV and NTA Analysis of the Target Group

For the brief description of the NAV and NTA based approach, please refer to Section 5.2 (a) of the IFA Letter.

In assessing the D3 Consideration or the Adjusted D3 Consideration in relation to the NAV and NTA of the Target Group as at 31 August 2016, we have reviewed the unaudited proforma consolidated statement of financial position of the Target Group as at 31 August 2016 which have been adjusted with various adjustments arising from the financial due diligence exercise, to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited proforma consolidated balance sheet of the Target Group as at 31 August 2016 and in the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited proforma consolidated balance sheet as at 31 August 2016 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Target Group as at Latest Practicable Date.

The Directors have also confirmed that, based on the information made available to them by the Vendors, as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Target Group as at 31 August 2016, save as disclosed in the unaudited proforma financial statement of the Target Group as at 31 August 2016 as well as the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular and based on the information made available to them by the Vendors, the values of the assets (other than those for which valuation has been conducted), and liabilities as well as financial performance or condition of the Target Group as disclosed and reflected in the unaudited proforma consolidated financial statements of the Target Group as at 31 August 2016 are true and fair. Lastly, the Directors confirmed that based on the information made available to them by the Vendors, to the best of their knowledge or belief that such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete in any respect or misleading.

The following table shows an extract of the unaudited proforma consolidated statement of financial position or balance sheet of the Target Group as at 31 August 2016:

Consolidated unaudited proforma balance sheet as at 31 August 2016(1)	**US$'000**
Non-current assets	
Property, plant and equipment	2,384
Investment properties	3,649
	6,033
Current assets	
Development cost	113,867
Other receivables and prepayments	17,209
Amount due from related parties	2,337
Cash and bank balances	5,567
	138,980
Current liabilities	
Account payables	18,503
Other payables and accrual	6,705
Unearned revenue	15,834
Receipt in advance(2)	79,756
	120,798
Non-current liabilities	
Account payables	484
Other payables and accrual	20,520
Long-term loan	24,125
Bank loan	14,121
	59,250
Net liabilities	**(35,035)**
Less: Non-controlling interests	(1,475)
Net Liabilities attributable to owners of the company ("NL")	**(33,560)**
Less: Intangible assets	–
Net tangible liabilities ("NTL") as at 31 August 2016	**(33,560)**
NTL attributable to the Proposed D3 Acquisition	**(8,398)**
D3 Consideration	**6,225**
Adjusted D3 Consideration	**4,074 – 4,722**
Premium/(discount) of D3 Consideration or Adjusted D3 Consideration over/from the Target Group's NL/NTL attributable to the Proposed D3 Acquisition	**n.m.**

Notes:

(1) The figures above are based on the Target Groups' unaudited pro-forma consolidated financial statements as at 31 August 2016 and adjusted with various adjustment arising from the financial due diligence exercise. The figures above are subject to rounding.

(2) Receipt in advance represents cumulative cash receipts received from the pre-sales of Phase 1 and 2 which was based on the exchange rate between USD and MKK on the date of the respective contracts signed and does not take into account any development costs.

For illustrative purposes only, we note from the table above that the Target Group had NL and NTL of approximately US$33.6 million based on the unaudited pro-forma consolidated financial statements as at 31 August 2016. Accordingly, the comparison between the D3 Consideration or the Adjusted D3 Consideration and the Target Group's NTL attributable to the Proposed D3 Acquisition is negative and not meaningful.

Target Group's RNAV and/or RNTA

In our evaluation of the D3 Consideration or the Adjusted D3 Consideration, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which recorded in the unaudited pro-forma consolidated financial statements of the Target Group as at 31 August 2016. We understand from the Directors that the Company has commissioned Colliers to determine the market value of the Property on an "as-is" basis. We recommend that the Directors advise Shareholders to note and review carefully the contents of the Colliers Valuation Report (which is made available for inspection at the registered office of the Company from the date of the Circular up to including the date of EGM) in its entirety including the assumptions made and the basis for the assumptions.

The Directors have confirmed that they had reviewed Colliers Valuation Report to understand the assumptions, methodology used in arriving at the market value of the Property on an "as-is" basis. The Directors have reviewed the information made available to them as a whole and are of the opinion that the assumptions and methodology of Colliers Valuation Report are reasonable and appropriate.

The Directors have also represented and confirmed that the market value of the Property on an "as-is" basis as ascribed by Colliers as at the Colliers Valuation Date is approximately US$112.7 million which is higher than the net book value of the Property (which comprises the investment properties and the Development cost) of approximately US$117.5 million.

For illustrative purpose only, the revaluation surplus has been calculated and presented in the table below assuming a hypothetical sale of the Property at the value ascribed by Colliers above. The Directors and the Management represented that there will be potential tax liability of approximately US$22.9 million if the Property which is subject to valuation were to be sold at the market value ascribed by Colliers.

The Directors and Management have also confirmed that the receipt in advance representing the cash receipts received from the pre-sales of Phase 1 and 2 and all cost/expenses have been accounted for as at 31 August 2016.

Revalued NAV and Revalued NTA[1]	US$'000
Market Value of the Property on "as-is" basis	**112,700**
Add: receipt in advance[2][3]	96,600
Less: net book value of investment properties as at 31 August 2016	(3,649)
Less: net book value of development cost as at 31 August 2016	(113,867)
Less: potential tax liability[4]	(22,946)
Revaluation surplus of the Property	**68,838**
NL and/or NTL as at 31 August 2016	**(33,560)**
Add: Revaluation surplus of Property	**68,838**
RNAV and/or RNTA	**35,278**
RNAV and/or RNTA attributable to the Proposed D3 Acquisition (25.025%)	**8,828**
Discount of the D3 Consideration from the Target Group's RNAV and/or RNTA (%)	**(29.5)%**
Discount of the Adjusted D3 Consideration from the Target Group's RNAV and/or RNTA (%)	**(46.5) – (53.9)%**

Notes:

(1) The figures and computation are subject to rounding.

(2) Receipt in advance represents cumulative cash receipts received from the pre-sales of Phase 1 and 2.

(3) Computed based on the exchange between USD and MMK as at 31 August 2016 as indicated in the financial due diligence report.

(4) Figures are provided by the Management.

Based on the table above, the D3 Consideration and the Adjusted D3 Consideration represent a discount of approximately 29.5% and between 46.5% to 53.9% respectively from the Target Group's RNAV and/or RNTA attributable to the Proposed D3 Acquisition.

We wish to highlight that although the RNAV and RNTA of the Target Group shown above include revaluation surplus of the Property, Independent Shareholders should note that the Target Group has not realised the surplus on such assets as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus eventually recorded by the Target Group on the Property as described above (in the event that the Property are disposed) will be the same as that indicated above.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Target Group is as stated above. It also does not imply that the assets or properties of the Target Group can be disposed of at the estimated value indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA and is realisable or distributable to the shareholders of the Target Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant in the event that the Target Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Target Group as a going concern nor can it capture or illustrate any value for the Target Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realized or disposed.

(e) Analysis of Comparable Transactions

In our assessment of the reasonableness of the D3 Consideration or the Adjusted D3 Consideration, we have considered the salient terms of other acquisitions of equity interests which constitute interested person transactions undertaken by SGX-ST listed companies completed since 2015 (the "**Selected IPT Acquisitions**") to provide, *inter alia*, a general comparison of the premium over or discount to NTA, without having regard to specific industry characteristics or consideration structure or other relevant considerations. We wish to highlight that the list of the Selected IPT Acquisitions is by no means exhaustive, and that the premium (if any) that a purchaser would pay for a business depends on various factors, including, *inter alia*, the purchaser's rationale for the acquisition, consideration structure, prevailing market conditions and sentiments, attractiveness and profitability of the business and assets acquired as well as relative "bargaining position" of buyer/seller. Accordingly, any comparison made with respect to the Selected IPT Acquisitions is intended to serve as an illustrative guide only.

Selected Companies[1]	Target Companies	Announcement date	% of equity interest acquired	Consideration Structure	Total consideration for target companies (S$ million)	Consideration to Target NTA (times)	Target profit/Loss
AVIC International Maritime Holdings Limited	AVIC Zhenjiang Shipyard Marine Pte. Ltd.	21-Apr-15	60%	100% cash	4.9	1.2	Profit
EMS Energy Limited	Windale Holdings Limited	24-Apr-15	100%	20.84% cash and 79.16% shares	150.0	0.8	Profit (loss 3-mth interim)
Raffles United Limited	Raffles Capital Enterprise Pte. Ltd.	10-Jun-15	51%	100% cash	8.0	1.0	Profit
Rowsley Limited	GG Collections Private Limited	27-Aug-15	50%	91% cash and 9% debt	12.0	0.7	Loss
Rowsley Limited	Café Football Limited	27-Aug-15	75%	99.99% debt (less than 0.01% cash)	1.0	3.6	Loss
Rowsley Limited	Orchid Leisure Limited	27-Aug-15	50%	48.2% cash and 51.8% debt	50.1	1.0	Loss
Midas Holdings Limited	Huicheng Capital Limited	30-Nov-15	100%	100% shares	264.0	0.7	Profit
Koh Brothers Eco Engineering Limited	Koh Brothers Building & Civil Engineering Contractor (Pte.) Ltd.	7-Jan-16	100%	100% shares	19.0	0.8	Profit
3Cnergy Limited	Liberty Bridge Sdn Bhd	29-Mar-16	100%	100% shares	64.0	1.0	Loss
Manhattan Resources Limited	PT Kariangau Power	29-Apr-16	92%	100% cash	50.0	1.6	Loss
Pharmesis International Ltd	Jiangyou Neautus Traditional Chinese Medicine Technology Co. Ltd.	6-May-16	100%	100% cash	1.8	1.0	Loss
Sen Yue Holdings Limited	SMC Industrial Pte Ltd	11-May-16	50%	13.48% cash and 86.52% shares	8.9	1.0	Loss
Singapore Medical Group Limited	Lifescan Imaging Pte. Ltd.	5-Aug-16	62%	100% shares	8.5	3.2	Loss (profit 6-mth interim)
Ocean Sky International Limited	Ang Tong Seng Brothers Enterprises Pte Ltd	21-Sep-16	70%	42.11% cash and 57.89% shares	22.8	4.3	Profit

Selected Companies[1]	Target Companies	Announcement date	% of equity interest acquired	Consideration Structure	Total consideration for target companies (S$ million)	Consideration to Target NTA (times)	Target profit/Loss
MAXIMUM			**100%**		**264.0**	**4.3**	
MINIMUM			**50%**		**1.0**	**0.7**	
MEDIAN			**70%**		**15.5**	**1.0**	
SIMPLE AVERAGE			**74%**		**47.5**	**1.6**	
Company	**Proposed D3 Acquisition**	**17-Oct-16**	**25.025%**	**75.9% shares and 24.1% in cash**	**5.8 – 6.7**[2][3]	**0.46 – 0.53**[4]	**Loss**

Source: *SGX-ST announcements and circulars to shareholders in relation to the respective acquisition transactions*

Notes:

(1) Figures and computation are subject to rounding.

(2) Based on the Adjusted D3 Consideration of between US$4.1 to 4.7 million (or approximately between S$5.8 million to S$6.7 million).

(3) Based on an exchange rate of US$1: S$1.4192 as at the Latest Practicable Date.

(4) Based on Target Group's RNTA attributable to the Proposed D3 Acquisition of approximately US$8.8 million.

For illustrative purposes only, we note the following:

(i) The Target Group's value based on the Adjusted Consideration as compared to the total consideration payable for the Selected IPT Acquisitions is within the range but lower than both the median and simple average for the Selected IPT Acquisitions.

(ii) The Target Group's P/RNTA ratio (based on the Proposed D3 Acquisition) of between approximately 0.46 times to 0.53 times as implied by the Adjusted D3 Consideration and the Target Group's RNTA attributable to the Proposed D3 Acquisition (please refer to Section 5.3(d) of this Letter) is lower and more favourable than any of the Selected IPT Acquisitions.

(iii) Mr Teo Cheng Kwee's existing interest in the Company as at the Latest Practicable Date is approximately 2.6%, and the shareholding of Mr Teo Cheng Kwee and his associates will increase on completion of the Proposed D3 Acquisition to approximately 10.3%.

Independent Shareholders should note that as the circumstances for each of the companies listed is unique and as the companies or the transactions may not be identical to the Target Group or the Proposed D3 Acquisition in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects, payment terms and other relevant criteria, the analysis is necessarily limited. Further, the list of Selected IPT Acquisitions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed D3 Acquisition and the Selected IPT Acquisitions serves as an illustrative guide only.

5.4. FINANCIAL EFFECTS OF THE PROPOSED D3 ACQUISITION

The pro-forma financial effects of the Proposed D3 Acquisition on the Group and its assumptions are set out in Section 2.10 of the Circular. We recommend that the Non-Interested Directors advise the Independent Shareholders to read those pages of the Circular carefully. The financial effects of the Proposed D3 Acquisition have been extracted from Section 2.10 of the Circular and is set out in italic below.

"***2.10 Financial Effects of the Proposed D3 Acquisition***

2.10.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the proposed D3 Acquisition taken as a whole are set out below. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the proposed D3 Acquisition as the Company has, since its FY2015 audited consolidated financial statements, decreased its issued share capital to approximately S$14,503,660 divided into 763,425,245 Shares as at the Latest Practicable Date. Accordingly, Shareholders should note that the following pro forma financial effects of the proposed D3 Acquisition have been calculated to take into consideration the reduced share capital of the Company as mentioned above.

2.10.2 Share Capital

*The pro forma financial effects of the proposed D3 Acquisition on the share capital of the Company for FY2015 after adjusting for (i) the Share Consolidation, (ii) the capital reduction approved by Shareholders at an EGM held on 21 November 2016 which was effected by reducing the issued and paid-up share capital of the Company by S$112,000,000 on 3 January 2017 (the "**Capital Reduction**"), (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 are as follows:*

	Before the proposed D3 Acquisition	***After the proposed D3 Acquisition***
Number of issued Shares	*763,425,245*	*828,894,845*
Amount of share capital (S$)	*14,503,660*	*21,050,620*

*2.10.3 Net Tangible Assets ("**NTA**")*

Assuming that the proposed D3 Acquisition was completed on 31 December 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the proposed D3 Acquisition, the pro forma financial effects of the proposed D3 Acquisition (excluding non-controlling interests) on the consolidated NTA of the Group are as follows:

	As at 31 December 2015	
	Before the proposed D3 Acquisition	**After the proposed D3 Acquisition**
NTA of the Group (RMB'000)(1)	100,122	131,766
Number of Shares	763,425,245	828,894,845
NTA per share (RMB fen)	13.11	15.90

Note:

(1) The NTA of the Target Group as at 31 March 2016 (as per its unaudited pro forma consolidated financial statements for the financial year ended 31 March 2016) which was taken into consideration to arrive at the post-acquisition NTA of the Group does not represent the audited NTA at the date of completion given that it may change upon finalisation of the "Purchase Price Allocation" exercise, which is to be conducted by an internationally-recognised independent valuer in determining the fair values of the identifiable assets acquired and liabilities assumed.

*2.10.4 Earnings Per Share ("**EPS**")*

Assuming that the proposed D3 Acquisition had been completed on 1 January 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the proposed D3 Acquisition or upon finalisation of the "Purchase Price Allocation" exercise, the pro forma financial effects of the proposed D3 Acquisition on the consolidated EPS of the Group are as follows:

	For FY2015	
	Before the proposed D3 Acquisition	**After the proposed D3 Acquisition**
Profit/(Loss) after tax and minority interest (RMB'000)	672	(1,602)(1)
Weighted Average Number of Shares	449,955,992	449,955,992
EPS per share (RMB fen)	0.15	(0.36)

Note:

(1) The effect of the D3 Acquisition on the profit/(loss) after tax and minority interest has been computed based on the Group's share of the Target's net loss after tax and minority interest of approximately US$1.89 million as per its unaudited pro forma consolidated financial statements for the financial year ended 31 March 2016.

2.10.5 Gearing

Assuming that the proposed D3 Acquisition had been completed on 31 December 2015 and based on the Group's audited consolidated financial statements for FY2015 after adjusting for (i) the Share Consolidation, (ii) the Capital Reduction, (iii) the completion of the Target Acquisition (save for the D3 Acquisition), (iv) the placements on 31 March 2016 and 7 April 2016 and the rights issue completed on 19 September 2016 and (v) the performance shares allotted and issued on 17 January 2017 and disregarding any interest, revenue and/or return that may arise from the proposed D3 Acquisition, the pro forma financial effects of the proposed D3 Acquisition on the gearing of the Group are as follows:

	As at 31 December 2015	
	Before the proposed D3 Acquisition	***After the proposed D3 Acquisition***
Total Debts (RMB'000)$^{(1)}$	*404,822*	*404,822*
Total Equity (RMB'000)$^{(2)}$	*100,122*	*131,766*
Gearing Ratio (times)	*4.04*	*3.07*

Notes:

(1) The effect of the D3 Acquisition on the debts included loan(s) from the Company's controlling shareholder, LSD of up to US$5 million to fund the Target Acquisition. The loans of the Target Group of approximately US$39 million obtained subsequent to 31 March 2016 were also included in the above computation.

(2) The effect of the D3 Acquisition on the equity has been computed based on the Target's negative shareholders' equity of approximately US$4.87 million as per its unaudited pro forma consolidated financial statements for the financial year ended 31 March 2016. The equity of the Target Group as at 31 March 2016 (as per its unaudited pro forma consolidated financial statements for the financial year ended 31 March 2016) which was taken into consideration in arriving at the post-acquisition equity of the Group does not represent the audited equity at the date of completion given that it may change upon finalisation of the "Purchase Price Allocation" exercise, which is to be conducted by an internationally-recognised independent valuer in determining the fair values of the identifiable assets acquired and liabilities assumed."

For illustrative purposes only, we note from the table above that after the completion of the Proposed D3 Acquisition, the earnings per Share ("**EPS**") of the Group would deteriorate from a positive RMB0.15 fen as at the Latest Practicable Date to negative RMB0.36 fen. However, after the completion of the Proposed D3 Acquisition, the Group's NTA per Share would increase from RMB13.11 fen to RMB15.90 fen and the Group's gearing ratio would decline from approximately 4.04 times to approximately 3.07 times.

We wish to highlight that whilst the Proposed D3 Acquisition will have a unfavourable effect on the Group's EPS, it will result in a higher NTA per Share, and favourable effect to the Group's financial position in terms of gearing. We also note from Section 2.6 of the Circular, the Directors believe that (i) the Proposed D3 Acquisition is in line with the Group's growth strategy that focuses on development and investment properties in emerging countries; (ii) driven by the lack of quality supply, the Golden City Project has the potential to generate good development returns and yield; and (iii) given the strategic location and the timing of the Target Acquisition, the Target Acquisition will bolster the Group's real estate portfolio and enhance Shareholder value. The Directors consider the Proposed D3 Acquisition to be in the interest of and beneficial to the Group.

5.5. OTHER CONSIDERATIONS

5.5.1. Risk Factors

While we have, in the course of our evaluation, assessed the financial terms of the Proposed D3 Acquisition and considered the transaction from the perspective of whether such terms are on normal commercial terms and prejudicial to the interests of the Company and the minority Shareholders, we have not examined the underlying business and financial risks associated with the Proposed D3 Acquisition as well as the business prospects of the Target or the Target Group or the Enlarged Group following the completion of the Proposed D3 Acquisition, which shall be the responsibility of the Directors.

The risk factors in connection with the Proposed D3 Acquisition are set out in Section 2.7 of the Circular. Should any of the considerations and uncertainties highlighted in the aforementioned risk factors develop into actual event, the business, financial condition or results of the operations of the Group, the Company, the Target or the Enlarged Group could be materially adversely affected.

5.5.2. Dilution impact of the Proposed D3 Acquisition to the Independent Shareholders

It is important to note that pursuant to the Proposed D3 Acquisition and issuance of the Consideration Shares, the shareholdings of existing Independent Shareholders will be affected. In evaluating the dilution impact of the Proposed D3 Acquisition on existing Independent Shareholders, we have considered the following:

	Total interest as at the Latest Practicable Date(1)		Total interest upon completion of the Proposed D3 Acquisition(2)	
	Number of Shares	%	Number of Shares	%
Directors				
Christopher Chong Meng Tak(3)	11,111,111	1.46	11,111,111	1.34
Tan Thiam Hee(4)	360,000	0.05	360,000	0.04
Peter Tan(5)	–	–	–	–
Teo Cheng Kwee (and his associates)(6)	20,000,000	2.62	85,469,600	10.31
Wong Pak Him Patrick(7)	81,212,921	10.64	81,212,921	9.80
Substantial Shareholders (excluding Directors)				
Luo Shandong(8)	172,289,396	22.57	172,289,396	20.79
Zhu Xiaolin(9)	85,469,600	11.20	85,469,600	10.31
Sunshine Shimmer Limited	65,469,600	8.58	65,469,600	7.90
Asiabiz Services Ltd	65,469,600	8.58	65,469,600	7.90
Sun Yanping(10)	65,469,600	8.58	65,469,600	7.90
Public Shareholders	**327,512,617**	**42.90**	**327,512,617**	**39.51**
Independent Shareholders	**743,425,245**	**97.38**	**743,425,245**	**89.69**
TOTAL	**763,425,245**	**100.00**	**828,894,845**	**100.00**

Notes:

(1) Calculated based on 763,425,245 Shares in the capital of the Company, and assuming that the Outstanding Warrants (as defined in the Circular) have not been exercised as at the Latest Practicable Date.

(2) Calculated based on 828,894,845 Shares in the capital of the Company assuming issuance and allotment of 65,469,600 Consideration Shares pursuant to the completion of the Proposed D3 Acquisition, and assuming that the Outstanding Warrants have not been exercised as at the Latest Practicable Date.

(3) Mr Christopher Chong Meng Tak also has interests in 11,111,111 Outstanding Warrants (as defined in the Circular) and 2,000,000 Outstanding Options (as defined in the Circular).

(4) Mr Tan Thiam Hee has interests in 5,000,000 Outstanding Options.

(5) Mr Peter Tan has interests in 2,000,000 Outstanding Options.

(6) As stated in the Circular, D3 is an associate of Mr Teo Cheng Kwee. Mr Teo Cheng Kwee has interests in 2,000,000 Outstanding Options.

(7) Mr Wong Pak Him Patrick has interests in 2,000,000 Outstanding Options.

(8) Mr Luo Shandong is deemed interested in 22,878,532 shares held by Shenwan Hongyuan (H.K.) Limited as his nominee.

(9) Mr Zhu Xiaolin is deemed interested in 65,469,600 shares held by Asiabiz Services Ltd as he is the sole shareholder of Asiabiz Services Ltd.

(10) Ms Sun Yanping is deemed interested in 65,469,600 shares held by Sunshine Shimmer Limited as she is the sole shareholder of Sunshine Shimmer Limited.

Based on the above illustration, we note that following the issuance of 65,469,600 Consideration Shares pursuant to the completion of the Proposed D3 Acquisition, the number of Shares in issue will increase from 763,425,245 Shares to 828,894,845 Shares and Mr Teo Cheng Kwee's shareholding (including his associates) will increase from approximately 2.62% to approximately 10.31%. In addition, we note that the shareholdings of the existing Independent Shareholders will decrease from approximately 97.38% to approximately 89.69%.

5.5.3. No assurance of profitability or prices for Shares

Non-Interested Directors should note that no profit warranty has been provided by any party with respect to the future performance of the Target Group in connection with the Target Acquisition. There can be no assurance that the Target Group will be profitable in the near future or in the long-term.

The Target Group recorded net loss after tax of approximately US$1.2 million, US$1.9 million, US$4.0 million and US$2.1 million in 5M2017, TFY2016, TFY2015 and TFY2014 respectively and has not booked any operating revenue during the period reviewed.

We would also like to highlight that there is no assurance that the steps taken or to be taken by the Group or the Target Group or the Enlarged Group subsequent to the Target Acquisition (including the Proposed D3 Acquisition) to improve the profitability and Shareholders' value, including, *inter alia*, potential expansion of the Enlarged Group's business, will be successful or would result in an enhancement of Shareholder value or would result in the Shares being traded at prices higher than the current prices as at the Latest Practicable Date.

5.5.4. No alternative investment/business expansion or acquisition opportunity other than the Target Acquisition (including the Proposed D3 Acquisition)

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any firm/formal offer for alternative investment/business expansion or acquisition opportunity available to the Company, which is comparable in nature, size and scope to the Target Acquisition (including the Proposed D3 Acquisition).

5.5.5. Voting for the Proposed D3 Acquisition

Pursuant to Rule 919 of the Catalist Rules, an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the shareholders.

We note from Section 11 of the Circular that Mr Teo Cheng Kwee shall abstain, and shall procure that his associates and nominees to abstain from voting in respect of each of their shareholdings in the Company on the ordinary resolutions relating to the Proposed D3 Acquisition and the issuance and allotment of the Consideration Shares to D3.

Mr Teo Cheng Kwee shall not, and shall procure his associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of such ordinary resolutions relating to the Proposed D3 Acquisition and the issuance and allotment of the

Consideration Shares to D3 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

6. OPINION

In arriving at our recommendation, we have reviewed and examined all factors which we have considered to be pertinent in our assessment of the Proposed D3 Acquisition as an IPT, including the views of and representations by the Directors. Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position after completion of the Proposed Transactions of the Company or the Group or the Target or the Target Group or the Enlarged Group or whether the Target or the Target Group or the Enlarged Group can improve their financial position and performance, and cash flow or that the anticipated benefits from the Proposed D3 Acquisition or the Target Acquisition can be realised (as the case may be) or the prices at which the Shares would trade after the completion of the Proposed D3 Acquisition. Our views, recommendation and opinion are thus necessarily limited and subject to these matters and in particular the resolution of the issues mentioned on Section 5.1 (c) of this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter.

(a) The rationale for the Proposed D3 Acquisition as set out in Section 2.6 of the Circular and the Board's view that:

(i) the Target Acquisition (which includes the Proposed D3 Acquisition) is in line with the Group's strategy that focuses on development and investment properties in emerging countries;

(ii) driven by the lack of quality supply, Yangon's luxury real estate market presently witnesses strong update in demand by the increasingly affluent locals;

(iii) given Yangon's rapid transformation into a key residential and commercial powerhouse; the Company anticipates that the valuation of the Golden City Project will continue to appreciate along with the surrounding area's growth;

(iv) the Golden City Project has the potential to generate good development returns and yield; and

(v) given the strategic location and the timing of the Target Acquisition, the Target Acquisition will bolster the Group's real estate portfolio and enhance Shareholder value.

(b) The historical financial performance and position of the Group. The Group reported profit after tax attributable to the owners of the Company of approximately RMB7.5 million and RMB76.1 million in FY2015 and FY2013, but it reported significant loss after tax attributable to the owners of the Company of approximately S$252.9 million in FY2014 mainly due to other non-operating expenses. For FY2013, the Group's profit after tax attributable to the owners of the Company was contributed by profit from the discontinued operation (net of tax) of approximately RMB86.3 million. The Group reported loss after tax attributable to the owners of the Company of approximately RMB0.4 million for 9M2016. In addition, we note that the Group's net working capital position has improved from approximately negative RMB18.0 million as at 31 December 2013, to a positive RMB66.5 million as at 30 September 2016 (due to, *inter alia,* the proceeds from the 2016 Rights Issue and the 2016 Share Subscription). Likewise, the Group's shareholders' equity has strengthened from approximately RMB3.1 million as at 31 December 2014, to approximately RMB139.7 million as at 30 September 2016 (mainly due to the proceeds received from the 2016 Rights Issue and the 2016 Share Subscription). The Group had no borrowings as at 30 September 2016.

(c) The qualified opinion and an emphasis of matter relating to *inter alia*, going concern highlighted in the Independent Auditor's Report as well matters pertaining to the Company including but not limited suspension of the Shares from 14 April 2015 to 30 March 2016 and the conclusion of the issues raised by the Special Auditor.

(d) The evaluation of the Issue Price or the Pre-Consolidation Issue Price (as set out in Section 5 of this Letter) after taking into account, *inter alia*, the following factors:

(i) The Issue Price represents a premium of approximately 115.8% over the Group's NAV and/or NTA per Share as at 30 September 2016.

(ii) The Issue Price less the Cash per Share represents a substantial premium of approximately 1,670.1% over the Group's NAV and/or NTA per Share less the Cash per Share.

(iii) The Issue Price represents a premium of approximately 79.2% over the Group's RNAV and/or RNTA per Share.

(iv) The Issue Price represents a premium of approximately 43.1% over the Group's Pro-forma RNAV and/or RNTA per Share (after taking into account the completion of the Target Acquisition, save for the Proposed D3 Acquisition).

(v) Comparison of Issue Price and historical prices for Shares:

– The Issue Price is in line with the last transacted price of S$0.10 for each Share on the Catalist on 13 October 2016 (adjusted with the Share Consolidation), being the last Trading Day immediately preceding the Announcement Date;

– The Issue Price represents a premium of approximately 40.4%, 40.0%and 40.2% over the VWCP for the Shares (adjusted with the Share Consolidation) for the 6-month, 3-month and 1 month period prior to the Announcement Date respectively;

– The Issue Price represents a premium of approximately 22.2% over the VWCP for the Shares for the period commencing from the Market Day immediately on the Announcement Date (adjusted with the Share Consolidation) and ending on the Latest Practicable Date; and

– The Issue Price represents a premium of approximately 23.5% over the last transacted price of S$0.081 per Share on the Catalist on 25 January 2017, being the Latest Practicable Date.

Non-Interested Directors should note that the above comparison should be assessed in the context of low liquidity for Shares for the 6 months period prior to the Announcement Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value, they nonetheless represent for prices for transactions between willing buyer and willing seller.

(vi) The valuation of the Group in terms of EV/EBITDA (as implied by the Issue Price and the annualized EBITDA for 9M2016) is less favourable than any of the Selected Comparable Companies (save for China Yuanbang which recorded negative EBITDA during the period reviewed). However, the Group's valuation in terms of P/NAV and P/NTA ratios (as implied by the Issue Price and the Group's Pro-forma RNAV and/or RNTA) are higher and more favourable than any of the Selected Comparable Companies.

(vii) Fair comparison with the past 2-years fund raising exercises conducted by the Company – whilst the Pre-Consolidation Issue Price appears to be less favourable than the 2015 Subscription Price, the 2015 Investment Price and the 2016 Subscription Price, which were paid for in cash, in terms of premiums or discounts to last transacted prices prior to the relevant announcement, the Pre-Consolidation Issue Price is approximately 2.16 times of the Group's NTA as at 30 September 2016 and this is higher and more favourable than the P/NTA multiples for the Group as implied by the 2015 Subscription Price, the 2015 Investment Price, the 2016 Subscription Price and the 2016 Rights Issue Price.

(e) The evaluation of the Consideration for the Proposed D3 Acquisition or the Adjusted D3 Consideration (as set out in Section 5 of this Letter) after taking into account, *inter alia*, the following factors:

(i) As at the Latest Practicable Date, save for the Proposed D3 Acquisition being the IPT, the Company had completed the acquisition of 74.975% equity interest in the Target. On completion of the Proposed D3 Acquisition, the Company will have an equity interest of 100% in the Target and "control" on the cash flows of the Target.

(ii) The Directors' representations and confirmations that: (a) the Consideration paid or to be paid to the respective Vendors are in proportion to the respective equity interest in the Target and the structure of the Consideration (Cash Consideration, Consideration Shares or combination of both Cash Consideration and Consideration Shares) is based on negotiations with respective Vendors (on a willing buyer willing seller basis) after taking into account their preferences and respective negotiations with the Company as well as the Company's requirements; and (b) save for the variances in the structure of the Consideration, the terms and conditions of the Proposed D3 Acquisition are in line and not more favourable than the terms and conditions stipulated in the sale and purchase agreement entered into with SEL, ASL, SSL, and CIL.

(iii) The intrinsic value of the Consideration Shares for the Proposed D3 Acquisition or the Adjusted D3 Consideration (on the assumption that the Consideration Shares would be issued at 1.0 times the Group's RNAV or the Pro-forma RNAV) is between US$4.1 million to US$4.7 million and this is lower than the Consideration to be paid to D3 (based on the Issue Price). Likewise, the total Adjusted Consideration is lower than the total Consideration to be paid to all Vendors (based on the Issue Price).

(iv) The historical financial performance and position of the Target Group. The Target Group did not record any revenue during the period reviewed and incurred losses after tax attributable to owners of approximately US$1.2 million, US$1.9 million, US4.0 million and US$2.1 million in 5M2017, FY2016, FY2015 and FY2014 respectively. In addition, the Target Group recorded negative shareholders' equity and it had deteriorated from a negative US$2.0 million as at 31 March 2015 to a negative US$4.0 million as at 31 March 2016 and a negative US$33.6 million as at 31 August 2016. Lastly, the Target Group's net working capital position were negative during TFY2014 to TFY2016, however it improved to a positive US$18.2 million as at 31 August 2016.

(v) The Target Group had NL and NTL of approximately US$33.6 million based on the unaudited pro-forma consolidated financial statements as at 31 August 2016. Accordingly, the comparison between the D3 Consideration or the Adjusted D3 Consideration and the Target Group's NTL attributable to the Proposed D3 Acquisition is negative and not meaningful.

(vi) The D3 Consideration and the Adjusted D3 Consideration represent a discount of approximately 29.5% and between 46.5% to 53.9% respectively from the Target Group's RNAV and/or RNTA attributable to the Proposed D3 Acquisition.

(vii) Favourable comparison (from the Company's perspective) of the Proposed D3 Acquisition and the Selected IPT Acquisitions. The Target Group's P/RNTA ratio (based on the Proposed D3 Acquisition) of between approximately 0.46 times to 0.53 times as implied by the Adjusted D3 Consideration and the Target Group's RNTA attributable to the Proposed D3 Acquisition is lower than the P/NTA multiples for any of the Selected IPT Acquisitions.

(f) The potential financial effects of the Proposed D3 Acquisition as outlined in Section 2.10 of the Circular. We wish to highlight that while the Proposed D3 Acquisition will have an unfavourable effect on the Group's EPS, it will result in a higher NTA per Share, and favourable effect to the Group's financial position in terms of gearing. We also note that the Directors believe and consider the Proposed D3 Acquisition to be in the interest of and beneficial to the Group for the reasons stated in the Section 2.6 of the Circular.

(g) The risk factors as set out in Section 2.7 of the Circular.

(h) The dilution impact on existing Independent Shareholders' interest which appears to be not significant.

(i) The Directors' confirmation that as at the Latest Practicable Date, they are not aware of any firm/formal offer for alternative investment/business expansion or acquisition opportunity that is available to the Company (other than the 74.975% acquisition of the Target), which is comparable in nature, size and scope to the Target Acquisition (including the Proposed D3 Acquisition).

(j) Other relevant considerations as set out in Section 5 of this Letter.

In summary, having regard to our analysis and the consideration in this Letter (including its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant conditions prevailing as at the Latest Practicable Date, and subject to our terms of reference, **we are of the opinion that, on balance, the Proposed D3 Acquisition as an IPT is ON NORMAL COMMERCIAL TERMS, and NOT PREJUDICIAL to the interest of the Company and its Minority Shareholders.**

We consider the financial terms of the Proposed D3 Acquisition as an IPT to be, on balance, **ON NORMAL COMMERCIAL TERMS**, from a financial point of view after factoring, *inter alia*, the following:

(i) The Directors' representations and confirmations that: (a) the Consideration paid or to be paid to the respective Vendors are in proportion to the respective equity interest in the Target and the structure of the Consideration (Cash Consideration, Consideration Shares or combination of both Cash Consideration and Consideration Shares) is based on negotiations with respective Vendors (on a willing buyer willing seller basis) after taking into account their preferences and respective negotiations with the Company as well as the Company's requirements; and (b) save for the variances in the structure of the Consideration, the terms and conditions of the Proposed D3 Acquisition are in line and not more favourable than the terms and conditions stipulated in the sale and purchase agreement entered into with SEL, ASL, SSL, and CIL.

(ii) The Issue Price represents: (a) premium of approximately 79.2% over the Group's RNAV and/or RNTA per Share; (b) a premium of approximately 43.1% over the Group's Pro-forma RNAV and/or RNTA per Share (after taking into account the completion of the Target Acquisition, save for the Proposed D3 Acquisition) or an implied P/NTA of 1.4 times and this multiple is more favourable than any of the Selected Comparable Companies; and (c) a premium of approximately 40.4%, 40.0% and 40.2% over the VWCP for the Shares (adjusted with the Share Consolidation) for the, 6-month, 3-month and 1 month period prior to the Announcement Date and it is in line with the last transacted price of S$0.10 for each Share on the Catalist on 13 October 2016 (adjusted with the Share Consolidation), being the last Trading Day immediately preceding the Announcement Date. In addition, the Pre-Consolidation Issue Price is approximately 2.16 times of the Group's NTA as at 30 September 2016 and this is higher and more favourable than the P/NTA multiples for the Group as implied by the subscription prices in 2015 and 2016 and the 2016 Rights Issue Price.

(iii) The D3 Consideration and the Adjusted D3 Consideration represent a discount of approximately 29.5% and between 46.5% to 53.9% respectively from the Target Group's RNAV and/or RNTA attributable to the Proposed D3 Acquisition. The intrinsic value of the Consideration Shares for the Proposed D3 Acquisition or the Adjusted D3 Consideration (on the assumption that the Consideration Shares would be issued at 1.0 times the Group's RNAV or the Pro-forma RNAV) is between US$4.1 million to

US$4.7 million and this is lower than the Consideration to be paid to D3 (based on the Issue Price). Likewise, the total Adjusted Consideration is lower than the total Consideration to be paid to all Vendors (based on the Issue Price).

(iv) Favourable comparison (from the Company's perspective) of the Proposed D3 Acquisition and the Selected IPT Acquisitions.

We considered the financial terms of the Proposed D3 Acquisition as an IPT to be **NOT PREJUDICIAL** to the interest of the Company and its Minority Shareholders, from a financial point of view after factoring, *inter alia*, the following:

(i) The favourable potential financial effects of the Proposed D3 Acquisition as outlined in Section 2.10 of the Circular on the Group's NTA per Share and gearing while also noting the unfavourable effect on the Group's EPS.

(ii) The Board's view that: (a) the Target Acquisition (which includes the Proposed D3 Acquisition) is in line with the Group's strategy that focuses on development and investment properties in emerging countries; (b) driven by the lack of quality supply, Yangon's luxury real estate market presently witnesses strong update in demand by the increasingly affluent locals; (c) Yangon's rapid transformation into a key residential and commercial powerhouse; (d) the Golden City Project has the potential to generate good development returns and yield; and (e) given the strategic location and the timing of the Target Acquisition, the Target Acquisition will bolster the Group's real estate portfolio and enhance Shareholder value. In addition, as at the Latest Practicable Date, save for the Proposed D3 Acquisition being the IPT, the Company had completed the acquisition of 74.975% equity interest in the Target.

(iii) The dilution impact on existing Independent Shareholders' interest which appears to be not significant.

(iv) The Directors' confirmation that as at the Latest Practicable Date, they are not aware of any firm/formal offer for alternative investment/business expansion or acquisition opportunity that is available to the Company (other than the 74.975% acquisition of the Target), which is comparable in nature, size and scope to the Target Acquisition (including the Proposed D3 Acquisition).

Recommendation

Based on our assessment of the financial terms of the Proposed D3 Acquisition as an IPT as set out above, from a financial point of view, we advise the Non-Interested Directors and the Audit Committee to recommend that Independent Shareholders vote in favour of the Proposed D3 Acquisition to be proposed at the EGM. We advise the Non-Interested Directors and the Audit Committee to highlight to Independent Shareholders the matters as stated in our Letter, including, *inter alia*, our limitation in analysis, evaluation, comments and opinion in this Letter is limited. We advise the Non-Interested Directors and the Audit Committee to recommend the Independent Shareholders to exercise caution in their decision in voting in favour of or against the Proposed D3 Acquisition as an IPT.

In performing our evaluation, we have not been provided with, and have not had access to, any financial projections or future plans or corporate actions (if any) of the Company or the Group or the Target or the Target Group or the Enlarged Group. The opinion set forth herein is based solely on publicly available information and information provided by the

Directors and Management and therefore does not reflect any projections or future financial performance of the Company or the Group or the Target or the Target Group or the Enlarged Group after the completion of the Proposed Transactions and is based on the economic and market conditions prevailing as of the date of this opinion. Our advice is solely confined to our views on the Proposed D3 Acquisition as an IPT.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of the Independent Shareholders:

(1) The scope of our appointment does not require us to express, and we do not express and have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Target or the Target Group or the Enlarged Group after the completion of the transactions stipulated in the Circular. Accordingly, our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group or the Target or the Target Group or the Enlarged Group and neither are we responsible for it. We are therefore not expressing any view herein as to the prices at which the Shares may trade upon completion or rejection of the Proposed D3 Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or voting for or voting against the Proposed D3 Acquisition or the other transactions or resolutions stipulated in the Circular (if any) or on the future financial performance of the Company or the Group or the Target or the plans (if any) for each of them. Estimates or analysis or evaluation of the merits of the Company or the Group or the Target or the Target Group or the Proposed D3 Acquisition as an IPT, if any, in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

(2) Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, investment properties and development properties) and the Target Group's assets and liabilities (including without limitation, property, plant and equipment, investment properties and development cost) or contracts entered into by the Group or the Target Group and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group or the Target Group save for the APA Valuation Report and Colliers Valuation Report issued by APA and Colliers respectively. With respect to such valuation, we are not experts in the evaluation (including without limitation, market value or economic potential) or appraisal of assets and liabilities (including without limitation, investment properties and development cost) including, *inter alia* the contracts or agreements that the Target Group or the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

(3) The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in this Letter and the unaudited financial statements for the Group and the Target Group for 9M2016 and 5M2017 respectively, there has been no material changes to the Group's and the Target Group's assets and liabilities, financial position, condition and performance.

(4) The Board and the Management confirmed that the final and conclusion of the six (6) issues arising from the report issued by the Special Auditor will not have any material impact on the Group's financial position and NAV or NTA per Share; and the information presented herein for the IPT, the Target Acquisition or the effects on the NAV and NTA of the Company and the Group.

Specific objectives

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular or individual needs and constraints of any individual Independent Shareholder. As each Independent Shareholder or group of Independent Shareholders would have different investment objectives and profiles, we would advise the Non-Interested Directors and the Audit Committee to advise any individual Shareholder or group of Shareholders who may require specific advice in the context of investments in unlisted shares or his or their specific investment objectives or portfolio should consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser, or other professional adviser immediately.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624, not less than 72 hours before the time for holding the EGM. The appointment of a proxy or proxies by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy or proxies.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP at least 72 hours before the EGM.

In addition, Independent Shareholders are advised to read Section 10 of the Circular and Notice of the EGM which has been enclosed with the Circular carefully so that the appropriate election on voting for or voting against can be made.

This Letter is addressed to the Non-Interested Directors and the Audit Committee in connection with and for the sole purpose of their evaluation of the Proposed D3 Acquisition as an IPT and is not meant or intended to be an evaluation of the other resolutions to be proposed. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor any other party, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case, except at the forthcoming EGM and for the sole purpose of the Proposed D3 Acquisition. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply.

The recommendations made by the Non-Interested Directors to the Independent Shareholders in relation to the Proposed D3 Acquisition as well as other resolutions referred to in the Circular (where applicable) and the issue of the Circular shall remain the sole responsibility of the Non-Interested Directors and the Directors respectively.

Yours faithfully,
For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU	FOO QUEE YIN
MANAGING DIRECTOR	MANAGING DIRECTOR

1. Executive summary

Property address	:	The Property is located on Yankin Road, Yankin Township, Yangon, Myanmar (Approximate GPS coordinates: N16.827042°, E96.165208°)
Description	:	The Property is to be developed as a mixed-use development referred to as "Golden City', which will comprise condominium, retail, office, and serviced apartment components. The land has a total area of 8.369 acres (33,868.141 sq m), and will contain eleven (11) buildings of different types when expected to be fully completed in Q4 2019. The land is leased from The Quarter Master General Office, Office of the Commander-in-Chief (Army), Nay Pyi Taw, by Nature Link Travels & Tours Co., Ltd. and Golden Land Real Estate Development Co., Ltd., for an initial term of 50 years commencing from 15 October 2013, plus another 2 terms, each of which is 10 years. As of the date of valuation, there is 65.92 years remaining. In total, the Property will have a total GFA of 329,332.98 sq m and a total leasable and saleable area of 233,822.90 sq m, upon completion. Phase 1, Phase 2, and CMA building are land and under construction buildings while Phase 3 and Phase 4 are a vacant land.
Registered Owner	:	Nature Link Travels & Tours Co., Ltd and Golden Land Real Estate Development Company Limited
Interest Valued	:	Leasehold interest in the land and mixed-use development referred to as 'Golden City', for a term of 50 years extendable by another two terms of 10 years. On the date of valuation, there was 65.92 remaining years.
Purpose of Valuation	:	For the purpose of acquisition, for the use of the Independent Financial Advisors (IFA) and for circulation to shareholders of Cedar Strategic Holdings Ltd, a company listed in the Singapore Exchange (SGX)
Valuation Approach	:	Income Approach (Residual Method) and Market Approach, subject to the assumptions as advised below.
Basis and Date of Valuation	:	Market Value of the Property on an "as-is" basis The valuation date is 14 November 2016

Valuation Figures	:

A) Market Value of Leasehold Land (Built-Operate-Transfer system, with 65.92 remaining years) and under construction buildings (Phases 1, 2, Block 11)

USD74,780,000

(Seventy Four Million Seven Hundred Eighty Thousand United States Dollars)

Note: The calculation to arrive at the Market Value above, particularly Phases 1 and 2, takes into account (1) sold units where cash has not been received and (2) unsold units

B) Market Value of Leasehold Land (Built-Operate-Transfer system, with 65.92 remaining years) (Vacant Land - Phase 3 & 4)

USD37,920,000

(Thirty Seven Million Nine Hundred Twenty Thousand United States Dollars)

Valuation Methodology	Market Value (USD)	Weight (%)	Market Value (Weighted average)
Income Approach (Residual Method)	40,920,000	50%	20,460,000
Market Approach	34,910,000	50%	17,455,000
		Rounded Market Value (USD)	**37,920,000**

NOTICE OF EXTRAORDINARY GENERAL MEETING

CEDAR STRATEGIC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 198003839Z)
(the "**Company**")

*All capitalised terms in the Resolutions below and defined in the circular dated 3 February 2017 to the shareholders of the Company (the "**Circular**") shall, unless otherwise defined herein, have the respective meanings ascribed thereto in the Circular.*

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Company will be held at 55 Market Street #03-01 Singapore 048941 on 27 February 2017 (Monday) at 9.30 a.m. for the purpose of considering and, if thought fit, passing with or without amendment, the following Resolutions:

ORDINARY RESOLUTION 1 – THE PROPOSED ACQUISITION OF 6,225,000 SHARES REPRESENTING 25.025% OF THE TOTAL ISSUED AND PAID-UP SHARES OF DAS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION

Resolved that subject to and contingent upon the passing of Ordinary Resolution 2:

(a) approval be and is hereby given for the acquisition of 6,225,000 shares representing 25.025% of the total issued and paid-up shares of DAS Pte. Ltd. from D3 Capital Limited ("**D3**") in accordance with the terms and conditions of the sale and purchase agreement entered into between the Company and D3, which constitutes an interested person transaction under the Catalist Rules (the "**D3 Acquisition**"); and

(b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the proposed D3 Acquisition, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the proposed D3 Acquisition.

ORDINARY RESOLUTION 2 – THE PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES TO D3 CAPITAL LIMITED

Resolved that subject to and contingent upon the passing of Ordinary Resolution 1, authority be and is hereby given to the Directors:

(a) to allot and issue to D3 an aggregate of 65,469,600 ordinary shares in the Company, credited as fully paid-up, at an issue price of S$0.10 each as part satisfaction of the consideration for the D3 Acquisition; and

(b) to complete and do all acts and things (including any other agreements or documents and procurement of third party consents) as they may consider necessary or expedient for the purposes of, in connection with or to give effect to this resolution as they think fit and in the interests of the Company.

Shareholders should note that Ordinary Resolutions 1 and 2 are inter-conditional upon each other. This means that:

(a) if Ordinary Resolution 2 is not passed, Ordinary Resolution 1 would not be passed; and

(b) if Ordinary Resolution 1 is not passed, Ordinary Resolution 2 would not be passed.

SPECIAL RESOLUTION 3 – PROPOSED CHANGE OF NAME OF THE COMPANY

Resolved that:

(a) the name of the Company be changed from "Cedar Strategic Holdings Ltd." to "Emerging Towns & Cities Singapore Ltd." (the "**Proposed Name Change**") and that the name of "Emerging Towns & Cities Singapore Ltd." be substituted for "Cedar Strategic Holdings Ltd." wherever the latter name appears in the Constitution of the Company; and

(b) the Directors and each of them be and are hereby authorised to do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the Proposed Name Change as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company.

ORDINARY RESOLUTION 4 – THE PROPOSED ALLOTMENT AND ISSUE OF CONVERSION SHARES TO THE COMPANY'S CONTROLLING SHAREHOLDER, MR LUO SHANDONG

Resolved that:

(a) that the convertible loan agreement entered into between the Company and its controlling shareholder Mr Luo Shandong ("**LSD**") dated 25 January 2017 (the "**Convertible Loan Agreement**") be and is hereby approved, confirmed and ratified;

(b) in connection with the Convertible Loan Agreement, approval be and is hereby given to the Directors or any them to:

  (i) grant to LSD the right at any time within fifteen (15) months from the date of the Convertible Loan Agreement to convert up to the full sum of the principal loan amount of US$29,302,144 (which comprises the principal loan amounts under the loans granted by LSD to the Company on 17 October 2016 and to DAS Pte. Ltd. on 15 October 2016 and all interests accrued thereon as of 25 January 2017) (the "**Convertible Loan**") and any interest accrued thereon into fully paid new ordinary shares (the "**Conversion Shares**") in the Company; and

  (ii) allot and issue such number of Conversion Shares as may be required or permitted to be allotted and issued on the conversion of the Convertible Loan to LSD, subject to and otherwise in accordance with the terms and conditions of the Convertible Loan Agreement whereby such Conversion Shares when issued shall rank *pari passu* in all respects with the then existing Shares, save as may be provided in the terms and conditions of the Convertible Loan Agreement; and

(c) approval be and is hereby given to the Directors or any of them to complete and do all acts and things (including any other agreements or documents and procurement of third party consents) as they may consider necessary or expedient for the purposes of, in connection with or to give effect to this resolution as they think fit and in the interests of the Company.

By Order of the Board

Christopher Chong Meng Tak
Non-Executive Chairman
3 February 2017

Notes:

(1) A Member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(2) A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"**Relevant intermediary**" means:

(a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

(4) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624** at least 72 hours before the time fixed for the Extraordinary General Meeting. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the Extraordinary General Meeting in order for him to be entitled to vote at the Extraordinary General Meeting.

(5) By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

CEDAR STRATEGIC HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number 198003839Z)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT

A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 2 for the definition of "relevant intermediary").

For investors who have used their CPF moneys to buy shares in the capital of CEDAR STRATEGIC HOLDINGS LTD., this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ________________________________ (Name), NRIC/Passport Number* ______________

of ____ (Address)

being a member/members of **CEDAR STRATEGIC HOLDINGS LTD.** (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting to be held at 55 Market Street #03-01 Singapore 048941 on 27 February 2017 (Monday) at 9.30 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

	RESOLUTION	For*	Against*
1.	Ordinary Resolution **PROPOSED ACQUISITION OF 6,225,000 SHARES REPRESENTING 25.025% OF THE TOTAL ISSUED AND PAID-UP SHARES OF DAS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION**		
2.	Ordinary Resolution **THE PROPOSED ALLOTMENT AND ISSUE OF CONSIDERATION SHARES TO D3 CAPITAL LIMITED**		
3.	Special Resolution **PROPOSED CHANGE OF NAME OF THE COMPANY**		
4.	Ordinary Resolution **THE PROPOSED ALLOTMENT AND ISSUE OF CONVERSION SHARES TO THE COMPANY'S CONTROLLING SHAREHOLDER, MR LUO SHANDONG**		

* If you wish to exercise all your votes "**For**" or "**Against**", please indicate your vote "**For**" or "**Against**" with "**X**" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of _________________ 2017.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

PROXY FORM

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "**Relevant intermediary**" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. A proxy need not be a member of the Company.

5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

6. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **80 Raffles Place #26-05 UOB Plaza 1 Singapore 048624** not less than 72 hours before the time set for the Extraordinary General Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Cap 50) of Singapore.

10. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Extraordinary General Meeting if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

11. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Company.

12. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 72 hours before the time appointed for holding the Extraordinary General Meeting.

13. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the Extraordinary General Meeting in order for him to be entitled to vote at the Extraordinary General Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 3 February 2017.