

Singapore eDevelopment Limited and its Subsidiaries

Independent auditor's report For the financial year ended 31 December 2015

Independent auditor's report to the members of Singapore eDevelopment Limited

Report on the financial statements

We have audited the accompanying financial statements of Singapore eDevelopment Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 9 to 90, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statement of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Basis for qualified opinion

The 2014 comparative consolidated cash flow statement of the Group presented in these financial statements includes the cash flows of CCM Industrial Pte Ltd ("CIPL" or the "Disposed subsidiary") from 1 January 2014 to 21 May 2014, being the date of disposal of CIPL by the Group in the previous financial year. In the prior year's audit, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the cash flows of CIPL from 1 January 2014 to 21 May 2014 were appropriate and proper for inclusion in the consolidated cash flow statement of the Group for that financial year. In addition, certain notes to the 2014 financial statements (property, plant and equipment, related party transactions, income tax, discontinued operation, investment in subsidiaries and segment reporting, collectively, the "2014 CIPL Related Notes") also included amounts of CIPL from 1 January 2014 to 21 May 2014 and we were also unable to determine if these amounts were appropriate and proper for the preparation of the 2014 CIPL Related Notes. Accordingly, we did not express an opinion on the Group's consolidated cash flow statement for the year ended 31 December 2014 and the 2014 CIPL Related Notes. Our audit opinion on the Group's consolidated balance sheet, statement of comprehensive income and statement of changes in equity for the year ended 31 December 2014 was not modified. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis of qualified opinion paragraph, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

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Emphasis of matter

Without further qualifying our opinion, we draw attention to Note 2 to the financial statements. The Group incurred a net loss of \$3,386,000 and negative operating cash flow of \$36,925,000 during the financial year ended 31 December 2015 and as at that date, the Group has a net undiscounted financial liabilities of \$19,617,000 due within the next twelve months. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

As disclosed in Note 2, the directors are of the view that the Group will be able to continue as a going concern by raising additional funds through the placement of new shares, extension of certain loans maturing within the next twelve months, and generating positive cash flows from its operations. In addition, the Group has also obtained an undertaking from a substantial shareholder to not demand repayment of existing loans granted to the Group, as well as to provide continuous financial support to the Group.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify certain non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

4 April 2016