

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Ley Choon Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 105.

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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' 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 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes that the financial statements have been prepared on a going concern basis. The Group incurred a net loss of \$35,888,000 for the year ended 31 December 2014 and as a result, it had breached certain loan covenants in respect of secured bank loans with carrying amounts of approximately \$6,223,000 as at 31 December 2014. As a result of the breach of these loan covenants, these loans can be called for repayment at any time upon notification by the relevant financial institutions. This loan balance has been classified within current liabilities as at 31 December 2014. In addition, subsequent to 31 December 2014, the Group had not repaid another secured bank loan which matured on 15 March 2015. The carrying amount of this secured bank loan as at 31 December 2014 was \$9,300,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is highly dependent on the continued support from the financial institutions to make available existing credit facilities and/or the Group's ability to secure additional sources of funding.

The directors of the Company consider that it is appropriate for the Group to prepare its consolidated financial statements on a going concern basis, as the Group has secured a \$16,000,000 credit facility from the controlling shareholders of the Company to provide the Group with the financial and other support as is necessary to enable the Group to continue operations within the next twelve months and to meet its liabilities as and when they fall due. In addition, the directors believe that notwithstanding the breach of loan covenants and non-repayment of the aforesaid loan due on 15 March 2015 by the Group, the financial institutions will continue to make available the existing credit facilities to the Group.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

6 May 2015