INDEPENDENT AUDITOR'S REPORT

To the members of Cacola Furniture International Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cacola Furniture International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International 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 consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 consolidated financial statements.

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

Bases for Qualified Opinion

Inventories

(i) As at 31 December 2015

Stated on the face of the consolidated statement of financial position as at 31 December 2015 are inventories of RMB 25,949,000. We have not been able to obtain sufficient appropriate audit evidence in terms of monthly production cost schedules or other supporting documentation to ascertain the appropriateness of the costs capitalised for work in progress and finished goods in accordance with IAS 2 *Inventories*. Arising from the aforesaid, we have also been unable to ascertain the net realisable value of inventories as at 31 December 2015. In the absence of sufficient documentary evidence and alternative procedures, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the Group's inventories as at 31 December 2015.

(ii) As at 31 December 2014

We expressed a qualified opinion in our independent auditor's report dated 13 April 2015 in respect of the financial statements for the financial year ended 31 December 2014, with regards to the Group's inventories of RMB 19,338,000 as at 31 December 2014. We have not been able to obtain sufficient appropriate audit evidence in terms of monthly production cost schedules or other supporting documentation to ascertain the appropriateness of the costs capitalised for work in progress and finished goods in accordance with IAS 2. Arising from the aforesaid, we have also been unable to ascertain the net realisable value of inventories as at 31 December 2014. In the absence of sufficient documentary evidence and alternative procedures, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the Group's inventories as at 31 December 2014.

In view of the significance of the matter, we are unable to determine whether the opening balances as at 1 January 2015 are fairly stated. Since the opening balances as at 1 January 2015 enter into the determination of the Group's financial performance and cash flows for the financial year ended 31 December 2015, we are unable to determine whether any adjustments might have been found necessary in respect of the financial statements for the financial year ended 31 December 2015.

Our opinion on the financial statements for the financial year ended 31 December 2015 is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Bases for Qualified Opinion paragraphs above, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To the members of Cacola Furniture International Limited

Emphasis of Matters

(i) Going concern

We draw attention to Note 2(a) to the financial statements. As at 31 December 2015, the Company was in a net current liability position of RMB 31,450,000 (2014: RMB 36,569,000), and incurred a net loss of RMB 5,469,000 (2014: RMB 13,839,000) for the financial year then ended. The Group also incurred net loss and net operating cash outflows of RMB 1,734,000 (2014: RMB 76,848,000) and RMB 6,226,000 (2014: RMB 31,907,000), respectively, for the financial year then ended. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as going concern. The preparation of the financial statements on a going concern basis is dependent on the ability of the Group and the Company to generate sufficient cash flows from operations, reduce expenditure and raise new funds from equity or loans, to pay debts as and when they fall due.

If the Group and the Company were unable to continue in operational existence, the Group and the Company may be unable to discharge their 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 the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

(ii) Impairment of prepayments

We draw attention to Notes 2(b) and 8 to the financial statements. For the financial year ended 31 December 2014, management had applied significant judgement and made impairment for prepayments amounting to RMB 31,597,000.

Our opinion is not further qualified in respect of the matters described in the Emphasis of Matters paragraphs above.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 10 March 2016