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Appendix A

Extract: Independent Auditors' Report

Emphasis of matter

We draw attention to Note 4 to the financial statements which indicates that the Group incurred a net loss of approximately $10,240,000, for the financial year ended 31 December 2015 and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by approximately $21,824,000 and $17,746,000 respectively. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's and the Company's abilities to continue as going concerns.

Our audit opinion is not qualified in respect of this matter.

Extract: Note 4 – Going concern

The Group and the Company incurred a net loss of S$10,240,000 and S$34,194,000 respectively, for the financial year ended 31 December 2015, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by S$21,824,000 and $17,746,000, respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's abilities to continue as going concerns.

Notwithstanding the above, the Directors of the Company are of the opinion that the Group and the Company are able to meet their obligations as and when they fall due having regard to the following:

(i) The Directors of the Company have carried out a detailed review of the cash flow forecast of the Group for the 15 months ending 31 March 2017. Based on the forecast, the Directors of the Company have estimated that adequate liquidity exists to finance the working capital requirements of the Group and the Company for the next financial year. In preparing the cash flow forecasts, the Directors of the Company have considered the operating cash requirements of the Group and the Company as well as other key factors, including the ability of the Group and the Company to generate sufficient revenue or obtain additional funding to satisfy the Group's, continual support from the creditors and the Company's future working capital requirements, which may impact the operations of the Group and the Company during the next 15 months. The Directors of the Company are of the opinion that the assumptions which are included in the cash flow forecast are reasonable;

(ii) The management is negotiating to reschedule payment of borrowing from third parties amounting to $10.47 million (Note 28) to allow the Group to repay the outstanding balance in 3 tranches commencing from July 2016 till 31 January 2017.

(iii) Subsequent to the financial year end, the Group plans to divest certain non-core assets to raise proceeds for working capital needs, if necessary.

(iv) Subsequent to the financial year end, the Group has managed to refinance certain of its bank borrowings which are due on or before the date of this report. The management believes that the bankers will continue to provide support to the Group and allow for refinancing of bank loans as and when they fall due. In addition, the Group is also sourcing for additional funding from other banks.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, 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. No such adjustments have been made to these financial statements.