INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

P99 HOLDINGS LIMITED
(Incorporated in Singapore)

Report on the Financial Statements

1. We have audited the accompanying financial statements of P99 Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 8 to 50, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2013, and the consolidated statement of 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

2. 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

3. 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.

4. 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 judgment, 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 controls 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 controls. 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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

P99 HOLDINGS LIMITED
(Incorporated in Singapore)

(cont'd)

Basis for Qualified Opinion

6. As disclosed in Note 12 to the financial statements, the management of the Group considered the Company's effective control over Asia Sport Alliance Pte. Ltd. and its subsidiary (the "ASA Group") was lost, and consequently, the financial statements of the ASA Group were deconsolidated from the Group after 30 September 2013, the date of the last unaudited consolidated financial statements of the ASA Group obtained by the Group. Included in the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2013 were revenue, cost of sales and net operating expenses amounting to RMB794,000, RMB241,000 and RMB2,978,000, respectively, of the ASA Group based on the unaudited consolidated financial statements of the ASA Group for the nine months period from 1 January 2013 to 30 September 2013, and the resulting loss on deconsolidation of the ASA Group of RMB282,000 (Note 6) as at the end of 30 September 2013.

7. We were unable, nor were we able to perform alternative procedures, to obtain sufficient appropriate audit evidence about the aforementioned items of the ASA Group included in the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2013 because we were unable to access the financial information, accounting and other records, and the management of the ASA Group. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

8. In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion of paragraphs 6 and 7, the consolidated financial statements of the Group and the balance sheet of the Company, 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 state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2014

12 Investments in Subsidiary Companies (cont'd)

Additional investments in subsidiaries during the previous financial year ended 31 December 2012

During the previous financial year ended 31 December 2012, the Company had increased its investment in one of the subsidiary companies of RMB19,880,000 by way of addition capital injection of RMB6,503,000 in cash and capitalising certain amounts due from the subsidiary company amounted to RMB13,377,000.

Allowance for impairment

Movement in the allowance for impairment loss is as follows:

	Company	
	2013	2012
	RMB'000	RMB'000
Balance at beginning of year	104,967	1,018
Impairment loss recognised during the year	1,387	103,949
Transferred to financial assets, available-for-sale (Note 13)	(105,336)	-
Balance at end of year	1,018	104,967

As at 31 December 2013 and 2012, the Company recognised addition impairment loss of RMB1,387,000 (2012: RMB103,949,000) for investments in subsidiary companies as they continued to incur operating losses or were in liquidation. The recoverable amounts of the investments in subsidiary companies were based on the realisable value of the subsidiaries' major assets.

12 Investments in Subsidiary Companies (cont'd)

Details of the Group's subsidiary companies as at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Effective percentage of equity held by the Group		Cost of investment	
			2013	2012	2013	2012
			%	%	RMB'000	RMB'000
Held by the Company						
China Fashion Import and Export Pte. Ltd. (1)	Singapore	Dormant	100	100	1,018	1,018
Asia Sport Alliance Pte. Ltd. (2)	Singapore	Investment holding	100	100	-	105,336
Held by Asia Sport Alliance Pte. Ltd.						
Pele Coffee Cultural (Beijing) Co., Ltd. (2)	PRC	Operation and management of "Pelé Cafés", establishment and operation of public sports (football) themed casual coffee shops and bars with Pelé features which granted by license	100	100	-	-
					1,018	106,354

(1) In the process of liquidation.

(2) Deconsolidated after 30 September 2013 and reclassified as financial assets, available-for-sale (see Note 13)

13 Financial Assets, Available-for-sale

	Group and Company	
	2013	2012
	RMB'000	RMB'000
Unquoted equity investments in the ASA Group reclassified from investments in subsidiary companies (Note 12)	105,336	-
Less: Allowance for impairment loss (Note 12)	(105,336)	-
	-	-

Although the Company wholly and legally owns the ASA Group, the Group management consider that the de facto and effective control over these subsidiary companies was lost at the end of 30 September 2013 as explained in Note 12. Accordingly, these unquoted equity investments, which were fully impaired, have been reclassified as financial assets, available-for-sale.

6 Other Operating Expenses

	Group	
	2013	2012
	RMB'000	RMB'000
Allowance for impairment of profit warranty receivable (Note 17)	40,000	-
Allowance for impairment of intangible asset (Note 15)	-	78,217
Amortisation of intangible asset	-	9,777
Write-down of inventories	-	1,371
Loss on deconsolidation of subsidiaries (Note 12)	282	-
Others	356	-
	40,638	89,365

17 Other Receivables and Other Current Assets

		Group		Company	
		2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Other receivables:					
- Third parties	(a)	33,335	36,128	33,335	35,693
- Profit warranty receivable	(b)	40,000	40,000	40,000	40,000
- Due from subsidiaries	(c)	-	-	1,510	1,320
		73,335	76,128	74,845	77,013
Less:					
Allowance for impairment loss					
- Profit warranty receivable	(b)	(40,000)	-	(40,000)	-
- Due from subsidiaries		-	-	(1,510)	(138)
Other receivables, net		33,335	76,128	33,335	76,875
Other current assets:					
- Deposits		220	1,263	220	121
- Prepayments		38	1,218	38	27
		258	2,481	258	148
		33,593	78,609	33,593	77,023

(a) On 9 April 2012, the Company entered into a Sale and Purchase Agreement ("SPA") with Techwin Energy Limited ("TEL"), Golden Rainbow Enterprise Limited ("Golden Rainbow") to acquire the entire issued and paid-up share capital of Golden Rainbow.

In connection with the above proposed acquisition, the Company entered into an exchangeable loan agreement ("Loan Agreement")with TEL, Golden Rainbow and PT Forbes Citra Nusantara ("PT Forbes") to advance to TEL (the "Borrower") a loan of US$5.5 million (approximately RMB35,693,000), which had been included in other receivables.

17 Other Receivables and Other Current Assets (cont'd)

(a) (cont'd)

The terms and conditions of the loan were as follows:

Repayment of the loan

The Company shall have the right to elect to exchange the loan for Golden Rainbow or PT Forbes shares at any time during period from the drawdown date of the loan to the maturity date.

If the proposed acquisition is not completed for any reason whatsoever by the long-stop date on 30 September 2013 as stipulated in the second supplemental agreement to the SPA, the Company shall have the right to elect:

(i) to require the Borrower to repay the loan within 12 months from the date of the Company's written notice to the Borrower, and interest shall be payable in accordance with Clause Interest (ii) below or
(ii) Exchange the loan into shares of Golden Rainbow or PT Forbes.

Interest

(i) If the Company issues the notice of exchange of shares on or before the Maturity Date (being 12 months from the disbursement of the loan) no interest is payable.
(ii) If the Company elects to require the Borrower to repay the loan, the Borrower shall pay interest on the disbursed loan at the interest rate of 6% p.a., for the period commencing 1 month after the termination of the SPA to the date of repayment.

Security of the loan

(i) A share mortgage over the Borrower's 49% shareholdings in Techwin Benakat Timur Limited to be executed by PT Forbes in favour of the Borrower;
(ii) A corporate guarantee to be granted by Techwin Energy Group Limited;
(iii) A personal guarantee to be granted by the major shareholder of PT Forbes; and
(iv) PT Techwin Benakat Timur to establish, maintain and operate certain accounts in accordance with the schedule of the Loan Agreement until the Borrower's obligations under the loan are fully discharged.

As at 30 September 2013, as the Company has not been able to proceed with the due diligence process, and with the expiry of the long-stop date, the proposed acquisition has been terminated.

Subsequent to the financial year ended 31 December 2013, the Company entered into a settlement agreement with TEL, Golden Rainbow, PT Forbes and its major shareholder (collectively referred to as the "Techwin Group") in relation to the termination of the proposed acquisition and the repayment of the loan, the details of which are set out in Note 29.

17 Other Receivables and Other Current Assets (cont'd)

(b) In 2011, the Company acquired 100% of the equity interest of Asia Sport Alliance Pte Ltd and its wholly owned subsidiary, Pele Coffee Cultural (Beijing) Co., Ltd, (collectively known as the "ASA Group") from Asia Brand Group Pte. Ltd. (the "Vendor") (the "Acquisition"). Under the terms of the sale and purchase agreement for the Acquisition (the "SPA"), the Vendor and Mr Liu Yanlong (the "Warrantor") have warranted that the audited net profit after tax ("NPAT") of the ASA Group for the period from 1 July 2011 to 31 December 2012 would amount to RMB40.0 million (the "Profit Warranty Amount"). As security for the Profit Warranty Amount, the Vendor had also agreed that 10,000,000 of the consideration shares for the Acquisition shall be held and released upon satisfaction of the profit warranty.

The NPAT of the ASA Group for the period from 1 July 2011 to 31 December 2012 was less than the Profit Warranty Amount and in the circumstances, there has been a breach of the profit warranty pursuant to the terms of the SPA. Consequently, the Vendor shall upon written demand by the Company be liable to pay to the Company in cash amount of the shortfall. The Profit Warranty Amount of RMB40.0 million has been recognised as profit warranty income in the consolidated statement of comprehensive income of the Group during the financial year ended 31 December 2012, and correspondingly, as profit warranty receivable in the consolidated balance sheet of the Group as at that date.

On 20 November 2013, the Company issued a letter of demand for the payment of the shortfall of the Profit Warranty and the Vendor has failed, neglected and/or refused to pay the shortfall. Subsequently, on 29 November 2013, the Group initiated arbitration proceedings against the Vendor and the Warrantor for the profit warranty. Under the terms of the SPA, any disputes arising out of or in connection with the SPA are to be referred to arbitration at the Singapore International Arbitration Centre ("SIAC"). As at the date of these financial statements, the date for the arbitration has not been set by the SIAC.

Notwithstanding the above arbitration proceedings, management are of the view that the Profit Warranty Amount is not likely to be recovered, and accordingly, the Group recognised full allowance for impairment of the profit warranty receivable of RMB40,000,000 as at 31 December 2013 (Note 6).

(c) The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand based on cash terms. The Company recognised full allowance for impairment of the amounts due from subsidiaries of RMB1,372,000 (2012: RMB138,000) as at 31 December 2013.

15 Intangible Asset

	Group RMB'000
2013	
Cost	
Balance at 1 January 2013	92,883
Deconsolidated subsidiaries	(92,883)
Balance at 31 December 2013	-
Accumulated amortisation and impairment	
Balance at 1 January 2013	92,883
Deconsolidated subsidiaries	(92,883)
Balance at 31 December 2013	-
Net book value	
Balance at 31 December 2013	-
2012	
Cost	
Balance at 1 January 2012	111,907
Reversal of deferred tax liability (Note 22)	(19,024)
Balance at 31 December 2012	92,883
Accumulated amortisation and impairment	
Balance at 1 January 2012	4,889
Amortisation for the year	9,777
Impairment loss recognised during the year (Note 6)	78,217
Balance at 31 December 2012	92,883
Net book value	
Balance at 31 December 2012	-

In 2011, the Group recognised an intangible asset of RMB111,907,000 arising from the acquisition of subsidiaries which represented the Pelé Café licence to, inter alia, establish and operate public sports (football) themed casual coffee shops and bars with Pelé features, as well as to create, manufacture, sell and/or distribute the related licensed products in the PRC, Hong Kong, Macau and Singapore (the "Pelé Café Business") for the period commencing from 1 March 2011 and ending 31 December 2020.

As at 31 December 2012, the Group had assessed the recoverable amount of the intangible asset as the Pelé Café Business continued to incur operating losses. Based on the assessment of the value-in-use and fair value less cost to sell of the intangible asset, management had assessed that the Pelé Café Business would not generate future possible cash flows to recover the intangible asset. Accordingly, the Group had recognised the full allowance for impairment loss of RMB78,217,000 as at 31 December 2012.

29 Subsequent Events

On 13 January 2014, the Group entered into a settlement agreement ("Settlement Agreement") with Techwin Group in relation to the proposed acquisition and exchangeable loan agreement (Note 17(a)). Techwin Group agreed to settle the loan receivable in six monthly instalments with the first instalment payment made on 31 January 2014 and the final instalment to be made on 30 June 2014. As at the date of these financial statements, the Group has received two of the six monthly instalments amounting to approximately RMB12,500,000 (equivalent to USD2,045,833).