Independent Auditors' Report

To the Members of China Jishan Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of China Jishan Holdings Limited (the "Company") and its subsidiary companies (collectively the "Group"), as set out on pages 33 to 81, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, 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

Management is responsible for the preparation of these 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 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.

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 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 2014 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to Note 2(b) to the financial statements which states that for the financial year ended 31 December 2014, the Group incurred a net loss and total comprehensive loss of RMB43,292,000 (2013: RMB19,520,000) and there was a net cash outflow from operating activities amounting to RMB8,248,000 (2013: a net cash inflow from operating activities amounting to RMB37,281,000). As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB35,183,000 (2013: the Group's current assets exceeded its current liabilities by RMB73,356,000) and the Company's current liabilities exceeded its current assets by RMB19,542,000 (2013: RMB17,409,000). Further, the Group has short-term borrowings amounting to RMB369,000,000 (2013: RMB380,000,000) (Note 25) as at 31 December 2014.

Emphasis of Matter (cont'd)

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 is appropriate after taking into consideration the following factors:

(i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

(ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group.

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 the financial statements 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 from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements. Our opinion is not qualified in respect of this matter.

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 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

8 April 2015

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS which are issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

(b) Going Concern Assumption

For the financial year ended 31 December 2014, the Group incurred a net loss and total comprehensive loss of RMB43,292,000 (2013: RMB19,520,000) and there was a net cash outflow from operating activities amounting to RMB8,248,000 (2013: a net cash inflow from operating activities amounting to RMB37,281,000). As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB35,183,000 (2013: the Group's current assets exceeded its current liabilities by RMB73,356,000) and the Company's current liabilities exceeded its current assets by RMB19,542,000 (2013: RMB17,409,000). Further, the Group has short-term borrowings amounting to RMB369,000,000 (2013: RMB380,000,000) (Note 25) as at 31 December 2014.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2014 is appropriate after taking into consideration the following factors:

(i) The Group continues to implement measures to tighten cost controls over various operating expenses in order to improve profitability and generate positive cash flows from operations. In this regard, management has prepared a cash flow projection, which shows the Group will have adequate working capital for its operations and will be able to meet its obligations as and when they fall due.

2 Summary of Significant Accounting Policies (cont'd)

(b) Going Concern Assumption (cont'd)

(ii) The Group continues to maintain its credit facilities with the financial institutions and, subject to the financial institutions' approval, to renew or roll over its short-term borrowings when they fall due and/or the extension of additional credit facilities, as assumed in the cash flow projection mentioned above. In this regard, the Group has been maintaining and renewing the short-term bank borrowings when they fall due and management is not aware of any adverse circumstances that might cause the financial institutions to withdraw their credit facilities granted to the Group.

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 the financial statements 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 from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

(c) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.