

INDEPENDENT AUDITOR'S 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 (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2016, 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 period from 1 January 2015 to 31 March 2016, 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 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 financial statements and to maintain accountability of assets.

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 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 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the period from 1 January 2015 to 31 March 2016.

Emphasis of matter

We draw attention to Note 2(a) to the financial statements. As at 31 March 2016, the Group and the Company had net current liabilities of S\$59,424,000 (2014: net current assets of S\$20,116,000) and S\$45,846,000 (2014: net current assets of S\$41,865,000), respectively. The Group also incurred a net loss of S\$63,378,000 (2014: S\$35,888,000) for the financial period then ended. In addition, the Group had defaulted on repayments and breached covenants in respect of its borrowings. 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, and the continued support from the financial institutions to make available existing credit facilities, to enable the Group and the Company to pay debts as and when they fall due.

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TO THE MEMBERS OF LEY CHOON GROUP HOLDINGS LIMITED

Report on the financial statements (Continued)

Emphasis of matter (Continued)

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 non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to the 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 its subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

Other matter

The financial statements for the financial year ended 31 December 2014 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements with emphasis of matter paragraphs on the Group's ability to continue as a going concern in its report dated 6 May 2015.

Foo Kon Tan LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 June 2016