

# Independent Auditors' Report

TO THE MEMBERS OF CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED

## Report on the Financial Statements

We were engaged to audit the accompanying financial statements of **CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED** (the "Company") and its subsidiary (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial 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 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 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### *Basis for Disclaimer of Opinion*

## **Value Added Tax Recoverable (VAT)**

Included in trade and other receivables as of 31 December 2015 were VAT receivables of approximately RMB 9.5 million. During the financial year ended 31 December 2015, the Group wrote off VAT recoverable of RMB 110 million in 2015 on the basis that these amounts cannot be recovered from the tax authorities. We were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness of the write off. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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*Basis for Disclaimer of Opinion (Continued)*

## **Going Concern**

During the financial year ended 31 December 2015, the Group incurred net loss of RMB 369 million and net operating cash outflows of RMB 10.9 million. These conditions indicated the existence of a material uncertainty which may cast a significant doubt over the Group's ability to continue as a going concern. We have evaluated management's assessment of the Group's ability to continue as a going concern and in the absence of further information and documentary evidence, we were unable to satisfy ourselves on the reasonableness of the assumptions used by management to support their assessment.

Accordingly, we are unable to assess the appropriateness of the management's use of going concern assumption in the preparation of the financial statements. If the Group were unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its 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 they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify its non-current assets as current assets. No such adjustments have been made to these accompanying financial statements.

*Disclaimer Opinion*

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion,. Accordingly, we do not express an opinion on the financial statements.

## **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 have been properly kept in accordance with the provisions of the Act.

## **MAZARS LLP**

Public Accountants and  
Chartered Accountants

**Tan Chin Soon**

**Partner-in-charge**

Singapore  
7 April 2016