

**Independent Auditor's Report to the Members of
PAN ASIAN HOLDINGS LIMITED (Registration No: 197902790N)**

Report on the financial statements

We have audited the accompanying financial statements of Pan Asian Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting 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 the 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 statements of comprehensive income and statements of financial position 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 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 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.

**Independent Auditor's Report to the Members of
PAN ASIAN HOLDINGS LIMITED (Registration No: 197902790N)**

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity 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 and the changes in equity of the Company for the reporting year ended on that date.

Emphasis of matter

We draw attention to Note 29 to the financial statements which describes the uncertainty related to the outcome of the Group's application for further extension on the development of land in Tianjin Ecocity, People's Republic of China. Our opinion is not qualified in respect to 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 those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2015

Partner in charge of audit: Terence Ang Keng Siang
Effective from year ended 31 December 2014

29. Commitments and related matters

Arising from the land use rights (“LURs”) acquired (Note 15), the Group was originally scheduled to commence development on the land before 1 November 2011 and to complete development on the land by 31 December 2012.

In March 2013, the Group obtained an extension from local authorities for the development on the land to be undertaken between 31 March 2013 and 1 April 2014. In March 2014, a further extension was obtained for development on the land to be undertaken between 1 June 2014 and 30 June 2015.

In the event that the Group is not able to complete development within the stipulated period, by 30 June 2015, approval for extension must be sought from the authorities six months in advance. In accordance with the LUR agreement, failure to complete development by the stipulated date may result in a possible confiscation of the land.

As at the date of these financial statements, the Group has yet to commence development on the land. However, management has commenced plans to develop the land in phases and has submitted the plans to the Tianjin authorities. Additionally, management is in the process of applying for a further extension to complete development on the land by 31 December 2015.

There is uncertainty over whether the Tianjin authorities would grant this further extension. In the event that approval for further extension to 31 December 2015 is not granted, the potential amount at risk to the Group arising from the confiscation of the land would be the carrying amount of the land amounting to \$2,779,000 as at 31 December 2014 (see Note 15).