

AI YOU FOUNDATION

FINANCIAL STATEMENTS AND REPORT OF THE AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2014

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

AI YOU FOUNDATION

FINANCIAL STATEMENTS AND REPORT OF THE AUDITORS

FOR THE YEAR ENDED 31 DECEMBER 2014

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Client: Ai You Foundation

Auditor: PricewaterhouseCoopers Zhong Tian LLP, Beijing Branch

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[English Translation for Reference Only]

Report of the Auditors

PwC ZT Beijing Shen Zi (2015) No. 404
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To Ai You Foundation:

We have audited the accompanying financial statements of Ai You Foundation, which comprise the balance sheets as at 31 December 2014, and the income statements, the cash flow statements for the year then ended, and the notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of Ai You Foundation is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Non-Profit Organization, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 China Standards on Auditing and Audit Guidelines on Foundation Financial Statements. 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.

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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 and fair presentation of the financial statements 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 accompanying financial statements present fairly, in all material respects, the financial position of Ai You Foundation as at 31 December 2014, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Non-Profit Organization.

PricewaterhouseCoopers Zhong Tian LLP
Beijing Branch

Beijing, the People's Republic of China

26 March , 2015

Balance Sheet

Ai You Foundation

As At 31 December 2014

Unit: RMB Yuan

| ASSETS | Line No. | 31 December 2013 | 31 December 2014 | LIABILITIES AND NET ASSETS | Line No. | 31 December 2013 | 31 December 2014 |
|--|----------|------------------|------------------|---|----------|------------------|------------------|
| Current Assets | | | | Current Liabilities | | | |
| Cash at bank and on hand | 1 | 189,197,249.26 | 231,901,849.93 | Loans | 23 | - | - |
| Short-term investment | 2 | - | - | Accounts Payable | 24 | 14,882,336.20 | 8,592,998.99 |
| Other Receivables | 3 | 600,000.00 | 1,232,289.50 | Payroll | 25 | - | 42,588.60 |
| Advance to suppliers | 4 | - | - | Tax Payable | 26 | - | 57,392.60 |
| Inventories | 5 | - | - | Advance from Customers | 27 | - | - |
| Prepaid Expense | 6 | 223,105.96 | 223,105.96 | Accruals | 28 | - | - |
| Non-current assets due within one year | 7 | - | - | Pensions | 29 | - | - |
| Other Current Assets | 8 | - | - | Non-current Liabilities due within one year | 30 | - | - |
| Total Current Assets | 9 | 190,020,355.22 | 233,357,245.39 | Other Current Liabilities | 31 | - | - |
| | | | | Total Current Liabilities | 32 | 14,882,336.20 | 8,692,980.19 |
| Long-term Investments | | | | | | | |
| Long-term equity investment | 10 | - | - | Non-current liabilities | | | |
| Long-term debt investment | 11 | - | - | Long-Term Loan | 33 | - | - |
| Total Long-term Investments | 12 | - | - | Long-term Payables | 34 | - | - |
| Fixed Assets | | | | Other Non-current liabilities | 35 | - | - |
| Cost | 13 | - | 35,780.00 | Total Non-current Liabilities | 36 | - | - |
| Less: Depreciation | 14 | - | - | | | | |
| Net Book Value | 15 | - | 35,780.00 | Entrusted Liabilities | | | |
| Construction in progress | 16 | - | - | Entrusted Liabilities | 37 | - | - |
| Cultural Relic Assets | 17 | - | - | Total Liabilities | 38 | 14,882,336.20 | 8,692,980.19 |
| Disposal of Fixed Assets | 18 | - | - | | | | |
| Total Fixed Assets | 19 | - | 35,780.00 | | | | |
| | | | | Net Assets | | | |
| Intangible assets | | | | Unlimited net asset | 39 | 155,695,854.98 | 194,898,407.54 |
| Intangible assets | 20 | - | 35,780.00 | Limited Net Assets | 40 | 19,442,164.04 | 29,801,637.66 |
| | | | | Total Net Assets | 41 | 175,138,019.02 | 224,700,045.20 |
| Entrusted Assets | | | | | | | |
| Entrusted Assets | 21 | - | 71,560.00 | | | | |
| | | | | | | | |
| Total Assets | 22 | 190,020,355.22 | 233,500,365.39 | Total Liabilities and Net Assets | 42 | 190,020,355.22 | 233,393,025.39 |

Income Statements

Ai You Foundation

For The Year Ended 31 December 2014

Unit: RMB Yuan

| Items | Line No. | 2013 | | | 2014 | | |
|--|-----------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Unlimited | Limited | Total | Unlimited | Limited | Total |
| Revenue | | | | | | | |
| Revenue from donation | 1 | 101,234,597.42 | 57,519,515.10 | 158,754,112.52 | 83,345,702.10 | 119,448,477.28 | 202,794,179.38 |
| Revenue from service | 2 | - | - | - | - | - | - |
| Revenue from goods sale | 3 | - | - | - | - | - | - |
| Government grants | 4 | - | 950,000.00 | 950,000.00 | - | 1,000,000.00 | 1,000,000.00 |
| Investment Income-Financial product income | 5 | - | - | - | 6,719,805.15 | 879,253.92 | 7,599,059.07 |
| Other income-interest income | 6 | 3,586,222.19 | 11,828.07 | 3,598,050.26 | 226,503.96 | 138,420.32 | 364,924.28 |
| TOTAL REVENUE | 7 | 104,820,819.61 | 58,481,343.17 | 163,302,162.78 | 90,292,011.21 | 121,466,151.52 | 211,758,162.73 |
| Expenditure | | | | | | | |
| Donation Expenditure | 8 | 108,672,446.89 | - | 108,672,446.89 | 154,495,630.09 | - | 154,495,630.09 |
| General and administrative expenses | 9 | 2,083,328.54 | - | 2,083,328.54 | 7,700,506.46 | - | 7,700,506.46 |
| Financial expenses | 10 | - | - | - | - | - | - |
| Other Expenses | 11 | - | - | - | - | - | - |
| TOTAL EXPENDITURE | 12 | 110,755,775.43 | - | 110,755,775.43 | 162,196,136.55 | - | 162,196,136.55 |
| Limited net assets transferred into Unlimited net assets | 13 | 56,003,429.05 | (56,003,429.05) | - | 111,106,677.90 | (111,106,677.90) | - |
| Net increase in net assets | 14 | 50,068,473.23 | 2,477,914.12 | 52,546,387.35 | 39,202,552.56 | 10,359,473.62 | 49,562,026.18 |

Cash Flow Statement

Ai You Foundation

For The Year Ended 31 December 2014

Unit: RMB Yuan

| Items | Line No. | 2014 | 2013 |
|--|----------|----------------|----------------|
| Cash flows from operating activities | 1 | | |
| Cash generated from donation | 2 | 202,794,179.38 | 202,794,179.38 |
| Cash generated from membership fee | 3 | - | - |
| Cash generated from rendering of services | 4 | - | - |
| Cash generated from sales of goods | 5 | - | - |
| Cash generated from Government grants | 6 | 1,000,000.00 | 1,000,000.00 |
| Cash received relating to other operating activities | 7 | 8,063,983.35 | 8,596,272.85 |
| Sub-total of cash inflows | 8 | 211,858,162.73 | 212,390,452.23 |
| Cash paid for donation | 9 | 160,893,967.30 | 153,988,887.57 |
| Cash paid to and on behalf of employees | 10 | 4,898,439.94 | - |
| Cash paid for goods and services | 11 | - | - |
| Cash paid relating to other operating activities | 12 | 3,325,374.82 | 7,700,956.18 |
| Sub-total of cash outflows | 13 | 169,117,782.06 | 161,689,843.75 |
| Net cash flows generated from operating activities | 14 | 42,740,380.67 | 50,700,608.48 |
| Cash flows from investing activities | 15 | - | - |
| Proceeds from disposal of investment | 16 | - | - |
| Proceeds from investment income | 17 | - | - |
| Proceeds from disposal of PPE | 18 | - | - |
| Cash received relating to other investing activities | 19 | - | - |
| Sub-total of cash inflows | 20 | - | - |
| Purchases of PPE | 21 | 35,780.00 | - |
| Purchases of investment | 22 | - | - |
| Cash paid relating to other investing activities | 23 | - | - |
| Sub-total of cash outflows | 24 | 35,780.00 | - |
| Net cash flows generated from investing activities | 25 | (35,780.00) | - |
| Cash flows from financing activities | 26 | - | - |
| Proceeds from borrowings | 27 | - | - |
| Cash received relating to other financing activities | 28 | - | - |
| Sub-total of cash inflows | 29 | - | - |
| Repayments of borrowings | 30 | - | - |
| Interest paid | 31 | - | - |
| Cash paid relating to other financing activities | 32 | - | - |
| Sub-total of cash outflows | 33 | - | - |
| Net cash flows generated from financing activities | 34 | - | - |
| Exchange gain/(loss) on cash and cash equivalents | 35 | - | - |
| Net increase in cash and cash equivalents | 36 | 42,704,600.67 | 50,700,608.48 |

AI YOU FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amount in RMB Yuan unless otherwise stated)
[English Translation for Reference Only]

1 COMPANY BACKGROUND AND PRINCIPAL ACTIVITIES

Ai You Foundation (the "Foundation") was established by the authorization of Ministry of Civil Affairs of the People's Republic of China on 6th May 2008 in Beijing, the People's Republic of China. The Registration Number of the Foundation is 1053 and the Organization Code is 50002104-3. The legal representative is Mr Wang Bing and the Secretary-General is Mrs Geng Yuan. The Foundation operates under the governance of Ministry of Civil Affairs.

The approved scope of business of the Foundation includes sponsorship programs and medical treatment projects for the poor and disabled children; Developing and funding the supporting projects for the education and healthy growth of children; Supporting the development of social charitable organizations.

2 Basis of Preparation

Management confirmed that there are no uncertainties or situations relating to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern.

3 Statement of compliance with the Accounting Standards for Non-Profit Organization

The financial statements of the Foundation for the year ended 31 December 2014 are in compliance with the Accounting Standards for Non-Profit organization, and truly and completely present the financial position of the Foundation as of 31 December 2014 and of its financial performance, cash flows and other information for the year then ended.

4 Summary of significant accounting policies

(a) Accounting system

The Foundation prepared its financial statements in accordance with the Accounting Standards for Non-profit organization issued by the Ministry of Finance and other related regulations.

(b) Accounting period

The Foundation's accounting year starts on 1 January and ends on 31 December.

(c) Recording currency

The recording currency of the Foundation is Renminbi (RMB).

(d) Basis of accounting and measurement bases

The Foundation follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

AI YOU FOUNDATION
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 (All amount in RMB Yuan unless otherwise stated)
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4 Summary of significant accounting policies(Cont'd)

(e) Foreign currency translation

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets.

(f) Impairment of Receivables

Receivables are subject to separate assessment for impairment. If there exists objective evidence that the Foundation will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

(g) Fixed Assets

The "fixed assets" refer to the tangible assets that simultaneously have the following features: They are held for the purpose of producing commodities, providing labor service, renting or business management; and their useful life exceeds one fiscal year.

(i) A fixed asset shall be initially measured at its cost.

(ii) Fixed assets are depreciated using the straight-line method.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

| | Estimated useful lives | Estimated residual value | Annual depreciation rate |
|------------------|---------------------------|-----------------------------|-----------------------------|
| Office equipment | 3 years | 3% | 32.33% |

(iii) Fixed Assets without depreciations

For the purposes of historical relics such as exhibitions, education or research, art and other cultural or historical value and as a long-term or permanent preservation of the collection, etc., should be recognized as a fixed asset accounting, and depreciation is not necessary.

4 Summary of significant accounting policies(Cont'd)

(h) Recognition of limited and unlimited net asset

The economic benefits of and/ or generated by the asset (returns on asset investment and interests etc.) which limits the owner of the asset to make use of, or the timing and proposes are restricted by government rules and regulations, is characterised as limited net asset. Any other net assets are unlimited net assets.

(i) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable in the ordinary course of the Foundation's activities.

Revenues are divided into revenue from donation, revenue from service, revenue from goods sale, government grant, investment income and other kind of income.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Foundation, the relevant revenue can be reliably measured and specific revenue recognition criteria have been met for each of the Foundation's activities as described below:

Revenue from transfer of asset use rights is recognized when the economic benefits associated with the transaction will flow to the Foundation. the relevant revenue can be reliably measured.

Government grant is recognized when received. Government grant with restrictions is recognized when the Foundation has control over the related assets.

Non-monetary assets generated from donation should be recognized at fair value. Donors are required to provide evidence for the fair value of the donated assets. Otherwise, revenue can not be recognized.

AI YOU FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amount in RMB Yuan unless otherwise stated)
[English Translation for Reference Only]

5 Notes to the Financial statements

(1) Cash at bank and on hand

| | <u>Currency</u> | <u>31 December 2013</u> | <u>31 December 2014</u> |
|--------------|-----------------|-------------------------|-------------------------|
| Cash at bank | RMB | 189,197,249.26 | 231,901,849.93 |
| Total | | 189,197,249.26 | 231,901,849.93 |

(2) Other Receivables

Other receivables and related provisions for bad debts:

| <u>Aging</u> | <u>31 December 2013</u> | | | <u>31 December 2014</u> | | |
|---------------|-------------------------|---------------------------|------------------|-------------------------|---------------------------|------------------|
| | <u>Carrying Amount</u> | <u>Bad debt provision</u> | <u>Net Value</u> | <u>Carrying Amount</u> | <u>Bad debt provision</u> | <u>Net Value</u> |
| Within 1 year | - | - | - | 632,289.50 | | 632,289.50 |
| 1-2years | - | - | - | - | - | - |
| 2-3years | 600,000.00 | - | 600,000.00 | - | - | - |
| Over 3 years | - | - | - | 600,000.00 | - | 600,000.00 |
| Total | 600,000.00 | - | 600,000.00 | 1,232,289.50 | - | 1,232,289.50 |

Major clients of other receivables

| <u>Client</u> | <u>31 December 2013</u> | | <u>31 December 2014</u> | | <u>Date of debt</u> | <u>Reason of debt</u> |
|---|-------------------------|---------------------------|-------------------------|---------------------------|-------------------------------|-----------------------|
| | <u>Book Balance</u> | <u>% of total Balance</u> | <u>Book Balance</u> | <u>% of total Balance</u> | | |
| Wu Han Union Hospital | 200,000.00 | 33.33% | 200,000.00 | 16.23% | 5th December 2011 | Cash pledge |
| Shanghai Children's Medical Center | 200,000.00 | 33.33% | 200,000.00 | 16.23% | 5th December 2011 | Cash pledge |
| Beijing Children's Hospital | 200,000.00 | 33.33% | 200,000.00 | 16.23% | 17 th October 2011 | Cash pledge |
| Hubei Wuhan Ai You Hekang Linjie Children's rehabilitation Center | - | - | 632,289.50 | 51.31% | 14 th August 2014 | Disbursement |
| Total | 600,000.00 | | 1,232,289.50 | | | |

AI YOU FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amount in RMB Yuan unless otherwise stated)
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5 Notes to the Financial statements(Cont'd)

(3) Prepaid expense

| <u>Item</u> | <u>31 December 2013</u> | <u>Increase in current year</u> | <u>Decrease in current year</u> | <u>31 December 2014</u> |
|--------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Rent | 214,754.40 | 1,360,111.20 | 1,360,111.20 | 214,754.40 |
| Property Fee | 8,351.56 | 50,109.36 | 50,109.36 | 8,351.56 |
| Total | 223,105.96 | 1,410,220.56 | 1,410,220.56 | 223,105.96 |

(4) Fixed Assets

(i) Fixed assets are analysed by classifications as follows:

| <u>Item</u> | <u>31 December 2013</u> | <u>Increase in current year</u> | <u>Decrease in current year</u> | <u>31 December 2014</u> |
|----------------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| 1、Cost | | | | |
| Office equipment | - | 35,780.00 | - | 35,780.00 |
| 2、Accumulated depreciation | | | | |
| Office equipment | - | - | - | - |
| 3、Carrying amount | | | | |
| Office equipment | - | 35,780.00 | - | 35,780.00 |

(ii) Fixed assets are analysed by purposes as follows:

| <u>Purpose</u> | <u>31 December 2013</u> | | | <u>31 December 2014</u> | | |
|----------------------------|-------------------------|---------------------------------|------------------------|-------------------------|---------------------------------|------------------------|
| | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Carrying amount</u> | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Carrying amount</u> |
| <u>business management</u> | - | - | - | 35,780.00 | - | 35,780.00 |

5 Notes to the Financial statements(Cont'd)

AI YOU FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amount in RMB Yuan unless otherwise stated)
(English Translation for Reference Only)

(5) Payables

| <u>Item</u> | <u>31 December 2013</u> | <u>Increase in current year</u> | <u>Decrease in current year</u> | <u>31 December 2014</u> |
|-------------|-------------------------|-------------------------------------|-------------------------------------|-------------------------|
| Payables | 14,882,336.20 | 8,592,998.99 | 14,882,336.20 | 8,592,998.99 |
| Total | 14,882,336.20 | 8,592,998.99 | 14,882,336.20 | 8,592,998.99 |

Major clients of payables

| <u>Client</u> | <u>31 December 2013</u> | <u>Increase in current year</u> | <u>Decrease in current year</u> | <u>31 December 2014</u> |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| General Hospital of Guangzhou Military Command of PLA | 2,878,560.00 | - | 2,878,560.00 | - |
| Shanghai Children's Medical Center | 2,491,438.70 | 3,821,334.05 | 2,491,438.70 | 3,821,334.05 |
| Beijing Anzhen Hospital | 1,273,207.52 | 1,042,836.89 | 1,273,207.52 | 1,042,836.89 |
| Xinjiang Hospital for Cardiovascular Disease | 919,093.74 | - | 919,093.74 | - |
| Xi Jing Hospital | 699,016.76 | 456,000.00 | 699,016.76 | 456,000.00 |
| The General Hospital of Shenyang Military Region | 647,496.59 | - | 647,496.59 | - |
| Xinqiao Hospital, Third Military Medical University | 598,226.34 | 673,637.40 | 598,226.34 | 673,637.40 |
| Navy General Hospital | 587,267.10 | - | 587,267.10 | - |
| Kaifeng Disable Children Rehabilitation Center | - | 1,216,558.90 | - | 1,216,558.90 |
| Other | 4,788,029.45 | 1,382,631.75 | 4,788,029.45 | 1,382,631.75 |
| Total | 14,882,336.20 | 8,592,998.99 | 14,882,336.20 | 8,592,998.99 |

(6) Employee benefits payable

| <u>Items</u> | <u>31 December 2013</u> | <u>Increase in current year</u> | <u>Decrease in current year</u> | <u>31 December 2014</u> |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| Wages and salaries, bonuses, allowances and subsidies | - | 3,019,098.29 | 3,019,098.29 | - |
| Social security contributions | - | 1,234,007.85 | 1,195,544.25 | 38,463.60 |
| Including: Medical insurance | - | 348,428.40 | 340,803.60 | 7,624.80 |
| Basic pensions | - | 814,986.60 | 784,883.40 | 30,103.20 |
| Unemployment insurance | - | 34,151.61 | 33,416.01 | 735.60 |
| Work injury insurance | - | 14,016.15 | 14,016.15 | 0.00 |
| Maternity insurance | - | 22,425.09 | 22,425.09 | 0.00 |
| Housing funds | - | 745,315.00 | 741,190.00 | 4,125.00 |
| Total | - | 4,998,421.14 | 4,955,832.54 | 42,588.60 |

5 Notes to the Financial statements(Cont'd)

AI YOU FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

(All amount in RMB Yuan unless otherwise stated)
(English Translation for Reference Only)

(7) Taxes payable

| <u>Items</u> | <u>31 December 2013</u> | <u>31 December 2014</u> |
|-------------------------------|-------------------------|-------------------------|
| Individual income tax payable | - | 57,392.60 |
| Total | - | 57,392.60 |

(8) Net assets

| <u>Item</u> | <u>31 December 2013</u> | <u>Increase in current year</u> | <u>Decrease in current year</u> | <u>31 December 2014</u> |
|---------------------|-------------------------|---------------------------------|---------------------------------|-------------------------|
| Limited net asset | 19,442,164.04 | 121,466,151.52 | 111,106,677.90 | 29,801,637.66 |
| Unlimited net asset | 155,695,854.98 | 90,292,011.21 | 51,089,458.65 | 194,898,407.54 |
| Total | 175,138,019.02 | 211,758,162.73 | 162,196,136.55 | 224,700,045.20 |

Net assets of the Foundation increased by RMB 49,562,026.18 in 2014. The increase of net assets generated from the total revenue of RMB 211,758,162.73 (Limited revenue: RMB 121,466,151.52, Unlimited Revenue: RMB 90,292,011.21). The decrease of net assets generated from the total expenditure of RMB 162,196,136.55 (Donation expenditure: RMB 154,495,630.09 and General and administrative expenses RMB 7,700,506.46).

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NOTES TO THE FINANCIAL STATEMENTS
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(All amount in RMB Yuan unless otherwise stated)
[English Translation for Reference Only]

(9) Revenue

| <u>Item</u> | <u>2014</u> | <u>2013</u> |
|---|-----------------------|-----------------------|
| Revenue from Donation | 202,794,179.38 | 158,754,112.52 |
| Government grants | 1,000,000.00 | 950,000.00 |
| Investment income-Financial products income | 7,599,059.07 | - |
| Other income-Interest income | 364,924.28 | 3,598,050.26 |
| Total | 211,758,162.73 | 163,302,162.78 |

Companies and individuals with accumulative donation more than 5% of total revenue from donation in 2014:

| <u>Donor</u> | <u>2014</u> | | | <u>2013</u> | | | <u>Usage</u> |
|------------------------|----------------------|----------------------|----------------------|--------------|---------------------|---------------------|--------------|
| | <u>Limit</u> | <u>Unlimited</u> | <u>Subtotal</u> | <u>Limit</u> | <u>Unlimited</u> | <u>Subtotal</u> | |
| UBS OPTIMUS FOUNDATION | 49,539,051.37 | | 49,539,051.37 | - | - | - | Aiyu Tongxin |
| --Cash | 49,539,051.37 | | 49,539,051.37 | - | - | - | |
| --Supplies | - | - | - | - | - | - | |
| Ma Huateng | - | 10,868,589.82 | 10,868,589.82 | - | 8,003,479.53 | 8,003,479.53 | |
| --Cash | - | 10,868,589.82 | 10,868,589.82 | - | 8,003,479.53 | 8,003,479.53 | |
| --Supplies | - | - | - | - | - | - | |
| Total | 49,539,051.37 | 10,868,589.82 | 60,407,641.19 | - | 8,003,479.53 | 8,003,479.53 | |

AI YOU FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014
(All amount in RMB Yuan unless otherwise stated)
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(10) Expenditure related to donation

| <u>Item</u> | <u>2014</u> | <u>2013</u> |
|-----------------|-----------------------|-----------------------|
| Ai You Tongxin | 90,022,551.97 | 70,989,592.19 |
| Ai You Xinsheng | 42,205,184.03 | 26,093,282.36 |
| Ai You Hekang | 4,900,000.00 | 5,855,000.00 |
| Ai You Tianshi | 12,516,526.33 | 4,595,544.75 |
| Ai You Yaan | 2,455,367.76 | 539,027.59 |
| Other | 2,396,000.00 | 600,000.00 |
| Total | 154,495,630.09 | 108,672,446.89 |

(11) General and administrative expenses

| <u>Item</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|---------------------|
| Employee benefits | 4,998,421.14 | - |
| Expense for operating supplies and service | 2,702,085.32 | 2,083,328.54 |
| Depreciation and other operation maintenance | - | - |
| Impairment | - | - |
| Taxation | - | - |
| Total | 7,700,506.46 | 2,083,328.54 |

Total general and administrative expenses of the Foundation in 2014 amounted to RMB 7,700,506.46, 4.75% of total expenditure.

Before 2013, the directors and staffs are not paid by Aiyu Foundation.

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(1) Name list of council members

| <u>No.</u> | <u>Position</u> | <u>Name</u> | <u>Attribution</u> |
|------------|--------------------------------|----------------|---|
| 1 | President | Wang Bing | Ding Tian Asset Management Co., LTD |
| 2 | Vice President | Li Jiajie | Hong Kong Henderson Land Group |
| 3 | Vice President | Ma Huateng | Tencent Company |
| 4 | Director and secretary-general | Geng Yuan | Ai You Foundation |
| 5 | Director | Cao Guowei | Sina Net |
| 6 | Director | Chen Xiao | Shanghai Ting Chao Investment Consulting Co., LTD |
| 7 | Director | Feng Lun | Vantone Investment Holding Co., LTD |
| 8 | Director | Jiang Nanchun | Focus Media (China) Holding Ltd. |
| 9 | Director | Li Yanhong | Baidu Corporation |
| 10 | Director | Ma Yun | Alibaba |
| 11 | Director | Shen Guojun | China Yintai Investment Limited |
| 12 | Director | Shi Yuzhu | Shanghai Giant Network Technology Co., LTD |
| 13 | Director | Yu Feng | Yunfeng Capital |
| 14 | Director | Yu Liang | China Vanke Co.,LTD |
| 15 | Director | Zhu Xinli | Beijing Huiyuan Beverage Food Group Co., LTD |
| 16 | Director | Chen Dongshen | TaiKang Life Insurance Co., LTD |
| 17 | Director | Tian Suning | China Broadband Capital Partners |
| 18 | Director | Guo Guangchang | Fosun Group |
| 19 | Director | Yu Minhong | New Oriental Education & Technology Group |
| 20 | Director | Li Dongsheng | TCL Group |
| 21 | Director | Lu Weiding | Minsheng Life Insurance Company Ltd |

Guo Guangchang, Yu Minhong, Li Dongsheng and Lu Weiding are co-opted onto directors of the second council in the third session of the second held on 21st March 2014, and in the fourth session of the second held on 17th October 2014.

7 Notes to the proportion of expenditure related to donation, employee benefits and general administrative expenses

The net assets at 31 December 2013 amounted to RMB 175,138,019.02. Total expenditure related to donation of 2014 amounted to RMB 154,495,630.09, 88.21% of net assets at 31 December 2013. Total expenses of 2014 amounted to RMB 7,700,506.46, all of which were expense for operating supplies and service, accounting to 4.75% of total expenditure of 2014.

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8 Notes to significant public projects

(1) Revenue and expenditure of significant public projects

| Projects | Revenue | Expenditure | | | | | | | |
|-----------------|----------------|----------------------------------|---|------------|--------------|----------------|------------|--------------|----------------|
| | | Direct expenditure to Recipients | Direct expenditure related to public projects | | | | | | Total |
| | | | Purchase Cost | Staff Cost | Rent Expense | Travel expense | Other | Subtotal | |
| Ai You Tongxin | 69,370,538.63 | 89,952,336.97 | - | - | - | - | 70,215.00 | 70,215.00 | 90,022,551.97 |
| Ai You Xinsheng | 31,577,066.42 | 39,033,559.34 | 2,268,618.99 | - | 800,000.00 | 39,126.50 | 63,879.20 | 3,171,624.69 | 42,205,184.03 |
| Ai You Hekang | 2,000,000.00 | 4,900,000.00 | - | - | - | - | - | - | 4,900,000.00 |
| Ai You Tianshi | 6,750,872.23 | 12,516,526.33 | - | - | - | - | - | - | 12,516,526.33 |
| Total | 109,698,477.28 | 146,402,422.64 | 2,268,618.99 | - | 800,000.00 | 39,126.50 | 134,094.20 | 3,241,839.69 | 149,644,262.33 |

AI YOU FOUNDATION
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8 Notes to significant public projects(Cont'd)

(2) Large payments of significant public projects

| <u>Project</u> | <u>Usage</u> | <u>Recipient</u> | <u>Amount</u> | <u>% of the significant public project expenditure</u> | <u>% of total expenditure</u> |
|-----------------|----------------------------|---|---------------|--|-------------------------------|
| Ai You Tongxin | Treatment for ill children | Beijing Anzhen Hospital | 10,068,887.03 | 11.18% | 6.52% |
| | | Xijing Hospital, Fourth Military Medical University | 7,829,555.97 | 8.70% | 5.07% |
| | | General Hospital of Guangzhou Military Command of PLA | 7,375,494.58 | 8.19% | 4.77% |
| | | Shanghai Children's Medical Center | 6,060,457.60 | 6.73% | 3.92% |
| | | Fuwai Hospital CAMS&PUMC | 6,873,141.52 | 7.63% | 4.45% |
| | | | | | |
| Ai You Xinsheng | Treatment for ill children | Shanghai Children's Medical Center | 10,263,417.25 | 24.32% | 6.64% |
| | | Shanghai Cai Shuo Human resources consultant management company | 2,244,018.99 | 5.32% | 1.45% |
| | Donation | Kaifeng Disable Children Rehabilitation Center | 5,139,724.20 | 12.18% | 3.33% |
| | | Beijing Chunmiao Children's Aid Foundation | 4,618,702.75 | 10.94% | 2.99% |
| | | | | | |

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8 Notes to significant public projects(Cont'd)

(2) Large payments of significant public projects(Cont'd)

| <u>Project</u> | <u>Usage</u> | <u>Recipient</u> | <u>Amount</u> | <u>% of the significant public project expenditure</u> | <u>% of total expenditure</u> |
|----------------|----------------------------|---|---------------|--|-------------------------------|
| | | | | | |
| Ai You Hekang | Donation | Beijing Ai You Hekang Children's rehabilitation Center | 2,900,000.00 | 59.18% | 1.88% |
| | | Ningxia Ai You Hekang Children's rehabilitation Center | 1,700,000.00 | 34.69% | 1.10% |
| | | Hubei Wuhan Ai You Hekang Linjie Children's rehabilitation Center | 300,000.00 | 6.12% | 0.19% |
| Ai You Tianshi | Treatment for ill children | Beijing Children's Hospital | 5,256,411.51 | 42.00% | 3.31% |
| | | Children's Hospital, Zhejiang University of Medicine | 1,466,744.98 | 11.72% | 0.95% |
| | | Capital Institute of Pediatrics | 2,147,624.54 | 17.16% | 1.31% |
| | | Wuhan Union Hospital | 1,299,567.89 | 10.38% | 0.81% |
| | | Tianjin Hematonosis Hospital | 837,636.02 | 6.69% | 0.54% |
| Total | | | 76,381,384.83 | | 49.23% |

AI YOU FOUNDATION
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9 Related parties and related party transactions

(1) Significant related parties

| <u>Name</u> | <u>Relationship</u> |
|---|---|
| Wang Bing | Legal representative, director, founder of the Foundation |
| Ma Huateng | Major donor, Vice President |
| UBS OPTIMUS FOUNDATION | Major donor |
| AI YOU(HK) FOUNDATION | Share two same director with the Foundation |
| Shenzhen Ai You Hekang Children's rehabilitation Center | Share a same director with the Foundation |
| Beijing Ai You Hekang Children's rehabilitation Center | Share a same director with the Foundation |
| Hubei Wuhan Ai You Hekang Linjie Children's rehabilitation Center | Share a same director with the Foundation |
| Ningxia Ai You Hekang Children's rehabilitation Center | Share a same director with the Foundation |

(2) Related party transactions

| <u>Name</u> | <u>Amount</u> | <u>Nature</u> |
|---|---------------|----------------------|
| Wang Bing | 200,000.00 | Donation Received |
| UBS OPTIMUS FOUNDATION | 49,539,051.37 | Donation Received |
| Ma Huateng | 10,868,589.82 | Donation Received |
| Beijing Ai You Hekang Children's rehabilitation Center | 2,900,000.00 | Donation Expenditure |
| Hubei Wuhan Ai You Hekang Linjie Children's rehabilitation Center | 300,000.00 | Donation Expenditure |
| Ningxia Ai You Hekang Children's rehabilitation Center | 1,700,000.00 | Donation Expenditure |

AI YOU FOUNDATION
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9 Related parties and related party transactions(Cont'd)

(3) Receivables from and payables to related parties

| <u>Client</u> | <u>31 December 2013</u> | | | <u>31 December 2014</u> | | |
|---|-------------------------|--------------------|-----------|-------------------------|--------------------|-----------|
| | Carrying Amount | Bad debt provision | Net Value | Carrying Amount | Bad debt provision | Net Value |
| <u>Other receivables</u> | | | | | | |
| | | | | | | |
| Hubei Wuhan Ai You Hekang Linjie Children's rehabilitation Center | - | - | - | 632,289.50 | - | - |

10 Detailed list of fixed assets

| Name | Source | Date | Unit | Quantity | Unit Price | Amount | Purpose | Remark |
|-----------------------|------------------------|----------------|------|----------|------------|-----------|----------|--------|
| HP ML350 server | business management | 05/12/ 2014 | Tai | 1 | 35,780.00 | 35,780.00 | Self-use | |

11 Notes to limited assets

The Foundation received limited donation amounted to RMB 119,448,477.28 in 2014, all came from donation of individuals or companies. The Foundation made use of those assets according to the contracts.

12 Notes to entrusted assets

The Foundation had no entrusted asset as at 31 December 2014.

13 Notes to impairment of significant assets

The Foundation had no impairment of asset for the year ended 2014.

14 Notes to assets with unavailable fair value

The Foundation had no assets with unavailable fair value as at 31 December 2014.

15 Notes to labour service donation

The Foundation received no labour service donation for the year ended 2014.

16 Notes to commitment or contingencies

The Foundation had no commitment or contingency as at 31 December 2014.

AI YOU FOUNDATION
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17 Notes to significant subsequent events

The Foundation had no significant subsequent event.

18 Other

The Foundation had no other issue need to be specified as at 31 December 2014.

The above financial statements of the Foundation for the year ended 31 December 2014 are in compliance with the Accounting Standards for Non-Profit organization.

Name: Ai You Foundation

Legal representative of the
Foundation:

Wang Bing

Financial
administrator:

Zhang Qianqian

Date: 26th March, 2015

Date: 26th March, 2015