

INDEPENDENT AUDITOR'S REPORT

To the Member of Asia Fashion Holdings Limited

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Asia Fashion Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages 32 to 90, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, 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 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 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 conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, we are not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Opening balances

The financial statements of the Group for the financial year ended 31 December 2013 had been qualified as the appropriateness of the compensation to customers by the Group could not be ascertained as stated in our auditor's report dated 30 April 2014. Consequently, we were also unable to determine if the opening balances of the Group are fairly stated. Any adjustment to opening balances would have consequential effects on the current year or prior year's figures and accordingly, our opinion on the financial statements of the Group for the financial year ended 31 December 2014 was qualified because of the possible effects of the matters discussed therein.

The compensation to customers by the Group as mentioned in the preceding paragraph relates to the operations of Qianfeng International Limited which has been disposed of on 2 February 2015, as discussed in Note 28 to the financial statements.

2. Discontinued operations and disposal group classified as held-for-sale

As mentioned in Note 28 to the financial statements, during the financial year, the Company entered into a sale and purchase agreement to sell its entire interest in its subsidiary, Qianfeng International Limited and its subsidiaries, Fujian Qianfeng Textile Technology Co. Ltd and Fujian Jiamei Textile Company Limited (collectively known as the "Disposal Group") for an aggregate consideration of S\$2.4 million (approximately RMB 11 million) subject to shareholders approval. Subsequent to the year end, on 2 February 2015, the shareholders of the Company approved the sale. On 15 May 2015, the Company announced that the Group has recorded a loss of RMB 19.024 million on the disposal of the Disposal Group.

Because the Company was initially denied access to the accounting and other records of the Disposal Group by its new owner, Chengde Industrial Co. Limited, and since the effective date of the said Disposal at 2 February 2015, we were unable to carry out procedures necessary to satisfy ourselves as to the validity and appropriateness of the carrying values of the assets and liabilities associated with the Disposal Group classified as held for sale as at 31 December 2014 and of the net results of the discontinued operations of the Disposal Group for the year ended on that date. In addition, the management recently understands from Chengde Industrial Co. Limited, that the books and records of certain entities in the Disposal Group have been retained by the PRC authorities for their review and examination, and accordingly such books and records were not made available for our audit. We were also unable to perform other alternative audit procedures to satisfy ourselves with respect to these said transactions and balances. As a result of the above, we were unable to determine the adjustments, if any, and or disclosures and presentations to be made to these financial statement.

INDEPENDENT AUDITOR'S REPORT

To the Member of Asia Fashion Holdings Limited

3. Disclosures, presentation, other matters and subsequent events

Because of the pervasive nature of the matters described above including the other matters concerning the going concerns of the Company and the Group, the completeness and appropriateness of other payables of the Company and the unverified transactions relating to the associated company group as discussed in Note 2(a) to the financial statements, we are not able to determine whether all the necessary financial statements adjustments, disclosure and presentation and all events up to the date of this report that may require adjustments of, or disclosures and presentations in the accompanying financial statements.

Disclaimer of Opinion

Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion paragraph, 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 accompanying financial statements of the Group and the Company.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 June 2015