

ASIA FASHION HODLINGS LIMITED
 (Company Registration No. 41195)
 (Incorporated in Bermuda)

- (A) **USE OF PROCEEDS RAISED FROM THE PROPOSED ISSUANCE OF 7.0% UNSECURED CONVERTIBLE BONDS TO ALTERNUS CAPITAL HOLDINGS LIMITED ON 31 MARCH 2015 DUE 2017 OF AN AGGREGATE PRINCIPAL AMOUNT OF S\$2,660,000 (“CONVERTIBLE BONDS”)**
- (B) **USE OF PROCEEDS RAISED FROM THE PLACEMENT (THE “PLACEMENT”) OF AN AGGREGATE OF 58,800,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO BE ISSUED AT S\$0.06 PER PLACEMENT SHARE TO PLACEEES PURSUANT TO (1) THE PLACEMENT AGREEMENTS ENTERED INTO BETWEEN THE COMPANY AND EACH OF FOREST EDUCATION FOUNDATION LIMITED, GRAND POWERFUL GROUP LIMITED, TSANG YUEN WAI SAMUEL AND WONG YU CHIU BEN DATED 25 MARCH 2015 AND (2) THE PLACEMENT AGENT AGREEMENT ENTERED INTO BETWEEN THE COMPANY AND UOB KAY HIAN PRIVATE LIMITED DATED 25 MARCH 2015**

A. USE OF PROCEEDS RAISED FROM THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) refers to the announcements dated 5 March 2015, 16 March 2015, 27 March 2015, 31 March 2015 and 7 July 2015 (collectively, the “**Convertible Bond Announcements**”).

Further to the Convertible Bond Announcements, the Board wishes to provide an update on the use of the balance of the net proceeds amounting to approximately S\$1,423,000 (“**Convertible Bond Net Proceeds**”) raised from the Convertible Bonds.

The Convertible Bond Net Proceeds have been fully drawn down and utilised by the Company as general working capital, in accordance with the intended use as set out below:

	Amounts (S\$)
BALANCE OF NET PROCEEDS RAISED	1,423,400
 APPLICATION OF PROCEEDS	
Settlement of FY2015 staff salaries and directors’ remuneration	395,000
Settlement of FY2015 auditor’s fees and related expenses	72,000
Settlement of remaining interest on 7% Coupon Bond to Ms. Li Yu Huan	58,000
Settlement of interest on 10% coupon bond to Prime Pacific	171,000
Settlement of FY2015 professional and other operating expenses	152,200
Settlement of corporate and legal fees	160,000
Settlement of FY2015 Listing Fees	80,000
Settlement of FY2015 office rental	181,200
Settlement of pre-acquisition due diligence, legal valuation and other related expenses	154,000
 BALANCE	 ----- -

B. USE OF PROCEEDS RAISED FROM THE PLACEMENT

The Board refers to the announcements dated 25 March 2015, 6 April 2015, 7 April 2015, 8 April 2015, 15 April 2015 and 7 July 2015 (collectively, the “**Placement Announcements**”).

Further to the Placement Announcements, the Board wishes to provide an update on the use of the balance of the net proceeds amounting to approximately S\$2,500,000 (“**Placement Net Proceeds**”) raised from the Placement.

The Placement Net Proceeds have been fully drawn down and utilised by the Company as general working capital and for investment purposes, in accordance with the intended use as set out below:

	Amounts (S\$)
BALANCE OF NET PROCEEDS RAISED	2,500,000
APPLICATION OF PROCEEDS	
Investment Loan to Rich Circles Enterprise Limited (“ Rich Circles ”) in relation to the increase in the Company’s shareholding in Rich Circles to 54.46% ¹	2,400,000
Settlement of FY2015 staff salaries and directors’ remuneration	100,000
BALANCE	<hr/> <hr/> -

Note:

1. The Board refers to the Company’s announcement dated 27 May 2015. With effect from 27 May 2015, the Company’s shareholding in its subsidiary, Rich Circles, increased from 49% to 54.46% or 6,100 shares out of an expanded total number of 11,200 shares. The increase was a result of the subscription of 1,200 new ordinary shares in the capital of Rich Circles, which had a net tangible asset value of approximately US\$10,000, by the Company for a total subscription price of US\$1,200 in cash. The foregoing was pursuant to a fund-raising exercise for the Company to provide Rich Circles a new shareholders’ loan of RMB 12,000,000 to fund the operational costs of its subsidiary, Xuzhou Zhongwei New Board Co., Ltd.. The source of funds for the Company to provide for the shareholders’ loan came from the Placement Net Proceeds.

By Order of the Board

Chong Tin Yam, Alex
Executive Director and Chief Executive Officer
2 September 2016