

ASIA FASHION HOLDINGS LIMITED

(Company Registration No. 41195)

(Incorporated in Bermuda)

UPDATE ON REPAYMENT OF SME BOND

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to its announcement dated 29 February 2016 on the response to queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (“**Response Announcement**”), and its announcement dated 15 May 2016 on the unaudited fifth quarter financial statement of the Group for the fifteen (15) months ended 31 March 2016 (the “**5Q Results Announcement**”).

The Company had disclosed in its 5Q Results Announcement that prior to the acquisition by the Company of Xuzhou Zhongwei New Board Co., Ltd (“**Xuzhou Zhongwei**”), Xuzhou Zhongwei had on 28 March 2013 successfully issued a private RMB180 million SME Bond (“**SME Bond**”) listed on Shanghai Stock Exchange which is repayable in full on 28 March 2016.

As the SME Bond has reached maturity and is currently repayable, the Company wishes to update shareholders that there may be a potential cash flow problem for Xuzhou Zhongwei which may have an impact on the Group’s operations as Xuzhou Zhongwei will not have sufficient funds for repayment.

In connection with the above, as an update to the Company’s Response to SGX Query 4 of the Response Announcement, the local management is still negotiating with the SME Bonds holders for an extension of the repayment schedule. The Company will continue to keep shareholders updated on this.

Mak Ting Sang

Executive Director and Chief Financial Officer

17 June 2016