

ASIA FASHION HOLDINGS LIMITED

(Company Registration No. 41195)

(Incorporated in Bermuda)

CLARIFICATION ANNOUNCEMENT ON THE USE OF THE CONVERTIBLE BOND GROSS PROCEEDS AND THE PLACEMENT GROSS PROCEEDS

Capitalised terms not otherwise defined herein shall have the meanings respectively ascribed to them in the Announcement.

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) and its subsidiaries (the Company and its subsidiaries collectively, the “**Group**”) refers to its announcement dated 16 August 2017 (the “**Announcement**”) on the use of the Convertible Bond Gross Proceeds and the Placement Gross Proceeds, as well as the other announcements referred to therein.

[The Company wishes to clarify that:

- (a) the portion of the Convertible Bond Gross Proceeds which was stated to be used for “Accrued salary and ID fees paid in July 2017 (Partial)”; and
- (b) the portion of the Placement Gross Proceeds which was stated to be used for “Accrued salary and ID fees paid in July 2017 (Balance)”

were both utilised to pay the aggregate salaries accrued over a period of four (4) months for one (1) non-executive director and non-executive chairman of the Company, one (1) executive director of the Company and one (1) executive officer of the Group.

By Order of the Board

Chong Tin Yam, Alex
Executive Director and Chief Executive Officer
24 August 2017