

ASIA FASHION HOLDINGS LIMITED

(Company Registration No. 41195)

(Incorporated in Bermuda)

UPDATE ON ADDITIONAL CONTROLS AND MEASURES IMPLEMENTED BY THE GROUP

A. Introduction

The Board of Directors (“**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) refers to the announcements by the Company dated 27 May 2014, 30 May 2014, 14 August 2014 and 1 September 2014 (“**Announcements**”), where the Company had, *inter alia*, announced additional controls and measures implemented in connection with the report issued by PricewaterhouseCoopers LLP dated 7 May 2014 and the report dated 11 August 2014 issued by HLB Atrede LLP (“**HLB**”) in respect of its findings on its assessment of the effectiveness of the internal controls systems of the Company and its subsidiaries (the “**Group**”).

B. Update on Additional Controls and Measures Implemented by the Group

(a) Product Liability Insurance

Further to the Announcements, the Board wishes to update shareholders that, after discussions with insurers on proposed product liability insurance policies for Fujian Qianfeng Textile Technology Co. Ltd and Fujian Jiamei Textile Co., Ltd. (the “**Key Subsidiaries**”), the Key Subsidiaries will not be purchasing such product liability insurance policies at this juncture as the proposed coverage and premiums quoted by the insurers do not make it an economically viable or advisable proposition. The Board will continue to assess the situation and monitor the viability of purchasing such insurance policies when it is commercially feasible to do so.

(b) Legal Representative Seal

The Company had earlier announced that the Legal Representative Seals of the Key Subsidiaries are currently controlled and held by Lin Xiu Jin, the current legal representative of the Key Subsidiaries. The Key Subsidiaries will procure the transfer of the Legal Representative Seals to Ng Poh Khoo, the Chief Financial Officer of the Company, once the Constitutions of the Key Subsidiaries have been amended and Ng Poh Khoo has been appointed as the new legal representative of the Key Subsidiaries.

(c) Views of the Internal Auditors

The Board will engage HLB to (i) commence review on 8 September 2014 of the implementation of the new controls and measures outlined in the Company’s announcement on 1 September 2014, and (ii) issue a report on the effectiveness of such implemented measures on the internal control systems of the Group. The Board will update its shareholders and announce HLB’s findings when its report has been issued.

By Order of the Board

Neo Chee Beng
Executive Chairman
8 September 2014