

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

APPOINTMENT OF INDEPENDENT PROFESSIONAL

The board of directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) wishes to inform shareholders that the Company, together with the SGX-ST, has appointed Ernst & Young Advisory Pte. Ltd. (“**EY**”) to conduct an independent review (the “**Independent Review**”):

- (a) into certain matters and/or transactions involving Shanghai Daiyoulong New Materials Limited (“**Shanghai Daiyoulong**”) and Rich Circles Enterprise Limited and its subsidiaries (collectively, the “**Rich Circles Group**”); and
- (b) to consider and identify any potentially questionable bank transactions for the period of 1 July 2014 to 9 May 2018 (the “**Review Period**”).

The salient terms of the statement of work (the “**SOW**”) are as follows:

- (a) To inspect the bank records including bank statements and cash/bank ledgers for the Review Period and verify that the transactions are in order;
- (b) To reconcile the bank records provided by the banks to the cash and cash equivalent balance provided by the Company;
- (c) To consider the cash flows during the Review Period by categorizing the in/out-flows and assessing the reasonableness of the supporting documents and other public sources of information and identify the patterns with reason of the usage;
- (d) To consider the transactions in relation to the fund raising exercises to the investments, banking facilities, or loans to the Rich Circles Group with supporting documents;
- (e) To review the transactions in relation to purchase of the product “Jiajinyo” including purchase contract, purchase orders, payment records, and inventory list, etc.;
- (f) To review the transactions in relation to distribution of the product “Jiajinyo” including customer list, sales contracts, sales orders, delivery records, cash receipt records, etc.;
- (g) To perform data analysis on the financial accounting records related to the business of “Jiajinyo” including account payables, account receivables, other payables, accrual, other receivables, cash flow, etc.;
- (h) To review the Company’s announcements in relation to the above cash and sales transactions to identify inconsistency between the Company’s announcements and EY’s observations;
- (i) To select relevant transactions or samples based on the work steps above for review and analysis; and
- (j) To obtain and inspect relevant supporting documentation and analyse financial information to identify anomalies and attempt to determine any improper payments and evaluate reasonableness of income and expenses through supporting documentation.

The SOW may be expanded as necessary as approved by the audit committee of the Company (the “**Audit Committee**”) and/or the SGX. In the course of the Independent Review, EY will report directly to the Audit Committee and the SGX.

The Company will provide further updates to the Shareholders when there are material developments on above. In the meantime, shareholders and potential investors are advised to exercise caution when trading

in the shares of the Company. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Wang Jie Yao, Airy
Chief Executive Officer and Executive Director
13 June 2018