



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 , Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) **An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated statement of comprehensive income for Asia Fashion Holdings Limited (the "Company") and its subsidiaries and/or associated companies (the "Group")**

	12M2018 RMB'000	12M2017 RMB'000
<b>Revenue</b>	<b>21,158</b>	<b>838</b>
Cost of sales	(4,467)	(205)
<b>Gross profit</b>	<b>16,691</b>	<b>633</b>
Other operating income	824	543
Changes in fair value of option derivatives in relation to CB	-	37
Selling and distribution expenses	(1,343)	(700)
Administrative expenses	(27,796)	(9,266)
Finance costs	(712)	(2,502)
<b>Loss before taxation from continuing operation</b>	<b>(12,336)</b>	<b>(11,255)</b>
Income tax expense	(3,140)	(152)
<b>Loss after taxation from continuing operation</b>	<b>(15,476)</b>	<b>(11,407)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(15,476)</b>	<b>(11,407)</b>
<b>Total comprehensive loss net of tax</b>	<b>(15,476)</b>	<b>(11,407)</b>
<b>Total comprehensive loss, net of tax, attributable to:</b>		
Equity holders of the company	(15,476)	(11,407)
Non-controlling interest	-	-
	<b>(15,476)</b>	<b>(11,407)</b>



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1(b)(i) A balance sheet (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.

### Statements of financial position

	←----- The Group -----→		←----- The Company -----→	
	As at		As at	
	30 June 2018 RMB'000	30 June 2017 RMB'000	30 June 2018 RMB'000	30 June 2017 RMB'000
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	8	8
Property, plant and equipment	2,648	6,515	1,738	2,724
Intangible assets	-	20	-	-
	2,648	6,535	1,746	2,732
<b>Current assets</b>				
Inventories	761	572	-	-
Prepayments and other receivables	11,840	29,508	983	1,134
Loans to an associate	61,000	61,000	61,000	61,000
Amount due from a subsidiary	-	-	5,250	5,279
Amount due from associates	32	22	-	-
Cash funds	-	6,003	-	-
Cash and cash equivalents	1,660	104,838	1,537	67
	75,293	201,943	68,770	67,480
<b>Total assets</b>	<b>77,941</b>	<b>208,478</b>	<b>70,516</b>	<b>70,212</b>
<b>Current liabilities</b>				
Other payables and accruals	17,095	143,241	6,339	6,203
Deposits received	5,061	-	5,061	-
Amount due to former director/shareholder	9,835	1,221	9,835	1,221
Amount due to director/shareholder	-	3,560	-	3,560
Amount due to third parties	8,922	8,446	7,573	7,144
Amount due to associates	6,399	6,399	6,375	6,375
Amount due to subsidiaries	-	-	351	351
Taxes payable / (prepaid)	-	152	-	-
	47,312	163,019	35,534	24,854
<b>Net current assets</b>	<b>27,981</b>	<b>38,924</b>	<b>33,236</b>	<b>42,626</b>
<b>Non current liabilities</b>				
Bonds payable	10,192	10,281	10,192	10,281
Interest payable	770	35	770	35
<b>Total liabilities</b>	<b>57,732</b>	<b>173,335</b>	<b>46,496</b>	<b>35,170</b>
<b>NET ASSETS</b>	<b>19,667</b>	<b>35,143</b>	<b>24,020</b>	<b>35,042</b>



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	←----- The Group -----→		←----- The Company -----→	
	As at 30 June 2018 RMB'000	As at 30 June 2017 RMB'000	As at 30 June 2018 RMB'000	As at 30 June 2017 RMB'000
<b>Equity</b>				
Share capital	46,041	46,041	46,041	46,041
Reserves	(26,374)	(10,898)	(22,021)	(10,999)
Total attributable to equity holders of the company	<b>19,667</b>	<b>35,143</b>	<b>24,020</b>	<b>35,042</b>
Non-controlling interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>19,667</b>	<b>35,143</b>	<b>24,020</b>	<b>35,042</b>

### 1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable after one year

RMB '000	As at 30 June 2018		As at 30 June 2017	
	Secured	Unsecured	Secured	Unsecured
Convertible Bonds (i)	-	10,192	-	10,281

Amount repayable in one year or less, or on demand

RMB '000	As at 30 June 2018		As at 30 June 2017	
	Secured	Unsecured	Secured	Unsecured
Convertible Bonds (i)	-	-	-	-

#### (i) Convertible Bonds :

In connection with the Company's announcements dated 25 November 2016, 23 December 2016, 23 March 2017, 24 April 2017, 9 May 2017, 26 May 2017 and 2 June 2017, the Company had on 2 June 2017 completed the issuance (the "**2017 CB Issuance**") of 7.0% unsecured convertible bonds (the "**DJZ Convertible Bonds**") due 2 June 2020 of an aggregate principal amount of S\$2,100,000 to Mr. Dai Ji Zhou (the "**Mr. Dai Ji Zhou**") pursuant to a convertible bond agreement dated 25 November 2016 entered into between the Company and Mr. Dai Ji Zhou (the "**CBA**"). The DJZ Convertible Bonds bear an interest rate of 7% per annum, which is payable quarterly in arrears.

The maturity date of the DJZ Convertible Bonds is three years from the date of the issue of the DJZ Convertible Bonds (the "**Maturity Date**"). Mr. Dai Ji Zhou may, in accordance with the terms and conditions of the CBA, at any time within the period commencing three (3) months from the issue date up to the Maturity Date, convert all or part of the outstanding DJZ Convertible Bonds into new ordinary shares in the capital of the Company ("**Shares**") at the conversion price of S\$0.35 per Share.



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

### 1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

<b>Consolidated statement of cash flows for the Group</b>			<b>12M2018</b>	<b>12M2017</b>
			<b>RMB'000</b>	<b>RMB'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation			(12,336)	(11,255)
Adjustments for:				
Depreciation of property, plant and equipment			4,046	249
Sales revenue deducted from customers' deposits received in prior year			(21,158)	-
(Gain) arising from conversion of CB and accrued CB interest			(66)	-
Fair Value gain on 7% CB			-	(37)
Interest income			(347)	(373)
Interest expense			712	2,502
<b>Operating (loss) before working capital changes</b>			<b>(29,149)</b>	<b>(8,914)</b>
(Increase) in inventories			(189)	(572)
Decrease / (Increase) in receivables			2,460	(29,397)
Increase in payables			280	139,213
<b>Cash (used in) / generated from operating activities</b>			<b>(26,598)</b>	<b>100,330</b>
Interest paid			-	(3,191)
Profits tax paid			(3,834)	-
<b>Net cash (used in) / generated from operating activities</b>			<b>(30,432)</b>	<b>97,139</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment			(159)	(6,764)
Acquisition of software rights			-	(20)
Decrease / (Increase) in cash funds			6,003	(6,003)
Advances from associated companies			-	312
Expenses paid on behalf (for) associated companies			(10)	(8)
Interest received			347	373
<b>Net cash generated from / (used in) investing activities</b>			<b>6,181</b>	<b>(12,110)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net advances from former director/shareholder			5,054	3,560
Loans (net of repayments) from third parties			476	8,446
Proceeds from issue of shares – share capital			-	18,748
Repayment of bonds			-	(21,826)
Proceeds from issuance of SGD2.1m convertible bonds			-	10,570
Refund of deposits to customers – SHDYL			(105,268)	-
Pledged loans made to business associates – SHDYL			(8,000)	-



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Collection of deposits made to business associate - SHDYL				23,750	-
Receipt of deposit from Li Ya Xin				5,061	-
Receipt of deposits re Proposed Rights Issue from 5 Undertaking Shareholders				46,335,500	-
Refund of deposits re Proposed Rights Issue to 5 Undertaking Shareholders				(46,335,500)	-
<b>Net cash (used in) / generated from financing activities</b>				<b>(78,927)</b>	<b>19,498</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>				<b>(103,178)</b>	<b>104,527</b>
Cash & cash equivalents at beginning of the financial year				104,838	311
<b>Cash &amp; cash equivalents at the end of the financial year</b>				<b>1,660</b>	<b>104,838</b>
<b>Cash and cash equivalents comprise:</b>					
<b>Cash and bank balances :</b>				<b>1,660</b>	<b>104,838</b>
<b>Cash &amp; cash equivalents at the end of the financial year</b>				<b>1,660</b>	<b>104,838</b>



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1(d)(i) A statement (for the Company and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Statement of changes in equity for the Group and for the Company Group

	Share Capital	Contributed Surplus	Share Premium	Capital Reserve	Share Option Reserve	Merger Reserve	Statutory Reserve	Accumulated Losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2015</b>	19,220	172,983	65,466	4,230	-	(64,889)	45,303	(226,369)	15,944
<b>Prior year adjustment</b>	-	-	-	-	-	-	-	(458)	(458)
Shares placements done in February 2015, April 2015 And October 2015	8,073	-	32,636	-	-	-	-	-	40,709
Disposal of QIL group as approved by shareholders on 2 February 2015	-	-	(13,967)	(1,216)	-	64,889	(45,303)	(4,403)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	(28,393)	(28,393)
<b>Balance at 30 June 2016 (Audited)</b>	27,293	172,983	84,135	3,014	-	-	-	(259,623)	27,802
Shares placement done in June 2017	18,748	-	-	-	-	-	-	-	18,748
Total comprehensive loss for the year	-	-	-	-	-	-	-	(11,407)	(11,407)
<b>Balance at 30 June 2017 (Audited)</b>	46,041	172,983	84,135	3,014	-	-	-	(271,030)	35,143
Total comprehensive loss for the year	-	-	-	-	-	-	-	(15,476)	(15,476)
<b>Balance at 30 June 2018 (Unaudited)</b>	46,041	172,983	84,135	3,014	-	-	-	(286,506)	19,667



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Company	Share Capital	Contributed Surplus	Share Premium	Capital Reserve	Share Reserve	Option	Accumulated Losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000
<b>Balance at 1 January 2015</b>	19,220	172,983	51,499	3,014	-	-	(284,819)	(38,103)
<b>Prior year adjustment</b>	-	-	-	-	-	-	(458)	(458)
Shares placements done in February 2015, April 2015 and October 2015	8,073	-	32,636	-	-	-	-	40,709
Disposal of QIL group as approved by shareholders on 2 February 2015	-	-	-	-	-	-	54,047	54,047
Total comprehensive income for the period	-	-	-	-	-	-	(28,393)	(28,393)
<b>Balance at 30 June 2016 (Audited)</b>	27,293	172,983	84,135	3,014	-	-	(259,623)	27,802
Shares placement done in June 2017	18,748	-	-	-	-	-	-	18,748
Total comprehensive loss for the year	-	-	-	-	-	-	(11,508)	(11,508)
<b>Balance at 30 June 2017 (Audited)</b>	46,041	172,983	84,135	3,014	-	-	(271,131)	35,042
Total comprehensive loss for the year	-	-	-	-	-	-	(11,022)	(11,022)
<b>Balance at 30 June 2018 (Unaudited)</b>	46,041	172,983	84,135	3,014	-	-	(282,153)	(24,020)



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

- 1(d)(ii) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### 2017 Share Placement

In connection with the Company's announcements dated 7 December 2016, 23 December 2016, 23 March 2017, 24 April 2017, 9 May 2017, 26 May 2017 and 5 June 2017 in respect of the proposed issue and allotment of 35,000,000 new shares (the "**Placement Shares**") (the "**2017 Share Placement**") to Hu Zhen, Li Zheng, Ng Wa Pang and Dai Ju Yun (the "**Placees**") and the circular dated 10 May 2017 (the "**2017 Issuance and Placement Circular**") in respect of the 2017 CB Issuance and 2017 Share Placement, the 2017 Share Placement was completed at a price of S\$0.11 per Placement Share to the Placees on 5 June 2017.

After the completion of the 2017 Share Placement, the total number of issued shares of the Company has increased from 50,500,000 Shares to 85,500,000 Shares (excluding treasury shares). The Placement Shares represent (i) approximately 69.31% of the existing issued and paid-up share capital of the Company as at 30 June 2016; and (ii) approximately 40.94% of the enlarged issued and paid-up share capital of the Company as at 30 June 2017.

The Placement Shares rank *pari passu* in all respect with the existing Shares.

#### Proposed Overseas Placement

In connection with the Company's announcements dated 8 August 2017 and 18 August 2017, the Company has entered into a placement agreement dated 8 August 2017 (the "**FSL Placement Agreement**") with Freeman Securities Limited as an overseas placement manager (the "**Overseas Placement Manager**") whereby the Overseas Placement Manager (as placement agent) has agreed to use its best efforts to identify subscriptions for up to 145,000,000 new Shares (the "**FSL Placement Shares**") at the issue price of HK\$0.90 per FSL Placement Share, subject to and upon the terms of the FSL Placement Agreement.

After the completion of the FSL Share Placement, the total number of issued Shares of the Company has increased from 85,500,000 Shares to 230,500,000 Shares (excluding treasury shares). The FSL Placement Shares represent (i) approximately 169.6% of the existing issued and paid-up share capital of the Company as at 30 June 2017; and (ii) approximately 62.91% of the enlarged issued and paid-up share capital of the Company as at 30 June 2017.

Subsequently, the Company has announced on 8 December 2017 that it has decided not to proceed further with the Proposed Overseas Placement and has withdrawn its Additional Listing Application.

#### 2017 CB Issuance

In connection with the Company's announcements dated 25 November 2016, 23 December 2016, 23 March 2017, 24 April 2017, 9 May 2017, 26 May 2017 and 2 June 2017 in respect of the proposed issuance of the DJZ Convertible Bonds to Mr. Dai Ji Zhou for S\$2,100,000 (the "**CB Issuance Announcements**") and the 2017 Issuance and Placement Circular, the 2017 CB Issuance was completed on 2 June 2017.





## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

After the completion of the 2017 CB Issuance, on the completion of the conversion of the DJZ Convertible Bonds to conversion shares of a maximum of 7,260,000 Shares (in respect of both the principal amount and the full interest payable), the conversion shares will represent (i) approximately 14.38% of the existing issued and paid-up share capital of the Company as at 30 June 2016; and (ii) approximately 8.49% of the enlarged issued and paid-up share capital of the Company as at 30 June 2017.

#### Alternus Convertible Bonds

In connection with the Company's announcements dated 5 March 2015, 16 March 2015, 27 March 2015, 31 March 2015, 7 July 2015, 2 September 2016, 10 March 2017, 4 May 2017 and 8 June 2017 in respect of the issuance of the Alternus Convertible Bonds to Alternus for S\$2,660,000, the Company has, on 8 June 2017, made full settlement of the principal amount of S\$2,660,000 of the Alternus Convertible Bonds, as well as all the interest accrued thereon up to the final settlement date of 8 June 2017. Subsequent to the aforementioned settlement, the Alternus Convertible Bonds have been returned to the Company for cancellation and Alternus holds no further claims against the Company.

Save as set out under this Section 1(d)(ii), there are no other outstanding convertible securities and the Company did not have any other convertible securities as at 30 June 2018.

#### Proposed Rights Issue

Pursuant to the Company's announcement made on 11 December 2017, the Company had proposed to undertake a renounceable non-underwritten rights issue (the "**Proposed Rights Issue**") of up to 85,500,000 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.112 (an equivalent to approximately HK\$0.65) for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company held by the shareholders of the Company as at a time and date to be determined by the Directors for the purpose of determining the entitlements of the Entitled Shareholders under the Rights Issue, fractional entitlements to be disregarded.

The issue of the Rights Shares is proposed to be made pursuant to the share issue mandate, with an enhanced rights issue limit, authorizing the Directors to issue up to 100% of the total number of issue Shares by way of a renounceable rights issue, on a pro rata basis to Shareholders (the "**Enhanced Rights Issue Limit**"), approved by Shareholders at the annual general meeting of the Company held on 31 October 2017 (the "**2017 AGM**"). The Company will be utilising the Enhanced Rights Issue Limit to issue the Rights Shares. Accordingly, the Company will not be seeking specific approval from the Shareholders for the Rights Issue as the basis of the Rights Issue is within the limit of the Enhanced Rights Issue Limit.

Subsequently, the Company has announced on 10 April 2018 that it has decided not to proceed further with the Rights Issue and has withdrawn its Additional Listing Application in respect of the Proposed Rights Issue.

The Company has announced on 23 April 2018 that subsequent to the 10 April 2018 announcement, the Company has, on 23 April 2018, made full refund to the Undertaking Shareholders of HK\$55.85 million in aggregate (or the equivalent of approximately RMB 47.29 million) previously received from the Undertaking Shareholders in respect of their respective undertakings on the full subscription of their respective pro-rated entitlements to the Rights Shares and for any excess Rights Shares (where applicable), subject to availability, in connection with the Rights Issue.

The Company will keep its shareholders informed of any other fund raising initiatives in due course and announcements will be made as and when appropriate.

The Company did not have treasury shares or subsidiary holdings as at 30 June 2018 and 30 June 2017.



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares as at the end of the current financial period (i.e. the financial year ended 30 June 2018) and as at the end of the immediately preceding year (i.e. the financial year ended 30 June 2017) is 85,500,000 and 85,500,000 Shares, respectively.

The Company does not hold any treasury shares.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The financial information for the year ended 30 June 2018 has neither been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited or reviewed by the auditors. In the course of their audit for the financial year ended 30 June 2018, the auditors have informed the Company that, same for the financial year ended 30 June 2017, there would likely be a qualification in respect of the restricted access to the accounting records and information of Xuzhou Zhongwei New Board Co., Ltd. ("**Xuzhou Zhongwei**") by the auditors as a result of the default in the repayment of the RMB 180 million bonds issued by Xuzhou Zhongwei on 28 March 2013 (the "**SME Bonds**") whereby the local management expects such accounting records and information to be released for access only after a settlement agreement be reached by Xuzhou Zhongwei and the holders of the SME Bonds (the "**SME Bondholders**"). As required under Rule 704(5) of the SGX-ST Listing Manual, the Company will also be making the necessary announcements to inform shareholders about any such qualification as and when the audit report for the financial year ended 30 June 2018 is to be issued.

Pursuant to the Company's announcement made on 31 July 2017 ("**the Proposed Transaction**"), the Company has entered into a non-binding term sheet with (i) Mr. Huo Wei Sheng, a former executive director of the Company, and (ii) Ms. Li Ya Xin, a fellow shareholder of Rich Circles Enterprise Limited ("**RCEL**"), for the proposed sale of the Company's and Ms. Li Ya Xin's shares in the capital of RCEL (the "**RC Shares**") to Mr. Huo Wei Sheng. The Company currently holds 6,100 RC Shares and Ms. Li Ya Xin currently holds 5,100 RC Shares, representing 54.46% and 45.54% of the total issued and paid up capital of RCEL respectively. RCEL indirectly holds 100% of the shares in the capital of Xuzhou Zhongwei, which currently operates the materials business of the Group in China. The parties to the Term Sheet intend to engage in further negotiations of the Proposed Transaction, with a view to entering into definitive agreement(s) on or before 30 November 2017. However, the parties involved have agreed to discontinue further discussion on the Proposed Transaction following the Company entering into a sale and purchase agreement between the Company and Ms. Li Ya Xin on 20 November 2017 in connection with the disposal of the RC Shares which is further elaborated



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

below.

Pursuant to the Company's announcement made on 20 November 2017, the Company has entered into a sale and purchase agreement (the "SPA") between the Company as vendor and Ms. Li Ya Xin as purchaser on 20 November 2017 in connection with the disposal (the "Proposed Disposal") of 6,100 fully paid up ordinary shares in the share capital of RCEL, which represents 54.46% of the share capital of RCEL. The Proposed Disposal will be conditional upon approval by shareholders of the Company in a general meeting to be convened by the Company. Shareholders are strongly advised to study the Company's announcement released on 20 November 2017 on the Proposed Disposal in details.

The Company has prepared and submitted the relevant circular for SGX's review and approval in-principle to convene the special general meeting to obtain shareholders' approval for the Proposed Disposal on 20 April 2018.

Subsequently, the Company has announced on 15 May 2018 that the SGX has, on 9 May 2018, rejected the Company's circular clearance application dated 20 April 2018 in relation to the Proposed Disposal (the "Application"). The Company's 15 May 2018 announcement has further reported that the SGX had earlier requested the Company to appoint an independent auditor to conduct a cash / transaction audit review (as applicable) in relation to: (a) the business currently on by RCEL and its subsidiaries, and (b) the operations of the Company's new distribution business conducted by the Company's wholly-owned foreign enterprise subsidiary, Shanghai Daiyoulong New Materials Limited (上海戴优垄新材料有限公司). The SGX has, on 9 May 2018, clarified that they require such audit reviews to be completed prior to the review of the Application by the SGX. Thereafter, the Company may proceed to resubmit the Application for review by the SGX.

The Company will provide updates on the progress of the Proposed Disposal to shareholders from time to time.

Despite the aforementioned Proposed Disposal, the local management of Xuzhou Zhongwei has also been in on-going negotiations with the SME Bondholders in hope of arriving at mutually acceptable commercial solution to the friendly settlement of the SME Bonds default issue. The management will also promptly inform shareholders on the progress and result of such negotiation deemed appropriate from time to time.

#### **4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted all the Singapore Financial Reporting Standards that are mandatory for financial year beginning on or after 1 July 2017.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 30 June 2017 including, but not limited to, the continual adoption of equity instead of full consolidation basis in the accounting of the Company's investment in RCEL and its subsidiaries (the "Rich Circles Group"), despite the fact that the Company's shareholding in Rich Circles Group has been increased from 49% to 54.46% on 27 May 2015. Please see Section 8 for further explanation.

#### **5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There is no change in the accounting policies and methods of computation, including any required by an accounting standard.



# Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

6. **Earnings / (Loss) per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	12M2018	12M2017
<b>Basic (loss) per share (RMB cents)</b>		
From continuing operations attributable to the equity holders of the Company:		
- Based on the weighted average number of ordinary shares in issue	(18.10)	(21.52)
- Fully diluted	(18.10)	(21.52)
<b>Number of shares in issue</b>		
Weighted average number of shares in issue	85,500,000	52,993,150

7. **Net asset value (for the Company and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Company at the end of the:-**  
(a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

RMB Cents	The Group		The Company	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net asset value per ordinary share	23.00	41.10	28.09	40.98

**Note:-**

Net asset value per ordinary share of the Group / the Company was calculated based on the 85,500,000 and 85,500,000 shares in issue as at 30 June 2018 and 30 June 2017, respectively.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

As reported in the result announcement for the year ended 30 June 2017, despite the fact that on 27 May 2015, the Company increased its shareholding in the Rich Circles Group from 49% to 54.46% or to 6,100 shares out of an expanded total number of 11,200 shares, the Company's management has re-visited the issue of "control" as a result of the default in the prompt repayment of the SME Bonds by Xuzhou Zhongwei (which was issued before Xuzhou Zhongwei was acquired by the Rich Circles Group) on 28 March 2016 and has come to the conclusion that it is more appropriate to treat the Rich Circles Group as the Company's associated company instead of a subsidiary, thereby adopting the "equity" instead of the "full



## UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

consolidation” basis of accounting for the Rich Circles Group’s financial performance, for the following main reasons :

- 1) With effect from 28 March 2016, the date of default of repayment of the total amount of RMB 234 million SME Bonds (comprising the principal amount of RMB 180 million and interest accrued thereon of RMB54 million from 28 March 2013 to 28 March 2016) to the respective SME Bondholders, the SME Bondholders have been in a position to take whatever proper legal action(s) in Xuzhou against Xuzhou Zhongwei for the recovery of the sums owing under the SME Bonds. Despite being in a position to take legal action against Xuzhou Zhongwei, the SME Bondholders have been willing to enter into negotiations with the Xuzhou Zhongwei local management and Ms. Li Ya Xin as Rich Circles Group’s major shareholder, in search for a mutually agreeable and acceptable solution. The SME Bondholders have not filed any legal action against the Rich Circles Group. Each of RCEL, CCMH and Xuzhou Zhongchuang is neither a borrower under any financial facilities with the SME Bondholders nor a guarantor of the SME Bonds. The Company has been informed by the local management of Xuzhou Zhongwei that the daily operations of Xuzhou Zhongwei have been under observation by a major SME Bondholder (whose identity is not disclosed due to confidentiality terms under the SME Bonds) while in the negotiation, by the stationing of representatives on the premises of the factory of Xuzhou Zhongwei, until an ultimate solution or agreement has been reached by both Xuzhou Zhongwei and the SME Bondholders. The Company’s auditors have provided full disclosure of their audit findings on the SME Bonds, and the default in repayment thereof, in the Company’s Annual Report 2016 (under pages 55 – 60) and Annual Report 2017 (under pages 54 – 58);
- 2) Ms. Li Ya Xin, the other major shareholder of the Rich Circles Group who has owned the remaining 45.54% of its shareholding with effect from 27 May 2015, had on 8 August 2014 granted an irrevocable Power of Attorney (“POA”) to Mr. Yuan Li Min (the then Non-executive Director of the Company) authorizing Mr. Yuan to represent her in all operational and control aspects of the Rich Circles Group for a period of 20 months. Such POA expired on 8 April 2016 and extension or renewal was not been granted by Ms. Li Ya Xin to Mr. Yuan Li Min or other legal representative of the Company. It is therefore apparent that the Company does not have any direct or indirect control through Ms. Li Ya Xin’s shareholdings in Rich Circles Group;

Subsequently, the Company has been informed by Ms. Li Ya Xin that she has granted a new irrevocable POA to her brother-in-law, a Mr. Wong who is a person unrelated to but having a very strong and friendly business relationship with the SME Bondholders and who shall work very closely with the SME Bondholders in the currently on-going negotiation about reaching a solution or agreement with the SME Bondholders as direct representative of Ms. Li Ya Xin. It is evidenced that Ms. Li Ya Xin will cooperate with the SME Bondholders under the proper legal framework in China. Whereas the Company effectively had 100% control of the Rich Circles Group through its 54.46% shareholding combined with the POA granted by Ms. Li Ya Xin to Mr. Yuan Li Min over, *inter alia*, her 45.54% shareholding in the Rich Circles Group, Ms. Li Ya Xin’s non-renewal / non-extension of such POA granted to Mr. Yuan Li Min has weakened the control possessed by the Company over the Rich Circles Group;

- 3) Due to the ongoing financial incapability of the Company and Ms. Li Ya Xin, it was obvious that the current shareholders of the Rich Circles Group will not be able to raise cash funds of as much as RMB 180 million for injection into Xuzhou Zhongwei to enable Xuzhou Zhongwei to repay the SME Bonds in the near foreseeable future. Accordingly, the local management including but not limited to Mr. Huo Wei Sheng, who is a current executive director of the Company and the legal representative of Xuzhou Zhongwei, has strong tendency to work closely with the SME Bondholders in all



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

aspects of daily normal operations of Xuzhou Zhongwei to avoid the SME Bondholders taking legal actions against them; and

- 4) The Company does not have substantive rights that provide the Company with the ability to exercise that right and to direct relevant activities in Xuzhou Zhongwei.

Accordingly, the management has reached a consensus that it is more appropriate from the practical point of view and the current operational position that the Company will treat the Rich Circles Group as our associated company and adopt the “equity” accounting basis for recording Rich Circles Group’s financial performance for the financial year ended 30 June 2018, which is in fact consistent with the Company’s accounting treatment of the Rich Circles Group for the year ended 30 June 2017, the 18 months’ period from 1 January 2015 to 30 June 2016 and the financial year ended 31 December 2014. While the Rich Circles Group is exempt from audit under the Ordinance laws of Hong Kong, the Company’s auditors shall perform all necessary audit reviews and tests on the books and accounts of RCEL (an investment holding company ultimately owning the other companies in the Rich Circles Group) and China Construction Material (Hong Kong) Limited (“**CCMH**”) for the financial year ended 30 June 2018 and concurred with the management’s view and decision. RCEL and CCMH are 2 out of the 4 companies that constitute the Rich Circles Group, the other 2 being Zhongchuang (Xuzhou) Construction Material Co. Ltd. (“**Xuzhou Zhongchuang**”) and Xuzhou Zhongwei. The situation of RCEL and the management’s point of view has not changed since last reporting date till date of this results announcement.

The Rich Circles Group is owned by the Company (54.46%) and Ms. Li Ya Xin (45.54%) as mentioned above. The Rich Circles Group is operating and a going concern. Its current directors are Mr. Mak Tin Sang (as representative of the Company), Ms. Li Ya Xin (representing herself) and Mr. Yuan Li Min (as independent director). Mr. Yuan Li Min is a former non-executive chairman of the Company (until his resignation on 27 October 2015). The directors of the Company have no relationship with the Rich Circles Group except through the Company’s shareholding therein.

As Xuzhou Zhongwei has defaulted in its repayment of the SME Bonds (due on 28 March 2016) to the SME Bondholders, the management is closely monitoring the progress of the abovementioned negotiations between Xuzhou Zhongwei and the SME Bondholders to determine whether there will be any significant impact of the recovery of the Company’s RMB 61 million loan from the Rich Circles Group.

As the abovementioned negotiations between Xuzhou Zhongwei and the SME Bondholders are ongoing, the details thereof are sensitive and not disclosable by the Company. Nonetheless, the Company will provide updates to shareholders on any material developments.

#### **Review of Financial Performance**

**Revenue** for FY2018 of approximately RMB 21.2 million (compared with approximately RMB 0.8 million for FY2017) was exclusively the sales revenue generated from the distribution sales made by Shanghai Daiyoulong New Materials Limited (上海戴优垒新材料有限公司) (“**Shanghai Daiyoulong**”), being the Company’s wholly-owned subsidiary incorporated in Shanghai in March 2017 which is principally engaged in the distribution sales of specially branded health food product named “Jiajinyo” to customers in China. The sales actually only commenced in June 2017 and hence the revenue as reflected in the income statement for FY2017 and FY2018 is not comparable.

For information purposes, the turnover at the Xuzhou Zhongwei level has dropped significantly since mid FY2016 as a result of discontinued orders from Beijing Baota Petrochemical Company Limited (“**Baota**”) and



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Han Energy Co., Ltd (“**Han Energy**”) respectively and has remained continuously weak in the past few reporting quarters.

**Other operating income** of RMB 824K (compared with RMB 543K in FY2017) mainly represented the interest income earned on bank deposits and the return on investment in financial assets made by Shanghai Daiyoulong.

**Selling and distribution expenses** of RMB 1,343K for FY2018 exclusively represented the expenses incurred by Shanghai Daiyoulong in its sales-related activities in China. On the other hand, the FY2017’s selling and distribution expenses of RMB 700K mainly represented the expenses incurred by the Company in the participation and involvement in its entertainment projects in Hong Kong before the shift of its focus to the distribution sales business in China since March 2017.

**Administrative expenses** of RMB 27.80 million for FY2018 (compared with RMB 9.27 million for FY2017) mainly includes remuneration of directors and management staff, office rental, business travelling expenses, corporate action related expenses and professional fees incurred. The significant increase between FY2017 and FY2018 was the result of quick expanded sales activities which lead to the start up of two major offices in Hong Kong and in Shanghai respectively in late FY2017 and the significant increase in professional fees such as legal and auditing fees for significantly increased corporate activities taken place in FY2018.

**Finance costs** of RMB 712K for FY2018 (compared with RMB 2,502K for FY2017) was mainly related to interest accrued on the 7% Convertible Bonds issued to Mr. Dai Ji Zhou for the period from 1 July 2017 to 30 June 2018 as elaborated on page 3 of this announcement.

**Income tax expense** of RMB 3,140K for FY2018 (compared with RMB 152K for FY2017) exclusively represented the income tax provision in respect of the People’s Republic of China (“**PRC**”) made at 25% on the estimated taxable net income generated by Shanghai Daiyoulong for its financial year ended 30 June 2018.

(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

#### Review of Financial Position

**Property, plant and equipment** of RMB 2.65 million as of 30 June 2018 (compared with RMB 6.52 million as of 30 June 2017) mainly represented the net book value of the purchase of office furniture and equipment and the furnishing cost of the Company’s new headquarter office in Hong Kong and Shanghai Daiyoulong’s new operating office in Shanghai in the last quarter of FY2017.

**Inventories** of RMB 761K as of 30 June 2018 (compared with RMB 572K as of 30 June 2017) exclusively represented the cost of inventories of the product “Jiajinyo” and relevant product packing materials kept by Shanghai Daiyoulong as of 30 June 2018.

**Prepayments and other receivables** of RMB 11.30 million as of 30 June 2018 (compared with RMB 29.51 million as of 30 June 2017) mainly represented (i) commercial loans made by Shanghai Daiyoulong to business associates of RMB 8.0 million which have been fully pledged against two loans due by the Company in the total amount of RMB 10.14 million as of 30 June 2018; (ii) a net deposit of RMB 0.52 million made by Shanghai Daiyoulong to Shenzhen Ximei for the placement of orders for the product “Jiajinyo” (iii) approximately RMB 0.6 million being prepayments made to cooperative business partners for the entertainment and amusement projects entered into by the Company’s subsidiary Asia Entertainment (Hong Kong) Limited; (iv) advances to management for overseas travelling and sales activities of approximately RMB 0.73 million which have mostly been charged against actual expenses incurred subsequent to the year end of FY2018; and (v) rental and utilities deposits of RMB 1.45 million made by the Group.



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

**Loan to an associate** of RMB 61.0 million as of 30 June 2018 (compared with RMB 61.0 million as of 30 June 2017) represented the operating loan extended to the Rich Circles Group as reported as of 30 June 2017.

**Cash funds** of RMB 0 million as of 30 June 2018 (compared with RMB 6.0 million as of 30 June 2017) originally represented the financial assets purchased by Shanghai Daiyoulong from reputable banking corporations in China with the objective of getting higher financial return for the Group on the cash possessed in its local bank account in Shanghai. All this cash funds have been disposed of in the third quarter of FY2018 at reasonable financial return.

**Cash and cash equivalents** of RMB 1.66 million as of 30 June 2018 (compared with RMB 104.8 million as of 30 June 2017) mainly represented by the bank deposits in the Company's overseas bank accounts and in Shanghai Daiyoulong's local bank accounts in China.

**Accruals and other payables** of approximately RMB 17.10 million as of 30 June 2018 (compared with 143.24 million as of 30 June 2017) mainly represented customers' deposits received of approximately RMB 10.48 million for purchase of the product "Jiajinyo" from Shanghai Daiyoulong and other accrued operating expenses and professional expenses of approximately RMB 6.62 million at the Company's level.

**Amount due to former director/shareholder** of RMB 9.83 million as of 30 June 2018 (compared with RMB 1.22 million as of 30 June 2017) represented RMB 1.22 million due to Mr. Lin Dao Qin, RMB 8.52 million due to Mr. Yuan Li Min and RMB 0.09 million due to Mr. Mak Tin Sang, all of which are interest free and repayable on demand and unsecured.

**Amount due to director/shareholder** becomes nil as of 30 June 2018 (compared with RMB 3.56 million as of 30 June 2017) as a result of the reclassification of the amount due to Mr. Yuan Li Min and the amount due to Mr. Mak Tin Sang to "Amount due to former director/shareholder" as shown above, as Mr. Mak Tin Sang has resigned as director of the Company on 23 April 2018 and Mr. Yuan Li Min has ceased to be the substantial shareholder of the Company on 12 June 2018.

**Amount due to third parties** of RMB 8.92 million as of 30 June 2018 (compared with RMB 8.45 million as of 30 June 2017) represented amount due to unrelated third parties which is interest free and repayable on demand.

**Amount due to associates** of RMB 6.40 million as of 30 June 2018 (compared with RMB 6.40 million as of 30 June 2017) was mainly due to the payment of costs and expenses by Rich Circles Group for and on behalf of the Company before the completion of the substantial fund raising exercises in June 2017. There has not been any change since FY2017.

**Taxes payable / (prepaid)** of (RMB 542K) as of 30 June 2018 (compared with RMB 152K as of 30 June 2017) represented the PRC income tax computed at 25% on the estimated taxable net income generated by Shanghai Daiyoulong for its financial period ended 30 June 2017 and having prepaid to the Shanghai local Tax Authorities.

**Bonds payable** of RMB10.19 million as of 30 June 2018 (compared with RMB 10.28 million as of 30 June 2017) solely represented the same principal amount of the DJZ Convertible Bonds issued to Mr. Dai Ji Zhou on 2 June 2017 (S\$2.10 million) after full settlement of the Straight Coupon Bonds due and payable to Prime Pacific Investments Limited and the DJZ Convertible Bonds due and payable to Alternus in April 2017 and June 2017 respectively. (Please refer to Section 1(b)(ii) for more details.)

The slight difference in amount was the result of change in the respective exchange conversion rate between Singapore Dollars and RMB prevailing at the two different financial year end dates of 30 June 2017 and 30 June 2018.





**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

**Interest payable** of RMB 770K as of 30 June 2018 (Compared with RMB 35K as of 30 June 2017) solely represented the interest on the CB issued to Mr. Dai Ji Zhou accrued for the period from 2 June 2017 to 30 June 2018.

**Review of Cash Flow**

**Net cash used by the Group of approximately RMB 103.18 million as follows:**

During the year ended 30 June 2018, the Group has used approximately RMB 30.43 million in operating activities mainly as a result of sustaining an operating loss before taxation of approximately RMB 12.34 million and the recognition of sales revenue of RMB 21.16 million only against customers' deposits received and recorded in Shanghai Daiyoulong in FY2017 instead of cash receipt in FY2018.

During the year ended 30 June 2018, the Group has generated approximately RMB 6.18 million from investing activities mainly as a result of the disposal of the cash funds of approximately RMB 6.0 million.

During the year ended 30 June 2018, the Group has used approximately RMB 78.93 million in financing activities summarized as follows :

- (i) receipt of net advances of approximately RMB 5.05 million from director/shareholder during the year;
- (ii) receipt of net loans of approximately RMB 0.48 million from third parties during the year;
- (iii) collection of RMB 23.75 million by SHDYL in early July 2017 in relation to a deposit due from a business associate as of 30 June 2017;
- (iv) receipt of approximately RMB 5.06 million from Ms. Li Ya Xin as deposit for the Proposed Disposal of RCEL shares which is still pending as at date of this announcement;
- (v) refund of approximately RMB 105.27 million to customers in China by SHDYL in relation to deposits received in FY2017 and outstanding as at 30 June 2017; and
- (vi) loans of RMB 8.0 million made by SHDYL to business associates in China but pledged against loans received from third parties outside China of approximately RMB 10.14 million.

As a result of the above, the Group has reported a total cash and cash equivalent balance of RMB 1.66 million as of 30 June 2018 (compared with RMB 104.84 million as of 30 June 2017).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

The financial performance of Xuzhou Zhongwei's New Material business for this reporting year has been continuously weak which was still mainly due to the sharp decline and close to termination of sale made to our two major customers namely Han Energy and Baota both of which have encountered unforeseen difficulties in their respective operations of different natures as reported in the past few quarters. At this point in time the local management is almost certain that the economic and operational recoverability of these two major customers and to provide promising prediction about the recoverability of the sales in Xuzhou Zhongwei's New Material Business in the next reporting period and in the next 12 months is very remote.



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

Similarly, as reported in the previous quarters, the development of the entertainment business by our Asia Entertainment subsidiaries has remained static in the reporting period due to the highly competitive market condition and the inability of the Company to inject massive capital or project investment funding typically required in achieving medium to long term success in this sort of business in Hong Kong. In particular, the lack of substantial additional cash funds to make further investments into this entertainment business is a practically unresolvable issue in the foreseeable future in light of the Company's inability to complete the several proposed fund raising exercises in the past few quarters. As such, the management does not anticipate that this entertainment business could have a surprisingly positive turnaround and considers that it is in the best interests of the Company for the Company to focus its efforts and to better allocate its remaining financial resources in the stabilization and development of the distribution business in China as mentioned below. Concurrently, the Company is disposing this inactive and continuously loss-making entertainment business at the best possible terms to the Company. The disposal is pending for final approval from SGX. The management will keep our shareholders updated on this from time to time.

Separately, as reported in the last quarters, the Group has incorporated a wholly owned subsidiary in Shanghai, namely Shanghai Daiyoulong, which has already commenced its new active business in the distribution sales of a specially branded health supplement product called "Jiajinyo" in the PRC in the latter half of June 2017. The management notes that Shanghai Daiyoulong has thus far been able to achieve steady growth and sustainable sales revenue and reasonable gross profit contribution from this distribution sales business in the past reporting year.

In this reporting year, the Group has recorded a significant growth, RMB 21.16 million in direct sales revenue and has reported a net operating loss after tax of RMB 15.48 million.

Looking ahead, the management plans to continue to focus on the strengthening and steady development of this distribution sales business through searching for the supply of more promising and reliable health-related products for distribution sales purposes and through exploring strategic business partnership with industry leaders in order to enhance the sales revenue and profitability of the Group. The Board will provide prompt updates on the development of this business initiative as well as other promising business opportunities to our shareholders from time to time.

However, as announced by the Company on 24 August 2018, the Group is currently experiencing difficulties in gaining access to new sources of liquidity in order to satisfy its payment obligations to, *inter alia*, Ernst & Young Advisory Pte. Ltd. in connection with the independent review in relation to: (a) certain matters and/or transactions involving Shanghai Daiyoulong New Materials Limited and the Rich Circles Group; and (b) to consider and identify any potentially questionable bank transactions for the period of 1 July 2013 to 9 May 2018 (the "**Independent Review**"), and is currently negotiating with its substantial shareholder with an aim to obtaining financial support to address any going concern issues and to satisfy the payment obligations in respect of the Independent Review.

The outcome of the Company's negotiations with its substantial shareholder is not yet known and, as at 24 August 2018, there is no guarantee that a favourable outcome will be achieved in respect of the above. As a result, the Board is of the view that the Company is not in a position to assess reasonably its financial position and could have a potential going concern issue until further sources of liquidity are raised.

In light of the foregoing and pursuant to Rule 1303 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the trading of the Shares of the Company was suspended from 24 August 2018.

The Board will continuously reassess the Company's ability to continue as a going concern as new information becomes available and will keep shareholders updated as and when there are material updates in relation to the above.

## 11. Dividend



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

---

---

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt**

Not applicable.

**(d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded during the period.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no interested person transactions, and no general mandate from shareholders for interested person transactions has been obtained.

**14. Confirmation pursuant to Rule 720(1)**

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable as "equity accounting" basis has been adopted for the Rich Circles Group. Please refer to Section 8 for a detailed explanation.



## Asia Fashion Holdings Limited

(Company Registration No. 41195)  
(Incorporated in Bermuda)

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Group has only one revenue stream in the distribution sales of “Jiajinyo” for the financial year ended 30 June 2018.

**16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable as “equity accounting” basis has been adopted for the Rich Circles Group. Please refer to Section 8 for detailed explanation.

**17. A breakdown of sales.**

Not applicable as “equity accounting” basis has been adopted for the Rich Circles Group. Please refer to Section 8 for detailed explanation.

**18. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year as follows:**

(A) Ordinary	Nil for FY2018	Nil for FY2017
(B) Preference	Nil for FY2018	Nil for FY2017
(C) Total	Nil for FY2018	Nil for FY2017

**19. Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13)**

Pursuant to Rule 704(13), the Company confirms that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or of chief executive officer or of substantial shareholder of the Company.

#### BY ORDER OF THE BOARD

Han Yue Gao  
Executive Director  
29 August 2018