

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

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**RESPONSES TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED  
ON THE REPAYMENT OF SME BOND**

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*Capitalised terms not otherwise defined herein shall have the meanings respectively ascribed to them in the Announcement (as defined hereinafter).*

The Board of the Company refers to its announcement dated 17 June 2016 (the “**Announcement**”). The Company had announced that the SME Bond was issued by Xuzhou Zhongwei New Board Co., Ltd (“**Xuzhou Zhongwei**”), a subsidiary of the Company, and that the SME Bond has reached maturity and is currently repayable. The Company further highlighted 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 this regard, the Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited on 17 August 2016 (each, a “**SGX Query**”) as follows:-

**SGX Query 1**

As there may be a potential cash flow problem for Xuzhou Zhongwei which may have an impact on the Group’s operations, can the Board please confirm whether the Company will be able to operate as a going concern and basis for the Board’s view. If the Company is not able to operate as a going concern, please note that trading suspension is required under the listing rules.

**Company’s Response to SGX Query 1**

The SME Bond was already issued by Xuzhou Zhongwei when the Company acquired 100% of Xuzhou Zhongwei’s equity interest in June 2014.

Since the acquisition of Xuzhou Zhongwei by the Company, the Company, its subsidiaries and associated companies (save for Xuzhou Zhongwei) have not acted as guarantor or taken up any financial commitments or liabilities in relation to the SME Bond. Therefore, the Board is of the opinion that the Company will be able to operate as a going concern.

**SGX Query 2**

Whether the Company is a guarantor for any of the debts and whether the Company has direct exposure to the bond default.

**Company’s Response to SGX Query 2**

The Company has not acted as guarantor for any of the debts of Xuzhou Zhongwei and, consequently, the Company has no direct exposure to the SME Bond default.

By Order of the Board

**Chong Tin Yam, Alex**  
Executive Director and Chief Executive Officer  
18 August 2016