

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

UTILISATION OF IPO PROCEEDS

The Board of Directors (“**Board**”) of Asia Fashion Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s prospectus dated 18 August 2008 in relation to the Company’s initial public offering (“**IPO**”) and listing of its shares on the Official List of the SGX-ST.

The Board wishes to provide an update on the use of the proceeds raised by the Company from the IPO as follows:

Use of IPO proceeds ⁽¹⁾	Amount allocated		Amount utilized		Balance	
	S\$'000	RMB'000 equivalent	S\$'000	RMB'000 equivalent	S\$'000	RMB'000 equivalent
To expand our production capacity and construct new facilities	12,800	61,681	7,490	36,095	5,310	25,586
To expand our wastewater treatment capacities	1,800	8,674	1,108	5,340	692	3,334
To expand our research and development capabilities	1,600	7,710	1,600	7,710	-	-
For working capital purposes	1,510	7,276	7,512	36,196	(6,002)	(28,920) ⁽²⁾
Total net IPO proceeds	17,710	85,341	17,710	85,341	-	-

Notes:

- The above translation was computed based on the exchange rate of RMB4.8188: S\$1.00, prevailing around the time when the IPO proceeds were converted into RMB.
- These proceeds have been utilized for the repayment of loans for working capital purposes amounting to approximately RMB20.2 million during the financial year ended 31 December 2013. The balance of such proceeds was utilised as part of the working capital. The main reason for the repayment of the loans was due to the closure of the bank accounts with Industrial Bank Co., Ltd, Fuqing branch, whereupon the Company was asked to repay the outstanding loans with the same bank. The monies remaining in the Company’s account in Industrial Bank Co., Ltd, Fuqing branch was transferred to Shanghai Pudong Development Bank and subsequently used by the Company for working capital purposes.

By Order of the Board

Lin Daoqin
Executive Director and Chief Executive Officer
28 February 2014