

**ASIA FASHION HOLDINGS LIMITED**

(Company Registration No. 41195)

(Incorporated in Bermuda)

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**APPLICATION FOR EXTENSION OF TIME TO HOLD THE AGM FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2018**

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The Board of Directors (“**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) wishes to inform shareholders of the Company that the Company had on 10 October 2018 applied to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for an extension of time to comply with Rules 707(1) and 707(2) of the Listing Manual in respect of the annual general meeting of the Company for the financial year ended 30 June 2018 (the “**AGM**”) and the issuance of the annual report of the Company.

The reasons for seeking an extension of time under Rules 707(1) and 707(2) of the Listing Manual are because of the following reasons:

- (1) The Company had announced on 20 November 2017 (such announcement, the “**Proposed Disposal Announcement**”) that the Company had on 20 November 2017 entered into a sale and purchase agreement (the “**SPA**”) with the Company as vendor and Ms. Li Ya Xin as purchaser to sell 6,100 fully paid up ordinary shares (the “**Sale Shares**”) in the share capital of Rich Circles Enterprise Limited (“**RCEL**”) (the “**Proposed Disposal**”), which represents 54.46% of the share capital of RCEL. As set out in paragraph B.4.3 of the Proposed Disposal Announcement, the aggregate effective consideration for the purchase of the Sale Shares would have been RMB 46 million, comprising: (i) a waiver of a loan of RMB 6 million due by the Company to RCEL; (ii) an RMB 5 million deposit by payment of cash within 5 working days from the date of signing of the SPA; and (iii) RMB 35 million by payment of cash upon completion of the SPA. As set out in paragraph C.3 of the Proposed Disposal Announcement, the Company would have RMB 14 million for general working capital purposes after receipt of the consideration. As announced by the Company on 23 April 2018, the Company had on 20 April 2018 submitted the draft circular in relation to the Proposed Disposal to the SGX for its clearance and in-principle approval.
- (2) The Company had also, on 27 December 2018, submitted its application to the SGX for a proposed renounceable non-underwritten rights issue of up to 85,500,000 new ordinary shares in the capital of the Company (the “**Rights Issue Application**”).
- (3) As announced on 29 June 2018 and 13 June 2018, the Company had on 29 June 2018, as requested for by the SGX, signed an engagement letter dated 12 June 2018 (the “**EY Engagement Letter**”) with Ernst & Young Advisory Pte. Ltd. (“**Ernst & Young Advisory**”) to conduct an independent review (the “**Independent Review**”) set out in a statement of work attached to such engagement letter.
- (4) On 28 February 2018, the SGX informed the Company that the SGX would not be reviewing the Rights Issue Application and would be closing the matter on the SGX’s end.
- (5) Similarly, as announced by the Company on 15 May 2018, the Company’s circular clearance application dated 20 April 2018 in relation to the Proposed Disposal (the “**Disposal Application**”) had been rejected by the SGX on 9 May 2018. The SGX informed the Company,

on 9 May 2018, that the SGX requires the Independent Review to be completed prior to the review of the Disposal Application by the SGX, after which the Company may proceed to resubmit the Disposal Application for review and reconsideration by the SGX.

- (6) In July 2018, the Company received confirmation from a substantial shareholder of the Company that the substantial shareholder would be providing continuous financial support to the Company. It was intended that the loan would be used to provide sufficient cash resources for, *inter alia*, the Company's statutory audit in respect of the financial year ended 30 June 2018 (the "**Statutory Audit**" and together with the Independent Review, the "**Audits**" and each, an "**Audit**") and the Independent Review. However, the substantial shareholder had later on decided not to provide the funds to the Company on an unsecured loan or non-equity linked basis.
- (7) As a result of, *inter alia*, the unsuccessful Rights Issue Application and Disposal Application, as well as the withdrawn support from the substantial shareholder, the Company has had inadequate funds to pay the first invoices for the Statutory Audit and the Independent Review. Accordingly, this has resulted in, *inter alia*, the Statutory Audit not having commenced, and in turn, the delay in the preparation of the audited financial statements and annual report of the Company.
- (8) Currently, the mandate letter with the auditors of the Company, Foo Kon Tan LLP, in respect of the Statutory Audit has been signed. However, the commencement of audit work is still pending on the payment of the first invoice to Foo Kon Tan LLP. Similarly, the EY Engagement Letter, in respect of the Independent Review, has been signed. However, commencement of the Independent Review is still pending on the payment of the first invoice to Ernst & Young Advisory.
- (9) Apart from the monies for the payment of the first invoices to each of Foo Kon Tan LLP and Ernst & Young Advisory, the Company would also need to cover the full Audit fees concerned (instead of just the amounts in the first invoices) as well as all related expenses such as auditors' travel and accommodation expenses during the field audit work period, which would be substantial given the Company's current financial status.
- (10) Given the current progress in its negotiations in obtaining new financial support from independent third parties and/or substantial shareholders as described above and to the best knowledge and understanding of the management, the Company can only reasonably expect that it will receive sufficient funds by around 25 October 2018 for payment of the first invoices for the Statutory Audit and the Independent Review. The Company will then make payment of the first invoices by around 26 October 2018. Fieldwork is expected to commence by 29 October 2018 (for the Statutory Audit) and 31 October 2018 (for the Independent Review). Following which, the Company will strive using its best efforts to finalise its annual report to be issued by 14 December 2018 and hold its annual general meeting by 28 December 2018.
- (11) In light of the foregoing, the Company applied for an extension of the time that the Company may hold its annual general meeting by 28 December 2018, and for a corresponding extension of the time that the Company may issue its annual report to shareholders and the SGX-ST by 14 December 2018.

On 19 October 2018, the SGX-ST advised that it has no objection to the Company's application for extension of time to hold the AGM by 28 December 2018 (the "**Waiver**") with regard to compliance

with Rule 707(1) (and a corresponding extension of time by 14 December 2018 with regard to compliance with Rule 707(2)) subject to the following:-

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
- (b) the Company convening the AGM by 28 December 2018;
- (c) the Company making full payment of the first invoice for the Statutory Audit and the commencement of the Statutory Audit by 31 October 2018;
- (d) the Company making full payment of the first invoice to Ernst & Young Advisory and the commencement of the Independent Review by 31 October 2018;
- (e) the Company announcing milestones for holding its AGM and providing weekly updates of its progress to meet the deadlines, which must include meeting the milestones on the progress of the Statutory Audit;
- (f) the Audit Committee of the Company to promptly update the SGX-ST of any doubts or concerns raised by the auditors in the course of the Audits and to promptly announce any material information via SGXNet;
- (g) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and
- (h) approval from the Accounting and Corporate Regulatory Authority.

The Company will be submitting the requisite confirmations to the SGX-ST in due course.

The Board also wishes to inform that the Company has submitted written confirmation to the SGX that confirm that the waiver does not contravene any laws and regulations governing the Company and the constitutional documents of the Company.

No application for extension of time to hold the AGM is required to be made to any regulatory authority in Bermuda if the AGM is held by the Company by 28 December 2018.

By Order of the Board

Han Yue Gao  
Executive Director  
22 October 2018