

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

UPDATE ON THE EXECUTION OF THE PRC UNDERTAKING AND MORTGAGE

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) refers to its announcement on 31 March 2014 (the “**Announcement**”), where the Company had disclosed that further to the execution of an English language deed of undertaking to provide loans of up to RMB 100 million governed by Singapore law dated 1 January 2014 (“**Singapore Deed**”) by Mr Lin, the Board has also requested for a PRC lawyer to prepare a separate deed to be governed by PRC law, and is exploring the option of extending this to the assets of Mr. Lin that would be worth no less than the value of the undertaking.

Further to the above, the Board wishes to announce that as an additional measure to strengthen the financial position of the Company, as a collateral to Mr. Lin’s earlier undertaking under the Singapore Deed, the Board has required Mr. Lin to execute deeds governed by PRC law to provide financial support to the Company and mortgage certain of his assets and/or properties worth no less than an aggregate of RMB 100 million. On 23 April 2014, Mr. Lin executed an irrevocable letter of undertaking for discharge of debts governed by PRC law (“**Irrevocable Undertaking**”) in favour of the Company to provide financial support to the Company of an amount of up to RMB 100 million. In connection thereto, Mr. Lin had also on the same date executed a mortgage, governed by PRC law, over four of his properties in Fuzhou which are estimated to be worth above an aggregate of above RMB 120 million (the “**Mortgaged Properties**”), as security for the Irrevocable Undertaking. In the event that Mr. Lin does not have adequate cash resources to fulfil his obligations under the Irrevocable Undertaking, the Company will then dispose of the Mortgaged Properties.

The Company will keep shareholders informed of any material developments.

By Order of the Board

Lin Daoqin
Executive Director and Chief Executive Officer
24 April 2014