

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

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**UPDATE ON APPOINTMENT OF PRC LAW FIRM FOR ADVISE ON SETTLEMENT  
AGREEMENTS AND ARBITRATION RULINGS**

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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 it is engaging a PRC law firm to assess the risks relating to the settlement agreements and the arbitration rulings.

Further to the above, the Company had engaged Dacheng Law Offices (“**Dacheng**”), an established law firm in the PRC, to advise on the risks relating to the settlement agreements and the arbitration rulings. On 15 April 2014 Dacheng has issued a legal opinion that:

- a) According to a review of the settlement agreements, the arbitration clause in the respective settlement agreements provided that parties had agreed to submit disputes to the arbitration commission in the place where the Company’s wholly-owned subsidiary, Fujian Qianfeng Textile Technology Co., Ltd (“**Fujian Qianfeng**”) was located. The arbitration by the Fuzhou Arbitration Commission is in compliance with the arbitration clauses agreed between the respective parties.
- b) The procedures and the conduct of the arbitration hearings are in compliance with the Arbitration Rules by the Fuzhou Arbitration Commission. The arbitration procedures are therefore in compliance of the relevant PRC laws and regulations, and are legally valid.
- c) Under the relevant PRC laws and regulations, the eight arbitration awards shall be final and have the same legal effect as a court judgment.
- d) If Fujian Qianfeng complies with the arbitration awards, there shall not be any further compensation payable by Fujian Qianfeng to the claimants for third party customer claims.

The Company will keep shareholders informed of any material developments.

By Order of the Board

Lin Daoqin  
Executive Director and Chief Executive Officer  
16 April 2014