

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

ENTRY BY WHOLLY-OWNED SUBSIDIARY INTO DISTRIBUTION AGREEMENT

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), refers to the announcement dated 17 March 2017 in relation to the incorporation of a new subsidiary, 上海戴优垄新材料有限公司 (“**Shanghai Daiyoulong**”), by Asia Fashion International Limited, a wholly-owned subsidiary of the Company.

Subsequent to the incorporation of Shanghai Daiyoulong, the Board wishes to announce that Shanghai Daiyoulong has on 13 June 2017 entered into an exclusive distribution agreement (the “**Distribution Agreement**”) with 烯美科技（深圳）有限公司 (“**Shenzhen Ximei**”), a Shenzhen manufacturer of nano-based health foods, in respect of a special branded product named “Jiajinyo” (the “**Product**”).

Under the terms of the Distribution Agreement, Shanghai Daiyoulong shall become the exclusive distributor of the Product in China for an initial period of three years, after which the Agreement shall automatically be renewed for successive three-year periods if neither party issues 3 months’ prior written notice of termination. For the first year, Shanghai Daiyoulong is required to achieve a purchase target of a minimum quantity of 600,000 units of the Product at mutually agreed price, after which such minimum purchase target shall be negotiated between the parties.

With the entry into the Distribution Agreement by Shanghai Daiyoulong, the Group will commence an active business in the distribution sales of reputable healthcare products to channels and direct end-users alike in the People’s Republic of China. The required certifications and licenses for such sales and distribution have been obtained from the relevant authorities in the People’s Republic of China.

Barring any unforeseen circumstances, the Distribution Agreement is expected to contribute positively to the net tangible assets per share and earnings per share of the Group for the current financial year.

Save for their respective interests in the share capital of the Company, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the transactions contemplated above.

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers. The Company will make the necessary announcements if there are further developments.

By Order of the Board

Chong Tin Yam, Alex
Executive Director and Chief Executive Officer
13 June 2017