

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

ACQUISITION BY AN ASSOCIATED COMPANY

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) wishes to announce that Rich Circles Enterprise Limited (“**Rich Circles**”), an associated company of the Company, has on 18 June 2014 entered into a share purchase agreement (“**SPA**”) as purchaser with China Construction Material Holdings Limited as vendor for the sale and purchase of 1 paid up and ordinary shares (the “**Sale Share**”), in the share capital of the China Construction Material (Hong Kong) Limited (“**CCMH**”), constituting 100% of the issued and paid up share capital of CCMH (“**Acquisition**”). Pursuant to the terms of the SPA, Rich Circles is expected to complete the Acquisition on or before 30 June 2014.

CCMH was incorporated on 29 May 2013 under the laws of the Hong Kong. As at the Latest Practicable Date, CCMH has a share capital of HK\$10,000 divided into 1 share of HK\$10,000, which has been issued and fully paid-up. CCMH is an investment holding company. Its sole shareholder and director is Mr Huo Weisheng.

CCMH is the legal and beneficial owner of 100% of the registered capital of Zhongzhuang (Xuzhou) Construction Material Co., Ltd. (“**Xuzhou Zhongchuang**”), a company incorporated on 1 July 2013 under the laws of the People’s Republic of China (“**PRC**”). Xuzhou Zhongchuang is the legal and beneficial owner of 100% of the registered capital of Xuzhou Zhongsen Tonghao New Board Co., Ltd (“**Xuzhou Zhongsen**”), a company incorporated on 14 November 2007 under the laws of the PRC. The principle activity of CCMH and its subsidiaries is the manufacture and sale of magnesium wooden-base panel, and through the composite aluminum or magnesium processing produce fire-proof panel, interior and exterior decorative panels.

The aggregate consideration (“**Consideration**”) for the purchase of the CCMH Sale Share is equivalent to the amount of RMB 100,000,000, arrived at on a willing-seller-willing-buyer basis after arms’ length negotiations between the parties taking into account, *inter alia*, the net tangible value of Xuzhou Zhongsen as at 31 December 2013, the net profit after tax of Xuzhou Zhongsen for the year ended 31 December 2013, and the historical performance and potential business growth of Xuzhou Zhongsen.

In connection with the Acquisition, the Company intends to grant to Rich Circles a loan of up to RMB49,000,000, which shall bear an interest rate of 7% per annum and is repayable by Rich Circles upon the issuance of a notice in writing to Rich Circles by the Company after the happening of an event of default, or on such date falling 2 years after 18 June 2014. The Acquisition is expected to contribute positively to the financial position of the Company and its subsidiaries.

As at the date of this announcement, none of the directors or substantial shareholders of the Company, save for their respective shareholdings in the Company, has any interest, direct or indirect, in the Acquisition.

By Order of the Board

Neo Chee Beng
Executive Chairman
18 June 2014