

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

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE ACQUISITION OF CHINA CONSTRUCTION MATERIAL (HONG KONG) LIMITED BY RICH CIRCLES ENTERPRISE LIMITED**

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The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) refers to its announcement on 18 June 2014 on the acquisition of China Construction Material (Hong Kong) Limited by Rich Circles Enterprise Limited (“**Rich Circles**”), a 49% owned associated company of the Company. In this regard, the Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 24 June 2014 (each, a “**SGX Query**”) as follows:

**SGX Query 1**

We refer to the Company’s announcement of 18 June 2014 on the acquisition of China Construction Material (Hong Kong) Limited by Rich Circles Enterprise Limited (“**Rich Circles**”), a 49% owned associated company of Asia Fashion Holdings Limited that was acquired in 12 June 2014. It is represented by the Company that the acquisition “arises from the Company’s joint venture with Li Yaxin, a founder and the managing director of a private equity firm”. In this regard, please disclose the curriculum vitae of Li Yaxin, provide more details on and name of Li Yaxin’s private equity firm, and make the following clarifications:-

- a) Please confirm whether Li Yaxin has entered into or agreed to any arrangement in connection with any of the controlling shareholders or directors of the Company and their associates in relation to the management, economic benefits, voting or decision-making in respect of his shareholdings in Rich Circles. Please provide details where applicable;
- b) Please confirm whether Li Yaxin is the beneficial owner of his shares in Rich Circles and whether the investors of Li Yaxin’s private equity firm include directors or controlling shareholders of the Company and their associates; and
- c) Please confirm whether Li Yaxin takes instructions from anyone in relation to the voting rights or economic interests of his shares in Rich Circles. Please provide details where applicable.

**Company’s Response to SGX Query 1 on the Curriculum Vitae of Li Yaxin and Details of her Private Equity Firm**

Ms. Li Yaxin is 45 years old and is a citizen of the People’s Republic of China. She graduated with a Bachelors’ degree in International Trading from Jiling University in 1992. She is currently and has been the founder and Managing Director of Jilin Jinyan Investment Management Limit from 2005, and currently manages a portfolio of assets worth more than RMB 1 billion. From 1997 to 2005, she worked as a President Assistant at her family business, ChangChun Jinlai Pharmaceutical Limited, where she provided support to the president and assisted in the management of the business operations of the group. From 1992 to 1997, she was a Business Manager at Jilin Province Import & Export Company.

### **Company's Response to SGX Query 1(a)**

Li Yaxin has not entered into or agreed to any arrangement in connection with any of the controlling shareholders or directors of the Company and their associates in relation to the management, economic benefits, voting or decision-making in respect of her shareholdings in Rich Circle.

### **Company's Response to SGX Query 1(b)**

Li Yaxin is the beneficial owner of her shares in Rich Circles and the investors of Li Yaxin's private equity firm do not include directors or controlling shareholders of the Company and their associates.

### **Company's Response to SGX Query 1(c)**

Li Yaxin does not take instructions from anyone in relation to the voting rights or economic interests of her shares in Rich Circles.

### **SGX Query 2**

Please confirm if Rich Circles is an interested person to the Company, pursuant to Chapter 9 of the Listing Manual.

### **Company's Response to SGX Query 2**

Rich Circles is not an interested person to the Company, pursuant to Chapter 9 of the Listing Manual.

### **SGX Query 3**

It is represented by the Company that "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". Please confirm whether the associates of the directors or substantial shareholders have any interest, direct or indirect, in the Acquisition.

### **Company's Response to SGX Query 3**

None of the associates of the directors or substantial shareholders have any interest, direct or indirect, in the Acquisition.

### **SGX Query 4**

It is represented by the Company that "the Company intends to grant to Rich Circles a loan of up to RMB 49m, which shall bear an interest rate of 7% per annum".

- a) In relation to the loan, please disclose the details required under Listing Rule 1010 of the Listing Manual and the relative base figures under Rule 1006 of the Listing Manual.
- b) Please disclose how will the balance RMB 51m be funded.

#### **Company's Response to SGX Query 4(a)**

The Company is of the view that the details required under Listing Rule 1010 of the Listing Manual and the relative base figures under Rule 1006 of the Listing Manual are not relevant to the loan ("**Loan**") of up to RMB 49 million by the Company to Rich Circles.

The disclosures set out in Chapter 10 of the Listing Manual are not applicable as the Loan was not provided in connection with a "transaction" under Chapter 10 of the Listing Manual (i.e. an acquisition or disposal of assets by the Company or a subsidiary that is not listed on the Exchange or an approved Exchange (collectively, the "**Relevant Group Entities**" and each a "**Relevant Group Entity**")) for the following reasons:

- a) The Loan was advanced to Rich Circles and not to the vendor of the sale and purchase of Rich Circles ("**Vendor**"), and no part of the Loan will be paid, directly or indirectly, to the Vendor.
- b) There are no assets acquired or to be acquired by any of the Relevant Group Entities in connection with the Loan.

#### **Company's Response to SGX Query 4(b)**

The balance RMB 51 million in respect of the Acquisition will be funded by Li Yaxin by way of a shareholders' loan to Rich Circles on the same terms as the Loan.

By Order of the Board

Neo Chee Beng  
Executive Chairman  
25 June 2014