

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

MEMORANDUM OF UNDERSTANDING

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), wishes to announce that Asia Entertainment (Hong Kong) Limited (“**Asia Entertainment**”), a wholly-owned subsidiary of the Company, had on 25 November 2016 entered into a memorandum of understanding (“**MOU**”) with Emei Asia (Beijing) Culture Media Co., Ltd. (环亚意美(北京)文化传媒有限公司) (“**Emei**”).

Emei is a film company headquartered in Beijing that has a deep understanding of the China movie market and a highly competitive team. Emei has received numerous positive criticism for its core business of producing television commercials and advertising from 2013 to 2015. Riding on its expertise in film production, Emei decided to shift its focus towards the television and movie industry in 2016, and has produced two movies scheduled for release in end-2016 – The Writing’s on the Wall (《有迹可循》), and The Mutant (《变异兽》).

The MOU shall remain valid for a period of 60 days from the date of execution (or such further period as may be agreed by the parties thereto in writing) (the “**Validity Period**”). Under the MOU, Asia Entertainment and Emei have agreed to negotiate in good faith and agree on the terms and conditions (including but not limited to each party’s participation in the collaboration) with respect to the development and production of a movie project The Cube Project (“魔方计划”) (the “**Movie Project**”) with a view to entering into a definitive and legally binding agreement within the Validity Period of the MOU. If such agreement is entered into, Asia Entertainment and Emei will be co-operating to invest in, plan, develop, produce and market the Movie Project with a particular focus on the China movie market. It is planned for the Movie Project to comprise 10 movies (collectively, the “**Movies**” and each, a “**Movie**”) with production to be completed in 2017, and the Movies to be released in 2017 and 2018. It is intended for the Movie Project to provide a platform for Asia Entertainment to enhance the Movie Project through its expertise in special effects and animation as well as merchandize design and production, and to expand into the rising China market.

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.

As the MOU may or may not lead to the entry into any formalised agreements, shareholders and potential investors should exercise caution when trading in the securities of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Chong Tin Yam, Alex
Executive Director and Chief Executive Officer
29 November 2016