

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

ENTRY INTO NON-BINDING TERM SHEET

The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), wishes to announce that the Company has on 30 July 2017 entered into a non-binding term sheet (the “**Term Sheet**”) with (i) Mr. Huo Wei Sheng, a former executive Director and current Chief Operating Officer of the Company, and (ii) Ms. Li Ya Xin, a fellow shareholder of Rich Circles Enterprise Limited (“**Rich Circles**”), for the proposed sale (the “**Proposed Transaction**”) of the Company’s and Ms. Li Ya Xin’s shares in the capital of Rich Circles (“**RC Shares**”) to Mr. Huo Wei Sheng. The Company currently holds 6,100 RC Shares and Ms. Li Ya Xin currently holds 5,100 RC Shares, representing 54.46% and 45.54% of the total issued and paid up share capital of Rich Circles respectively. Rich Circles indirectly holds 100% of the shares in the capital of Xuzhou Zhongwei New Board Co., Ltd., which currently operates the materials business of the Group.

The parties to the Term Sheet intend to engage in further negotiations on the terms of the Proposed Transaction, with a view to entering into the definitive agreement(s) on or before 30 November 2017.

Shareholders should note that there is no certainty that definitive documents will be entered into in connection with the Proposed Transaction, or that the Proposed Transaction will be completed.

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 in connection with the Proposed Transaction.

By Order of the Board

Chong Tin Yam, Alex
Executive Director and Chief Executive Officer
31 July 2017