



Asia Fashion Holdings Limited

(Company Registration No. 41195)
(Incorporated in Bermuda)

Asia Fashion clinches RMB381 million contract with Ningxia Baota to supply construction materials

- Repeated contract within 15 months a testament to the quality of construction materials, with particular focus on fire-proof capabilities
- Strategic partnerships with key customers such as Ningxia Baota, one of China's largest private petrochemical group, in line with Group's growth strategy
- Barring unforeseen circumstances, positive financial impact expected for FY2015 as the Group continues marketing efforts to penetrate the China construction materials market estimated at RMB 1 trillion

Singapore – 23 March 2015, SGX Mainboard-listed Asia Fashion Holdings Limited (“Asia Fashion”, or “the Group”), a producer of high-tech and eco-friendly magnesium-based multifunctional construction board, is pleased to announce that its subsidiary, Xuzhou Zhongwei New Board Co., Ltd (“Xuzhou Zhongwei”) has secured a contract of approximately RMB381 million with Beijing Baota Petrochemical Limited (“Beijing Baota”), a subsidiary of one of China's largest private petrochemical group, Ningxia Baota Petrochemical Group Co., Ltd (“Baota Group”). For this contract, Xuzhou Zhongwei will supply construction materials for the building of Baota's two projects – the heavy aromatics and olefins utilization refine factory and economical recycle supporting facilities in Kuitun located within the Dushanzi Economic and Technological Development Zone in Xinjiang, China, as well as Baota's chain of petrol kiosks in Northwest China. A testament to the Group's high quality and eco-friendly construction materials embodying outstanding fire-proofing properties, this is the Group's second contract with Baota Group in 15 months¹.

Established in 1997, Baota Group specialises in the refining and trading of resources such as gasoline, diesel, petroleum gas, and heavy fuel, and is also in the industries of chemical research and production, education, finance and ecology.

Beijing Baota's Executive Director and Baota Group's Vice President Zhou Jiafeng commented, “As our petrol facilities deal with flammable and combustible liquids, we require high fire-proofing and retardant standards to ensure the stability of the structure in the event of fire or explosion. We found the solution in Xuzhou Zhongwei as its construction materials offers superiority to others. Apart from being water and sound-proof, Xuzhou Zhongwei's materials possess high durability and do not contain chemicals harmful to the environment. More importantly, its materials are non-combustible with the highest industry grade of Class A1 and

¹ The Group secured the first contract worth RMB227 million with Baota in January 2014

do not emit toxic fumes when heated. Following China's "One Belt, One Road" national development strategy², Baota Group plans to continue increasing its investment in Northwest China. To support this plan, we will need reliable suppliers such as Xuzhou Zhongwei. As such, we look towards building a long-term partnership with Xuzhou Zhongwei through our ongoing and future developments."

In addition to this new contract which is expected to have a positive financial impact for upcoming financial year ("FY2015"), the Group has been focusing efforts to penetrate the construction materials market to expand its direct and export sales network through cooperation with strategic partners and government agencies. This was evident in the Group's turnaround for the financial year ended 31 December 2014 ("FY2014") with a revenue and net profit after tax of RMB446.0 million and RMB44.2 million respectively following its acquisition of Xuzhou Zhongwei through Rich Circles Enterprise Limited on 12 June 2014. Coupled with the disposal of the Group's legacy fabric business on 3 February 2015, the Group's new material business will play the integral role in driving growth for the Group moving forward. According to China Industrial Information Network, the total addressable market for the new material was RMB1 trillion, as at the end of 2013.

Mr Neo Chee Beng, Executive Director of Xuzhou Zhongwei and Executive Chairman of Asia Fashion, said: "Apart from us having a strong conviction in the exceptional qualities of our products, this contract from Baota represents a strong vote of confidence in our capabilities. While we are gaining pace in the construction material market, we aim to harness opportunities from the RMB1 trillion market to continue our growth momentum. With a cautiously optimistic view of our construction material business, we hope to leverage on our first-mover advantage with our patented products and technologies to advance beyond our current sphere of network."

-- The End --

² "One Belt, One Road" is a development strategy started by the Chinese government in 2013. It refers to the New Silk Road Economic Belt which will link China with Europe through Central and Western Asia, and the 21st Century Maritime Silk Road, which will connect China with Southeast Asian countries, Africa and Europe.

About Asia Fashion

Founded in 2007, Asia Fashion Holdings Limited (“Asia Fashion” or “the Group”) is a producer of revolutionary high-tech and eco-friendly magnesium-based multifunctional construction board. Notable strategic partners include China top ten private petrochemical group, Ningxia Baota Petrochemical Group Co., Ltd. In line with its new business transformation, Asia Fashion's legacy business in the manufacturing of functional knitted fabrics had been divested on 3 February 2015.

To tap on the strong Chinese and global demand for construction materials, Asia Fashion acquired 100% of China Construction Material (Hong Kong) Limited (“CCM”) through its 49% owned subsidiary, Rich Circles Enterprise Limited (“Rich Circles”) on 27 June 2014.

As the pioneer and key player in China's construction material industry with patented technologies and products, CCM and its subsidiaries (“CCM Group”) redefined traditional construction materials by using its proprietary technologies with magnesium oxide and magnesium chloride to create multi-functional interior and exterior panels that are highly moldable, fire-proof, water-proof and sound-proof. According to China Industrial Information Network, the total addressable market for CCM's products stood at RMB 1 trillion as at the end of 2013.

Asia Fashion's vision is to be a leader in the high-tech construction materials industry through continuous innovation to deliver world-class and high-value products to its Chinese and global customers. Led by a motivated and experienced management team, Asia Fashion is committed to creating shareholder value with its new strategic direction.

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