

## ASIA FASHION HOLDINGS LIMITED

(Company Registration No. 41195)

(Incorporated in Bermuda)

### CLARIFICATION ANNOUNCEMENT ON THE BUSINESS TIMES ARTICLE DATED 18 NOVEMBER 2014

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The Board of Directors of Asia Fashion Holdings Limited (the "**Company**") refers to the Business Times Article dated 18 November 2014 titled "*Asia Fashion zooms in on materials business*" (the "**Article**").

Pursuant to Rule 703 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to clarify the following statements in the Article as follows:

1. Paragraphs 6 to 8 of the Article provides that: "*With its products cheaper, stronger and more environmentally-friendly than traditional construction panels such as plywood, and applicable for a wide variety of interior and exterior construction purposes for both business-to-business (B2B) and business-to-consumer (B2C) customers, the company's executive chairman Neo Chee Beng believes the firm has the potential to replace all the existing materials in the market.*

*The company has already sealed a contract with China's largest non-state owned petrochemical group, Ningxia Baota Petrochemical Group, to supply materials for the building of a petrol facility and a chain of petrol kiosks in China, and is currently in negotiations with multinational clean energy company Hanergy Holdings Group to supply materials for the building of its new plant. If this deal goes through, it will be the firm's biggest contract to date.*

*But with capacity utilisation currently at 30 per cent, the company wants to expand this business further. Besides working with builders to tender for more construction projects, it is also targeting consumer markets in China and beyond. "We hope to establish an export market with distribution sources such as do-it-yourself (DIY) retailers where consumers can purchase their own construction materials to build their own furniture and home," said Mr Neo, adding that the company is also targeting export markets such as the US, where there is a DIY culture, and which will provide good testimonial for the company."*

#### **Clarification by Company:**

##### **a. Paragraph 6: Potential to replace all existing materials in the market**

The Company refers to the presentation slides (the "**Presentation Slides**") released together with the Company's announcement dated 12 November 2014 on the Unaudited Third Quarter Financial Statement and Dividend Announcement for the Nine Months Ended 30 September 2014.

Further to Slide 10 of the Presentation Slides, the Company believes that the wood panels sold and/or produced ("**CCMH Panels**") in respect of business ("**CCMH Business**") carried on by China Construction Material (Hong Kong) Limited ("**CCMH**") and its subsidiaries (the "**CCMH Group**") could be a potential substitute to, *inter alia*, wood and wood-based panels in the existing market of the CCMH Business for the following reasons:

- (i) The CCMH Panels possess superior product properties that addresses the weakness of existing products.
- (ii) The CCMH Panels have lower manufacturing cost than existing products.
- (iii) The CCMH Panels are difficult to replicate due to the complex chemical mix.

**b. Paragraph 7: Contracts of the CCMH Group**

The CCMH Group had in January 2014 executed a contract with China's largest non-state owned petrochemical group, Ningxia Baota Petrochemical Group, to supply materials for the building of a petrol facility and a chain of petrol kiosks in China. This is set out in Slide 27 of the Presentation Slides and was not announced as it had been executed prior to the acquisition of the CCMH Group by the Company.

The CCMH Group is currently in negotiations with multinational clean energy company Hanergy Holdings Group to supply materials for the building of its new plant. The Company will keep its shareholders updated on the outcome of these discussions.

**c. Paragraph 8: Potential expansion**

As set out in Slide 4 of the Presentation Slides, the CCMH Group exports to 30 China provinces, Europe, America and South East Asia. The Company intends to continue expanding the business of the CCMH Group and explore further growth opportunities in markets beyond China, including the US.

2. Paragraphs 11 to 12 of the Article provides that: *"As for acquiring the remaining 51 per cent stake in CCMH, it remains on the company's radar but is not its immediate priority, which is to drive growth for the business through further market penetration, according to Mr Neo.*

*"Once the business has grown to our expected size, we will explore the option to acquire the balance shareholding with reasonable terms and condition, and purchase consideration."*

**Clarification by Company:**

The Company continually keeps under consideration the options available to it to enhance the value of its investments, including its investment in CCMH. As set out in Page 26 of the Presentation Slides, such options include, but are not limited to, the potential acquisition by the Company of the remaining 51% stake in CCMH.

By Order of the Board

Neo Chee Beng  
Executive Chairman  
18 November 2014