

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

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**THE PROPOSED CONSOLIDATION OF EVERY SIXTEEN (16) EXISTING SHARES INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO THE CONSOLIDATED SHARES RESULTING FROM THE SHARE CONSOLIDATION TO BE DISREGARDED (THE “SHARE CONSOLIDATION”)**

- **ADJUSTMENT TO THE CONVERSION PRICE**
  - **ADJUSTMENT TO THE MANDATORY VWAP PRICE**
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*Unless otherwise defined, all capitalised terms shall bear the same meanings ascribed to them in the Circular, the Announcements on the Share Consolidation and Announcements on the Issuance (as defined herein).*

## **1. INTRODUCTION**

The Board of the Company refers to the announcements released on 25 November 2015, 29 December 2015, 4 January 2016, 20 January 2016, 5 February 2016 and 15 February 2016 (collectively, the “**Announcements on the Share Consolidation**”) and the circular to Shareholders dated 20 January 2016 (the “**Circular**”) in relation to the Share Consolidation.

The Board also refers to the announcements released on 5 March 2015, 16 March 2015, 27 March 2015 and 31 March 2015 (collectively, the “**Announcements on the Issuance**”) in relation to the issuance of seven per cent (7%) unsecured convertible bonds due 2017 of an aggregate principal amount of S\$2,660,000 (the “**Issuance**”). The Company entered into a convertible bond agreement dated 5 March 2015 (the “**Agreement**”) with Alternus Capital Holdings Limited (the “**Investor**”), whereby the Investor had agreed to subscribe for S\$2,660,000 of convertible bonds (the “**Convertible Bonds**”). The Company entered into a supplemental agreement dated 16 March 2015 (the “**Supplemental Agreement**”) with the Investor to, *inter alia*, provide for adjustments in the event any share consolidation exercise of the Company occurs. On 27 March 2015, the Company received the approval in-principle from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of up to 38,000,000 new ordinary shares in the capital of the Company on the Main Board of the SGX-ST to be issued upon conversion of the Convertible Bonds. The Issuance was completed on 31 March 2015 and the Convertible Bonds were issued to the Investor for S\$2,660,000.

As at the date of this announcement, no Convertible Bonds were converted prior to the Books Closure Date, pursuant to the terms of the Convertible Bonds.

Following the Share Consolidation, there would be adjustments made to the Conversion Price and the Mandatory VWAP Price, and other than these, the terms and conditions of the Convertible Bonds remain the same.

## **2. ADJUSTMENT TO THE CONVERSION PRICE**

The Board wishes to inform the Shareholders that the completion of the Share Consolidation will constitute an event giving rise to an adjustment to the conversion price of the Convertible Bonds (the “**Conversion Price**”) pursuant to the terms and conditions of the Agreement (as supplemented by the Supplemental Agreement). Accordingly, an adjustment will be made to the Conversion Price and the Conversion Price shall be adjusted in the following manner:

$$\text{New Conversion Price} = \frac{\text{Aggregate number of issued and paid-up Shares immediately before such share consolidation exercise of the Company}}{\text{Aggregate number of issued and fully paid-up Shares immediately after such share consolidation exercise of the Company}} \times X$$

X = existing Conversion Price

The Board wishes to announce that the new Conversion Price is S\$1.12, with effect from 5.00 p.m. on 23 February 2016, being the close of the Stock Exchange Business Date immediately preceding the date on which the Share Consolidation becomes effective.

### 3. ADJUSTMENT TO THE MANDATORY VWAP PRICE

The Board wishes to inform the Shareholders that the completion of the Share Consolidation will constitute an event giving rise to an adjustment to the Mandatory VWAP Price pursuant to the terms and conditions of the Agreement (as supplemented by the Supplemental Agreement). Accordingly, an adjustment will be made to the Mandatory VWAP Price and the Mandatory VWAP Price shall be adjusted in the following manner:

$$\text{New Mandatory VWAP Price} = \frac{\text{Aggregate number of issued and paid-up Shares immediately before such share consolidation exercise of the Company}}{\text{Aggregate number of issued and fully paid-up Shares immediately after such share consolidation exercise of the Company}} \times A$$

A = existing Mandatory VWAP Price

The Board wishes to announce that the Mandatory VWAP Price is S\$1.60, with effect from 5.00 p.m. on 23 February 2016, being the close of the Stock Exchange Business Date immediately preceding the date on which the Share Consolidation becomes effective.

### BY ORDER OF THE BOARD

Mak Tin Sang  
Executive Chairman and Chief Executive Officer  
22 February 2016