

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

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**THE PROPOSED CONSOLIDATION OF EVERY FIFTY (50) EXISTING ISSUED AND UNISSUED ORDINARY SHARES OF PAR VALUE US\$0.005 EACH IN THE CAPITAL OF THE COMPANY AS AT THE BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE OF PAR VALUE US\$0.25 EACH IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO THE CONSOLIDATED SHARES RESULTING FROM THE SHARE CONSOLIDATION TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”)**

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**1. INTRODUCTION**

- 1.1 The board of directors (the “**Board**”) of the Asia Fashion Holdings Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a share consolidation exercise to consolidate every fifty (50) existing issued and unissued ordinary shares of par value US\$0.005 each in the capital of the Company (including treasury shares) (the “**Existing Shares**”) into one (1) ordinary share of par value US\$0.25 each in the capital of the Company (the “**Consolidated Shares**”). The ordinary shares in the authorised and issued share capital of the Company shall mean “**Share(s)**” for the purposes of this announcement.
- 1.2 As a result of the Proposed Share Consolidation, each shareholder of the Company (the “**Shareholder**”) will receive one (1) Consolidated Share for every fifty (50) Shares held prior to the Proposed Share Consolidation as at the books closure date to be determined by the directors of the Company (“**Directors**”) as they deem fit in their absolute discretion (the “**Books Closure Date**”), and the number of Consolidated Shares which each Shareholder is entitled to shall be rounded down to the nearest whole Consolidated Share, with fractional entitlements to the Consolidated Shares resulting from the share consolidation to be disregarded.

**2. RATIONALE OF THE PROPOSED SHARE CONSOLIDATION**

- 2.1 The SGX-ST has introduced a minimum trading price (“**MTP**”) of S\$0.20 per share for Mainboard listed issuers as a continuing listing requirement. Pursuant to Rule 1311(2) of the Listing Manual, which shall take effect from 1 March 2016, the SGX-ST will place an issuer on the watch-list if it records a volume weighted average price (“**VWAP**”) of less than S\$0.20 over the last six (6) months. Commencing in March 2016, the SGX-ST will conduct quarterly reviews to identify issuers to be included on the watch-list. For issuers placed on the watch-list on or after 1 March 2016, if the issuer fails to comply with the requirements for removal from the watch-list within 36 months of the date on which it was placed on the watch-list, the SGX-ST may either remove the issuer from the official list, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the official list.
- 2.2 For the past six (6) months prior to the date of this announcement the trading price of the Shares was between S\$0.017 and S\$0.048. The highest and lowest closing market prices for each month and the transacted volume of the Shares traded on the SGX-ST for each such month, up to 31 October 2015, are as follows:

	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Volume of traded Shares (‘000)
May 2015	0.039	0.032	1,872,700
June 2015	0.048	0.028	5,187,100
July 2015	0.036	0.027	7,922,900
August 2015	0.034	0.019	3,067,100
September 2015	0.019	0.019	450,200
October 2015	0.027	0.017	3,051,800

- 2.3 The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares, and the trading price per Consolidated Share should theoretically be proportionally higher than the trading price per Share prior to the Proposed Share Consolidation. Therefore, the Proposed Share Consolidation would facilitate the Company’s ability to satisfy the prospective continuing listing requirement to be imposed by the SGX-ST for issuers listed on the SGX Mainboard to have a MTP per share of S\$0.20.
- 2.4 Any resultant increase in the trading price of the Consolidated Shares may also increase the profile of the Company amongst investors and the coverage of the Company by research houses. This may, in turn, increase market interest and activity in the Consolidated Shares, and generally make the Shares more attractive to investors. In addition, the overall reduction in the number of Shares may allow for more efficiency in administering corporate actions by the Company.
- 2.5 Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

### 3. INFORMATION ON THE PROPOSED SHARE CONSOLIDATION

- 3.1 Under the Proposed Share Consolidation, every fifty (50) Existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder or depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share, and the number of Consolidated Shares which each Shareholder is entitled to shall be rounded down to the nearest whole Consolidated Share, with fractional entitlements to the Consolidated Shares resulting from the share consolidation to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with one another. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.
- 3.2 Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractional entitlements will be disregarded. All fractional entitlements arising from the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including aggregating and selling the fractional entitlements and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractional entitlements of a Consolidated Share which are disregarded.

- 3.3 **Shareholders who hold less than fifty (50) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of fifty (50) Existing Shares prior to the Books Closure Date.**
- 3.4 As at the date of this announcement, the Company has an authorized share capital of US\$40,000,000 divided into 8,000,000,000 Shares of a par value of US\$0.005 each, and an issued and paid-up share capital of US\$4,040,000 divided into 808,000,000 Shares of a par value of US\$0.005 each. On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date, following the completion of the Proposed Share Consolidation, the Company will have an authorized share capital of US\$40,000,000 divided into 160,000,000 Shares of a par value of US\$0.25 each, and an issued and paid-up share capital of approximately US\$4,040,000 divided into approximately 16,160,000 Shares of a par value of US\$0.25 each.
- 3.5 The Board refers to the Company's announcements on 5 March 2015, 16 March 2015, 27 March 2015 and 31 March 2015 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.
- 3.6 On the assumption that:
- (a) there are Convertible Bonds not converted prior to the Books Closure Date, pursuant to the terms of the Convertible Bonds, an adjustment will be made to the conversion price of the Convertible Bonds (the "**Conversion Price**") on the close of the stock exchange business day (being any day (other than a Saturday or Sunday) on which SGX-ST is open for securities trading) (the "**Stock Exchange Business Day**") immediately preceding the date on which the Proposed Share Consolidation becomes effective. Further details on the adjustment to the Conversion Price are set out at paragraph 4 of this announcement; or
  - (b) all of the outstanding Convertible Bonds are converted into new Shares (the "**Conversion Shares**") and that all the Conversion Shares are issued on or before the Books Closure Date, and that there will be no other new Shares issued by the Company up to the Books Closure Date, the Company will have an issued and paid-up share capital of approximately US\$4,230,000 divided into approximately 846,000,000 Shares of a par value of US\$0.005 each, as at the Books Closure Date, and following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of approximately US\$4,230,000 divided into approximately 16,920,000 Shares of a par value of US\$0.25 each.
- 3.7 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company and/or its subsidiaries. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.

- 3.8 Shareholders who hold physical share certificates may wish to deposit the same with the Central Depository (Pte) Limited (“**CDP**”) and have their Shares credited to their securities accounts with CDP no later than 12 market days prior to of the Books Closure Date, as CDP will only accept for deposit new share certificates of Consolidated Shares after the Books Closure Date.
- 3.9 Subject to Shareholders’ approval being obtained for the Proposed Share Consolidation at a special general meeting (“**SGM**”) to be convened by the Company, Shareholders’ holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be based on their holdings of Shares as at the Books Closure Date.

#### 4. **ADJUSTMENTS TO THE CONVERTIBLE BONDS**

- 4.1 The completion of the Proposed Share Consolidation will constitute an event giving rise to an adjustment to the Conversion Price pursuant to the terms and conditions of the Convertible Bond Agreement supplemented by the Supplemental Agreement.
- 4.2 The adjustment to the Conversion Price shall become effective on the close of the Stock Exchange Business Day immediately preceding the date on which the Proposed Share Consolidation becomes effective and the Conversion Price shall be adjusted in the following manner:

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

X = existing Conversion Price

- 4.3 Further announcement(s) will be made by the Company in respect of the adjustments to the Convertible Bonds as and when appropriate.

#### 5. **APPROVALS AND CONDITIONS**

- 5.1 The Proposed Share Consolidation is subject to, *inter alia*, the following:
- (a) the receipt of the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Official List of the Mainboard of the SGX-ST; and
  - (b) Shareholders’ approval for the Proposed Share Consolidation at the SGM.
- 5.2 An application will be made to the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares pursuant to the Proposed Share Consolidation on the Mainboard of the SGX-ST. An announcement will be made in due course upon receipt of the approval in-principle from the SGX-ST.

**6. DESPATCH OF CIRCULAR**

Subject to the receipt of the approval in-principle of the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Share Consolidation and the notice of the SGM will be despatched to Shareholders in due course.

**7. CAUTION IN TRADING**

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Mak Tin Sang  
Executive Chairman and Chief Executive Officer  
25 November 2015