

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

**UPDATES ON THE PROPOSED ISSUANCE OF 7.0% UNSECURED CONVERTIBLE BONDS DUE 2017 OF AN AGGREGATE PRINCIPAL AMOUNT OF S\$2,660,000 (THE “PROPOSED ISSUANCE”)**

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The Board of Directors (the “**Board**”) of Asia Fashion Holdings Limited (the “**Company**”) refers to the Company’s announcement on 5 March 2015 on the Proposed Issuance (the “**Announcement**”). Capitalised terms not hereinafter defined shall, in their respective contexts, have the same meanings ascribed to them in the Announcement.

Further to the Announcement, the Board wishes to announce that the Company has on 16 March 2015 entered into a supplemental agreement (“**Supplemental Agreement**”) with the Investor to, *inter alia*, provide for adjustments in the event any share consolidation exercise of the Company (“**Share Consolidation Exercise**”) occurs.

The key terms and conditions of the Bonds that were amended under the Supplemental Agreement are summarised below:

Adjustments to the Conversion Price : No adjustments to the Conversion Price shall be made in respect of any issue of shares and/or convertible securities and/or warrants by the Company, and/or in the event of any rights, bonus or other capitalisation issues by the Company, save as follows:

- (a) In the event that a Share Consolidation Exercise occurs, the Conversion Price shall be adjusted in the following manner:-

$$\begin{array}{l} \text{New} \\ \text{Conversion} \\ \text{Price} \end{array} = \frac{\begin{array}{l} \text{Aggregate number of issued} \\ \text{and paid-up Shares} \\ \text{immediately before such Share} \\ \text{Consolidation Exercise} \end{array}}{\begin{array}{l} \text{Aggregate number of issued} \\ \text{and fully paid-up Shares} \\ \text{immediately after such Share} \\ \text{Consolidation Exercise} \end{array}} \times X$$

X = existing Conversion Price

Such adjustments will be effective from the close of Stock Exchange Business Day immediately preceding the date on which the consolidation becomes effective.

- (b) The Company may also, in consultation with the bondholder, effect such other adjustments to the Conversion Price as may be required to comply with mandatory provisions of Singapore law and/or the requirements of the SGX-ST.

Mandatory Conversion

: Upon the occurrence of the volume weighted average price for trades done on the shares of the Company on the SGX-ST remaining at S\$0.10, (“**Mandatory VWAP Price**”) and above for a consecutive period of fifteen (15) Stock Exchange Business Days on the SGX-ST (“**Mandatory Conversion Event**”) falling within the period commencing three (3) months from the issue date up until the Maturity Date (the “**Mandatory Conversion Period**”), the bondholder shall be required to convert (“**Conversion Requirement**”) all of the outstanding Bonds and any accrued and unpaid interest in respect of each Bond (if and where the bondholder waives its right for cash payment of such amount) into new Ordinary Shares at the Conversion Price.

Provided Always that:

- a. If there is No Available Trading, the volume weighted average price for trades done on the Shares of the Company on the SGX-ST for that particular Stock Exchange Business Day(s) shall be disregarded for the computation of the consecutive period of fifteen (15) Stock Exchange Business Days, and the consecutive period shall not be treated as being non-consecutive solely due to No Available Trading.
- b. In the event that a Share Consolidation Exercise occurs, the Mandatory VWAP Price shall be adjusted as follows:

$$\begin{array}{l} \text{New} \\ \text{Mandatory} \\ \text{VWAP Price} \end{array} = \frac{\text{Aggregate number of issued and paid-up Shares immediately before such Share Consolidation Exercise}}{\text{Aggregate number of issued and fully paid-up Shares immediately after such Share Consolidation Exercise}} \times A$$

A = existing Mandatory VWAP Price

Such adjustments will be effective from the close of Stock Exchange Business Day immediately preceding the date on which the consolidation becomes effective.

The Company will continue to keep its shareholders updated on any material developments in respect of the Proposed Issuance.

By Order of the Board

Neo Chee Beng  
Executive Chairman  
16 March 2015