VASHION GROUP LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number 199906220H)

JOINT VENTURE BETWEEN VASHION GROUP LTD. AND CHRISTIAN KWOK-LEUN YAU HEILESEN

The Board of Directors ("**Directors**") of Vashion Group Ltd. (the "**Company**") wishes to announce that the Company has on 13 April 2018 entered into a joint venture agreement ("**Joint Venture Agreement**") with Christian Kwok-Leun Yau Heilesen ("**CKLY**") who is the Executive Director of the Company and the controlling shareholder of the Company. CKLY will subscribe for a 51% stake and the Company will subscribe 49% in the newly incorporated Hong Kong limited company ("**JV**"). The JV has not commenced in operation. The Company and CKLY have also executed a Joint Venture Agreement to set out the rights and obligations of the parties in relation to the organisation, management and operation of JV.

RATIONALE FOR THE JOINT VENTURE

The principal activities of the JV is trading of luxury goods in retail basis. Approval from shareholders of the Company ("**Shareholders**") has been obtained on 6 September 2017 for the new business diversification into, *inter alia,* the retail and trading of new and used luxury consumer goods.

The Company proposes to diversify into the Joint Venture for the following reasons:

(a) the Board believes that the Joint Venture can provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholder's value; and

(b) the Board believes that another main advantage by entering into joint venture is sharing the business risks and costs for setting up the retail store. The risk of failing and having a negative impact on profitability is lower because the costs associated with the project are distributed among each joint venture partner. Therefore, entering into Joint Venture will reduce the business risk.

SOURCE OF FUNDS

The investment will be funded by the Company's internal resources.

PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT

Pursuant to the terms of the Joint Venture Agreement executed with CKLY on 13 April 2018,

(a) the Company will subscribe for 4,900 new ordinary shares of JV, for an aggregate consideration of HK$4,900. The total investment of JV by both parties is HK$20 million, in which the Company and CKLY contribute HK$9.8 million and HK$10.2 million respectively;

(b) the Company and CKLY shall be entitled to each item of the Joint Venture's income, profit, gain, loss, cost, deduction, credit or allowance in proportion to its Joint Venture Interest;

(c) each party shall have the right to nominate ONE director to Joint Venture; the Company will nominate Leung Kwok Kuen Jacob, the Independent Non-Executive Chairman of the Company as director of JV and CKLY will nominate himself as a director of the JV.

(d) either party shall have the right to terminate the Joint Venture Agreement by providing the other with written notice of termination at least thirty (30) day;

(e) the Joint Venture Agreement is governed by and construed in accordance with the laws of the Hong Kong SAR; and

Save as disclosed above, the Company confirms that there are no other material terms attached to the Joint Venture Agreement.

INTERESTED PERSON TRANSACTIONS

CKLY is the Executive Director of the Company and controlling shareholder of the Company with 29.99%. Accordingly, CKLY is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("**Catalist Rules**"). Based on the latest audited consolidated financial statement of the Group for the financial year ended 31 December 2017, the net tangible assets of the Group was approximately S$3.1 million. The investment of HK$9.8 million (equivalent to approximately S$1.6 million based on the exchange rate of S$1.00 : HK$5.99) by the Company in the Joint Venture account for 53.25% of the Group latest audited net tangible assets.

Exemption under Rule 916(2) of the Catalist Rules

Pursuant to Rule 916(2) of the Listing Manual, approval of shareholders of the Company is not required for an investment in a joint venture with an interested person if:

(a) the risks and rewards are in proportion to the equity of each joint venture partner;

(b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and

(c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

The audit committee of the Company has reviewed the terms of the Proposed Joint Venture and is of the view that:

(a) the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner; and

(b) the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

CKLY, being the interested person does not have an existing equity interest in the joint venture prior to the participation of the Company, being the entity at risk in the joint venture. Therefore the Company is not required to seek shareholders' approval pursuant to Rule 916(2) of the Catalist Rules.

<u>Total Value of all the Interested Person Transactions</u>

As announced on 10 January 2018, Vashion Group (HK) Holdings Limited ("VGH"), a wholly owned subsidiary of the Company, entered into loan agreements dated 3 October 2017 and 10 January 2018 (collectively, the "Loan Agreements") with the Executive Director of the Company, CKLY, whereby CKLY agreed to extend loan with aggregate principal amount of HK$2,108,389 and HK$8,000,000 respectively ("Loans") to VGH. The Loans are unsecured, interest free and have no fixed repayment terms (due and repayable on demand). Accordingly, CKLY is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"), and the grant of the Loans by CKLY is an interested person transaction. However, as the Loans are interest free, the value at risk is zero and therefore the Company is not required to seek shareholders' approval pursuant to Rule 906 of the Catalist Rules.

The company had on 12 March 2018 and 3 April 2018 announced the utilization of proceeds from Rights cum Warrants Issue. The outstanding amount of Loans from the CKLY is nil as at the date of this announcement.

As at the date of this announcement, save for the Joint Venture, the Company has not entered into any interested person transactions as defined in Chapter 9 of the Catalist Rules.

SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company. As mentioned above, the Company will nominate Leung Kwok Kuen Jacob, the Independent Non-Executive Chairman of the Company as director of JV and CKLY will nominate himself as a director of the JV.

RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

Relative Figures under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**")

For the purposes of Chapter 10 of the Catalist Rules, the relative figures for the Joint Venture computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest audited consolidated financial statements of the Group for FY2017 are as follows:

Rule 1006	Joint Venture	%
(a)	The net asset value of the assets to be disposed of compared with the group's net asset value.	Not Applicable
(b)	The net profits attributable to the assets acquired or disposed compared with the Group's consolidated net profits.	Not Applicable(1)
(c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	27.28%(2)(3)
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not Applicable

Notes:

(1) The Joint Venture is a newly incorporated company and as at the date of this announcement, the Joint Venture has not commenced its operation.

(2) The market capitalisation has been computed based on the Company's issued Share capital comprising 1,199,375,920 Shares on 12 April 2018, being the latest market day preceding the date of the Joint Venture Agreement of S$0.005 per Share.

(3) Based on the exchange rate of S$1: HK$5.99 as at 12 April 2018.

Having regard to the above, as the relative figure computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 5% but not 75%, the Joint Venture constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules.

FINANCIAL EFFECTS OF THE TRANSACTION

The pro forma financial effects of the Joint Venture on the Group set out below are for illustrative purposes only and are therefore, not indicative of the actual financial performance or position of the Group. The financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for FY2017 and on the following basis:

(i) the effect of the Joint Venture on the earnings per share ("**EPS**") or losses per share ("**LPS**") of the Group is based on the assumption that the Joint Venture had been effected at the beginning of FY2017 (being 1 January 2017); and

(ii) the effect of the Joint Venture on the consolidated net tangible assets("**NTA**") per share of the Group shown below is based on the assumption that the Joint Venture had been effected at the end of FY2017 (being 31 December 2017).

EPS/(LPS)

The effects of the Proposed Disposal on the EPS/(LPS) of the Group for FY2017 is as follows:-

	Before the Joint Venture	**After the Joint Venture**
FY2017		

Net profit/(loss) after tax (S$'000)	(2,579)	(2,579)
EPS/(LPS) (cents) [1]	(0.22)	(0.22)

Notes:-

(1) *The EPS or LPS is calculated by dividing the net loss after tax attributable to owners of the Company by the 1,199,375,920 ordinary shares of the Company after completion of the Rights cum Warrants Issue as announced on 12 March 2018.*

NTA

The effects of the Joint Venture on the NTA per share of the Group as at 31 December 2017 is as follows:-

	Before the Joint Venture	**After the Joint Venture**
FY2017		
NTA (S$'000)	3,072	3,072
NTA after adjustment of proceeds from Rights cum Warrants issue completed on 12 March 2018(S$'000) [1]	8,153.7	8,153.7
NTA per share (cents) [1]	0.68	0.68

Notes:-

(1) *Adjusted with the gross proceeds raised from the Rights cum Warrants Issue which was completed on 12 March 2018. NTA per share is calculated based on 1,199,375,920 ordinary shares of the Company after taking into account the issuance of 1,086,345,633 Rights Shares pursuant to the Rights cum Warrants Issue.*

The transaction is not expected to have any material impact on the Company net tangible assets per share and consolidated earnings per share for the current financial year. The Company will account for JV as its associate in accordance with the Singapore Financial Reporting Standards.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than CKLY, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the above transaction, other than through their respective interest (if any) in the Company.

DOCUMENT FOR INSPECTION

Copies of the Joint Venture Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD OF
Vashion Group Ltd.

Christian Kwok-Leun Yau Heilesen
Executive Director
13 April 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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