

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

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**FURTHER ANNOUNCEMENT ON ARBITRATION ORDERS AGAINST HONG KONG SUBSIDIARY**

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*Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to them in the Company's announcement dated 17 January 2018 in connection with the three arbitration orders ("**Arbitration Orders**") received by Luxury Watch Trading Limited ("**LW**", formerly known as Vashion Group (H.K.) Limited).*

The board of directors ("**Board**" or "**Directors**") of Vashion Group Ltd. (the "**Company**") wishes to update the shareholders of the Company ("**Shareholders**") of the following:-

- (a) after receipt of legal advice on matters related to the Arbitration Orders, the Board decided that none of the representative of LW need to attend the arbitration proceeding on 7 February 2018 due to *inter-alia* the Board's views that the case against LW may be without merit and cost reasons.
- (b) LW was in a net liabilities position (arising from mainly past losses and inter-company indebtedness comprising approximately HK\$29.5 million and HK\$28.5 million of dues to Vashion Group Ltd and fellow subsidiary Vashion Group (H.K.) Holdings Limited respectively) of approximately HK\$58.0 million as at 31 December 2017. As at 31 December 2017, there are no intercompany advances. LW has been dormant since 1 January 2015 with no revenue. For the financial year ended 31 December 2017, LW incurred a net loss after tax of approximately HKD458 thousand. LW is not a principal subsidiary of the Group and has been classified as discontinued operation in the Company's audited financial statements since 31 December 2016. LW's net liabilities position is already reflected in the unaudited consolidated financial statements for the Group as at 31 December 2017 (as announced on 17 January 2018).
- (c) The Board confirms that: i) no corporate guarantee(s) has been provided by the Company or any of its subsidiaries to the Lenders for and on behalf of the Borrower; and ii) both the Directors and the directors of LW at the material time are not aware of the existence of the Guarantee Agreements. The Board is therefore of the view that there are no lapses in control within the Company and its subsidiaries ("Group"). The Board is of the view that the Arbitration Orders are without merit in view of the following: (a) none of directors of LW have entered into and/or have authorised any person to enter into any agreements with Raymond Fu Ngai Man (the "**Borrower**") and the Lenders to guarantee the obligations of the Borrower; (b) no signature of any director or authorised person of LW was sighted in all Guarantee Agreements; and (c) the company stamp which appears in the Guarantee Agreements is of a different size from the original LW's company stamp.
- (d) The Board is of the opinion barring unforeseen circumstances that, based on the legal advice obtained, the Arbitration Orders or in the event that award is made against LW ("**Award**") for the amounts claimed under the Arbitration Orders shall not have any material impact on the financial position and performance of the Company and the Group or the ability of the Company or the Group to continue as a going concern or in its ability to meet its obligations when due. The basis of such opinion are:-
  - No corporate guarantee has been provided by the Company or any of its subsidiaries to the Lenders for and on behalf of the Borrower.

- LW and the Company are separate legal entities. The liability of the Company, being the sole shareholder of LW in the event of the winding-up of LW, will be capped to the amounts of capital contributed, Based on the legal advice obtained, the Company cannot, *inter-alia* be held liable in law for the sums in the Award. Furthermore the Directors confirm that there are no obligations or contractual or regulatory requirement for the Company or any of its other subsidiaries to fulfil or indemnify any obligations or owings of LW. Regardless of Arbitrations or the Award against LW, LW is not a significant subsidiary of the Group, the amount due to the Group has already been eliminated on the consolidation basis).
- (e) Furthermore the Board confirms that its existing controls to safeguard monies (existing cash as well as funds to be raised) are adequate after taking into account, *inter-alia*:
- proper documentation, recording, accounting, approvals and verification of usage as announced and/or approved by Shareholders of the Company (including *inter-alia* the funds to be raised pursuant to the Rights cum Warrants Issue whose notice of books closure date was announced on 5 February 2018 and the arrangements to offset advances made by the Executive Director against his subscription of Rights Shares with Warrants or excess Rights Shares with Warrants as the case may be);
  - internal control procedures and approvals for its new business in trading of luxury goods which has been reviewed by the Company's internal auditors and approved by the Board; and
  - the on-going regular review of and reports on *inter-alia* the Company's cash balances, transactions, procedures, controls and documentation by internal auditors appointed since resumption, and adoption by Management of the internal auditor's recommendations. Such transactions to be reviewed will include the Rights cum Warrants Issue to be completed in due course and this includes the offsetting arrangements and its approval by the whole Board including the Audit Committee and with the Executive Director abstaining.

In the meantime, Shareholders are advised to exercise caution when dealing with their shares and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Shareholders and potential investors should exercise caution when trading in the Company's shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

The Company will keep the shareholders informed and will make such further announcements at the appropriate juncture, as and when there are material developments in relation to this matter.

#### Director's responsibility statement

The Directors' confirm that all material disclosures, facts and information (including but not limited to disclosures pertaining to, *inter alia*, LW or the Arbitration Orders or the Guarantee Agreements) have been provided and announced. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Arbitration Orders, the Guarantee Agreements, the Company and its subsidiaries (including LW), and the Directors are not aware of any facts the omission of which would make any statement in this announcement or previous announcements or disclosures misleading. Where information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**BY ORDER OF THE BOARD OF  
Vashion Group Ltd.**

Christian Kwok-Leun Yau Heilesen  
Executive Director  
12 February 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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