VASHION GROUP LTD Company Registration Number: 199906220H

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 ("FY2014")

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

			roup 31 December	Increase /
	Note	2014	2013	(Decrease)
	-	S\$'000	S\$'000	%
Revenue		5,508	6,117	(9.96)
Cost of Sales	_	(3,779)	(4,115)	(8.17)
Gross profit		1,729	2,002	(13.64)
Other operating income		2,688	847	217.36
Selling & distribution expenses		(609)	(2,131)	(71.42)
Administrative expenses		(3,360)	(4,351)	(22.78)
Other operating expenses	_	(897)	(3,410)	(73.70)
(Loss) from operations		(449)	(7,043)	(93.62)
Finance expenses	-	(438)	(1,010)	(56.63)
(Loss) before tax		(887)	(8,053)	(88.99)
Income tax expenses	-	(22)	(2)	1,000
(Loss) after tax		(909)	(8,055)	(88.72)
Gross profit margin	=	31.39%	32.7%	. ,

Consolidated Statement of Comprehensive Income:

	Year Ended 3	Increase /	
	2014	2013	(Decrease)
•	S\$'000	S\$'000	%
(Loss) for the period	(909)	(8,055)	(88.72)
Other comprehensive income:			
 Foreign currency translation differences arising from translation of financial statements of subsidiaries reported in currency other than Singapore dollar 	328	(422)	177.73
Total comprehensive (loss) for the period	(581)	(8,477)	

N/A: Not Applicable

1. (a) (ii) Notes to income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Profit for the period is arrived at after charging/(crediting) following items:

Group						
Year	Ended	31	December			

	2014	2013
	S\$'000	S\$'000
Foreign exchange (gain)/loss	896	(800)
Depreciation of property, plant and equipment	126	309
Interest expense	438	1,010
Interest income	-	2
Loss/(gain) on disposal of property, plant and		
equipment	-	(11)
(Gain) on disposal of investment	(2,211)	-
Allowance for impairment of trade receivables	1	1,240
Allowance for impairment of prepayments	-	1,433
Allowance for inventory obsolescence	-	365
Allowance for impairment of intangible assets	-	364

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position	Gr	oup	Com	Company		
	As at 31 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2013		
Non august accets	S\$'000	S\$'000	S\$'000	S\$'000		
Non-current assets	160	215	24	34		
Property, plant and equipment Investment in subsidiaries	160	213	4,533	1,303		
Deferred tax assets	-	-	4,555	1,303		
Intangible assets	2,240	2,146	-	-		
Membership rights	24	24	_	_		
Total non-current assets	2,424	2,385	4,557	1,337		
Current assets						
Inventories	677	563	-	-		
Trade receivables	1,440	921	-	-		
Other receivables, deposits and						
prepayments	4,311	5,274	9	117		
Due from subsidiaries (non-trade)	-	-	1,978	3,647		
Loans to subsidiaries	-	-	-	915		
Fixed deposits	85	773	-	-		
Cash and bank balances	2,631	615	1 1	56		
Assets directly associated with						
disposal group classified as held for						
sale	-	4,832	-	-		
Total current assets	9,144	12,978	1,988	4,735		
Current liabilities	(222)	(222)				
Trade payables	(680)	(238)	-	-		

Other payables and accruals Due to subsidiaries (non-trade) Lease obligations Borrowings Income tax payable Liabilities directly associated with disposal group classified as held for sale Total current liabilities	(3,100) - (7) - (900) - (4,687)	(1,299) - (7) (1,567) (805) (3,978) (7,894)	(3,094)	(540) (420) - - - - (960)
Net current assets	4,457	5,084	(1,106)	3,775
Non-current liabilities Lease obligations Total non-current liabilities	(7) (7)	(14) (14)	<u>-</u>	<u>-</u>
Net assets	6,874	7,455	3,451	5,112
Share capital Convertible warrants Statutory reserve fund Translation reserve Performance bonus shares reserve Accumulated losses Reserve attributable to disposal group classified as held for sale	28,120 - - (1,033) 1,404 (21,617)	28,120 - 442 (1,393) 1,404 (22,433) 1,315	28,120 - - - 1,404 (26,073)	28,120 - - - 1,404 (24,412)
Total equity	6,874	7,455	3,451	5,112

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	Group Borrowings					
	As at 31 D	ecember 2014	As at 31 De	cember 2013		
	Secured	Unsecured	Secured	Unsecured		
	S\$'000	S\$'000	S\$'000	S\$'000		
Amount repayable in one year or less,						
or on demand	-	-	1,567	-		
Financial lease less than one year	7	-	7	-		
Financial lease more than one year	7	-	14	-		
Amount repayable after one year	_	-		-		
Total	14	-	1,588	-		

Details of any collateral

As at 31 December 2013, the secured borrowings were related to bank loans granted to subsidiaries secured by the entire fixed deposits of the Group and a corporate guarantee of the Company. As at 31 December 2014, the secured borrowings were fully repaid.

The lease relate to certain motor vehicle of the Group acquired under financial lease. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

Save for the lease, the Group do not have any secured or unsecured borrowings/loan as at 31 December 2014.

1(c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

the corresponding period of the immediately preceding financ	•			
	Group Year Ended 31			
	2014	mber 2013		
	S\$'000	S\$'000		
Cash flows from operating activities:	0 0 0 0 0	5 7 7 7 7 7 7 7 7 7 7		
(Loss)/profit before tax Adjustment for:	(887)	(8,053)		
Depreciation of property, plant and equipment	126	309		
(Loss)/gain on disposal of property, plant and equipment	-	(11)		
Gain on disposal of subsidiary	(2,211)	-		
Plant and equipment written off	-	8		
Impairment of trademark	-	364		
Allowance for inventory obsolescence	-	365		
Allowance for impairment				
- Trade receivables	1	1,240		
- Other receivables	-	1,433		
Unrealised exchange gain	59	(860)		
Interest expenses	438	1,010		
Interest income		(2)		
Operating (loss)/profit before working capital changes	(2,474)	(4,197)		
Decrease in inventories and work in progress	203	1,372		
(Increase)/decrease in receivables	(216)	2,785		
(Increase) in prepayment and deposit	1,025	,		
Increase/(Decrease) in payables	2,298	(922)		
Cash used in operations	836	(962)		
Interest paid	(438)	(486)		
Income tax paid		(195)		
Net cash generated / (used in) operating activities	398	(1,643)		
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	-	40		
Proceeds from disposal consideration	1,973	500		
Deposit with escrow agent	-	(2,765)		
Financial assistance agreement	-	(189)		
Withdrawal/(placement) of fixed deposits pledged with banks	687	484		
Interest received	-	2		
Purchase of property, plant and equipment	(23)	(123)		
Net cash generated / (used in) from investing activities	2,637	(2,051)		
Cash flows from financing activities:				
Repayments of bank borrowing –net	(1,470)	(659)		
Proceeds from borrowings	(1,470)	203		
Proceeds from issuing of shares – net	_	4,723		
Lease obligations – net	(7)	(13)		
Net cash generated / (used in) from financing activities	(1,477)	4,254		
Effect of exchange rate changes on cash and cash equivalent	(442)	43		
Net increase/(decrease) in cash and cash equivalents	1,116	603		
Cash and cash equivalent at beginning of the period	2,120	1,517		
Cash and cash equivalent at end of the period	3,236	2,120		

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts:-

	Group		
	As at 31 December 2014	As at 31 December 2013	
	S\$'000	S\$'000	
Fixed deposits	85	773	
Cash and bank balances	2,631	615	
Assets directly associated with disposal group classified as	,		
held for sale	-	72	
Monies held in an escrow account ⁽¹⁾	605	1,531	
Bank overdrafts	-	(98)	
	3,321	2,893	
Less:			
Fixed deposits pledged to a bank	(85)	(773)	
Total	3,236	2,120	

Note (1):

The monies held in an escrow account relates to cash balances of the Group's wholly owned subsidiary, PT. Louis Gianni ("PTLG"), in Indonesia incorporated during the year. The cash balances, which are to be utilised for PTLG's operating expenses, are held in an escrow account as PTLG has not yet opened a bank account.

1(d)(i) A statement (for the issuer and group) showing either

- (i) All changes in equity or
- (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

The Group		O a marantiila la	Obstations	Performance	Turnalation	attributable to disposal group	A	Takal
	Share capital	Convertible warrants	Statutory reserve fund	bonus shares reserve	Translation reserves	held for sale	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2013	22,647	1,781	442	1,404	344	-	(16,158)	10,460
Conversion of warrants to new ordinary shares As expiry of the convertible warrants, the relevant reserve	1	(1)	-	-	-	-	-	-
was transferred to share capital	-	(1,780)	-	-	-	-	1,780	-
Issuance of new ordinary shares for cash Share issue expenses Reserve attributable to disposal group classified as	5,500 (28)	-	-	-	-	- -	- -	5,500 (28)
held for sale Total comprehensive income/	-	-	-	-	(1,315)	1,315	-	-
(loss) for the period	-	-	-	-	(422)	-	(8,055)	(8,477)
Balance as at 31 December 2013	28,120	-	442	1,404	(1,393)	1,315	(22,433)	7,455
Balance as at 1 January 2014	28,120	-	442	1,404	(1,393)	1,315	(22,433)	7,455
Profit for the period Other comprehensive income	-	-	-	-	-	-	(909)	(909)
 Exchange differences on translation of foreign subsidiaries 		-	-	-	360	(33)	1	328
Total comprehensive income/ (loss) for the period - Statutory reserve in relation to Disposal of	-	-	-	-	360	(33)	(908)	(581)

Reserve

subsidiary	-	-	(442)	-	-	(1,282)	1,724	
Balance as at 31 December 2014	28,120	-	-	1,404	(1,033)	-	(21,617)	6,874

The Company	Share capital	Convertible Warrants	Performance bonus shares reserve	Accumulated losses	Total Equity
-	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2013	22,647	1,781	1,404	(14,005)	11,827
Conversion of warrants to new	,-	, -	, -	()/	,-
ordinary shares	1	(1)	-	-	-
As expiry of the convertible		,			
warrants, the relevant reserve was					
transferred to share capital	-	(1,780)	-	1,780	-
Issuance of new ordinary shares					
for cash	5,500	-	-	-	5,500
Share issue expenses	(28)	-	-	-	(28)
Total comprehensive loss for the					
period	-	-	-	(12,187)	(12,187)
Balance as at 31 December 2013	28,120	-	1,404	(24,412)	5,112
Balance as at 1 January 2014	28,120	-	1,404	(24,412)	5,112
Total comprehensive loss for the	-	_		4	
period _			=	(1,661)	(1,661)
Balance as at 31 December 2014	28,120	=	1,404	(26,073)	3,451

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous financial year reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held at treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial year reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company's issued share capital as at 31 December 2014 was \$\$28,120,322 comprising 3,031,293,241 ordinary shares. There was no change in the Company's issued share capital since 31 December 2013 up to 31 December 2014

Details movement of the Company's shares capital and number of issued shares as at 31 December 2013 to 31 December 2014:-

	Share Capital of the Company (S\$)	Number of Issued Ordinary Shares
Balance as at 1 January 2014	28,120,322	3,031,293,241
Movement during the period	-	-
Balance as at 31 December 2014	28,120,322	3,031,293,241

Details movement of the Company's ordinary shares and number of outstanding convertibles for current and corresponding period:-

	Issued ordinary Warrants – shares W130213		Performance bonus share
Balance as at 1 January 2014	3,031,293,241	-	280,768,000
Movement during the period	-	-	-
Balance as at 31 December 2014	3,031,293,241	-	280,768,000
Balance as at 1 January 2013	2,481,268,241	135,533,828	330,518,260
Conversion of warrants to new ordinary shares	25,000	(25,000)	-
Issued and allotment of new ordinary shares for cash	550,000,000	-	-
Expiry of the warrant on 13 Feb 2013	-	(135,508,828)	-
Revise of performance bonus share	-	-	(49,750,260)
Balance as at 31 December 2013	3,031,293,241	-	280,768,000

Warrants - W1303213

The warrants were listed and quoted on Catalist at an issue price of \$\$0.015 per warrant with exercise prices of \$\$0.045 per share. Apart from those warrants converted to 25,000 new ordinary shares, the remaining unconverted 135,508,828 warrants were lapsed on 13 February 2013.

Performance bonus shares

As at 31 December 2014, the estimated outstanding numbers of 280,768,000 performance bonus shares to be converted to 280,768,000 new ordinary shares of the Company was approved by the shareholders of the Company at an Extraordinary General Meeting on 28 January 2014.

Refer to announcement dated 31 October 2014 and 31 December 2014, the Company has entered into supplemental agreement and 2nd supplemental agreement to extent the issuance of the performance bonus shares to 31 December 2014 and 31 March 2015 respectively. As at the date of this announcement, the performance bonus shares have not been issued.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

The total number of issued ordinary shares as at 31 December 2014 was 3,031,293,241 and 31 December 2013 was 3,031,293,241. The Company had no treasury shares as at 31 December 2014 and as at 31 December 2013.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statement for the year ended 31 December 2014 as those used for the audited financial statement as at 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all of the new or revised Financial Reporting Standards ("FRS") that are effective for the financial period beginning 1 January 2014 and are relevant to its operations. The adoption of these new and revised FRS has no material effect on the amounts reported for the current or prior reporting periods.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Year	Ended	31 I	Decem	ber

•	2014	2013
	Cents	Cents
Basic (loss)/earnings per ordinary share("EPS")	(0.03)	(0.28)
Weighted average number of shares in issue during the period for calculating the EPS	3,031,293,241	2,861,702,200

Warrants and performance bonus shares have not been included in the calculation of diluted loss per share because they were anti-dilutive for the current and previous financial years.

- 7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
 - (a) current financial year ended on; and
 - (b) immediately preceding financial year.

	Gro	oup	Com	pany
	As at 31 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2013
Net asset value per share (cents)	0.23	0.25	0.11	0.17
Number of ordinary shares	3,031,293,241	3,031,293,241	3,031,293,241	3,031,293,241

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
 - (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

Revenue, gross profit and gross profit margin

The Group's revenue decreased by \$\$0.6 million or 9.96% from \$\$6.1 million in FY2013 to \$\$5.5 million in FY2014 was mainly due to no revenue recognised in consultancy services according to project milestone. The progress for consultancy project had been delayed due to delayed customer's audit which only commenced in Q4 2014. According to FRS18, no further revenue had been recognised in FY2014 under certain milestone has not been reached. During the FY2014, Shenzhen Louis Gianni Costume Co. Ltd ("SZLG") was disposed on 23 May 2014, the Group did not record any further revenue from retails business since the completion of the disposal of SZLG.

Despite the cessation of retail business, the Group recorded sales from the wholesale business in second half of 2014. The revenue of retail/wholesale business decreased by approximately S\$1.3 million from S\$2.7 million in FY2013 to S\$1.4 million in FY2014. Apart from this, there was an improvement related to distribution of consumable material for electronic industry from S\$2.8 million in FY2013 to S\$3.1 million in FY2014.

The gross profit margin of the Group remain stable. The Group reported a gross margin of approximately 32.7% for the year ended 31 December 2013 and approximately 31.39% for FY2014. The gross profit margin for consumable material and switchgear design and assembly remain constant.

Other Operating Income

The significant increase in other operating income from \$\$0.8 million in FY2013 to \$\$2.7 million in FY2014 was mainly due to a gain on disposal of SZLG, approximately \$\$2.2 million recognised by the Group in FY2014. As announced earlier in the half year result announcement dated 14 August 2014, the gain of disposal of SZLG was approximately \$\$1.2 million. There had been audit adjustments proposed by the auditor after revision of SZLG. The audit adjustments included, *inter alia*, accrual of finance expenses of RMB1.8 million and maintenance of retail outlets approximately RMB3.5 million. The proposed audit adjustments contributed additional \$\$1 million gain on disposal of SZLG due to the adjustment resulted in a decrease in the net assets of SZLG which resulted in increase in gain.

Selling and Distribution Expenses

The significant decrease in selling and distribution expenses from approximately S\$2.1 million in FY2013 to approximately S\$0.6 million in FY2014 which was mainly due to the disposal of SZLG which led to the decrease in commission paid to shopping centre, less promotion costs incurred and decrease in depreciation in apparel business accordingly.

Administrative Expenses

The administrative expenses decreased by 22.78% from S\$4.35 million in FY2013 to S\$3.36 million in FY2014. The decrease was due to (i) decrease in wages and salaries of S\$0.4 million after the disposal of SZLG, and cessation of COO and previous CFO in January 2014 and April 2014 respectively; (ii) decrease in rental expense by S\$0.2 million as a result of disposal of retail business; (iii) no renovation expenses incurred in 2014 while S\$167 thousand was expenses in 2013 for retail business in PRC and (iv) reversal of tax fee for retail business in PRC for S\$0.2 million.

Other Operating Expenses

There was \$\$0.9 million other operating expenses recorded in FY2014 while compared to FY2013 of \$\$3.4 million. The other operating expenses in FY2014 was mainly due to the exchange loss incurred in escrow account. While in FY2013, the other operating expenses included (i) impairment of trade receivables of \$\$1.2 million; (ii) written off of advance to suppliers of \$\$1.4 million; (iii) impairment of trademark of \$\$0.36 million and (iv) allowance for inventory obsolescence of \$\$0.35 million.

The exchange loss incurred in FY2014 was mainly due to foreign currencies deposited in escrow account in 2012 and 2013 included United State Dollar and Singapore Dollar have been exchanged to Indonesia Rupiah at the time of deposit. The Group had recognised an exchange gain of approximately S\$800K amount in FY2013 and need to reverse the exchange gain in FY2014, and exchange losses realised from transactions carried out in currencies other than Company's reporting currency.

Finance Expenses

The decrease in finance expenses in FY2014 was due to the repayment of all borrowing in Hong Kong and no interest expenses incurred after disposal of SZLG.

Income Tax Expenses

During the FY2014, there was a provision for income tax of S\$22,000 for Hong Kong subsidiary.

Profit / (loss) After Tax

The smaller loss in FY2014 was mainly due to decrease in selling & distribution expenses, decrease in administrative expenses and a gain from disposal of SZLG, but was offset by exchange losses.

Non Current Assets

There was no material change to the non-current assets of the Group apart from the decrease in property, plant, and equipment as a result of depreciation, and increase intangible assets as a result of the foreign currency translation.

Current Assets

The current assets of the Group decreased by approximately \$\$3.8 million or 29.54% from \$\$13 million as at 31 December 2013 to \$\$9.1 million as at 31 December 2014. The decrease in balance was mainly due to disposal of \$ZLG, which was completed on 23 May 2014, of \$\$4.8 million and decrease of \$\$0.7 million in fixed deposits as at 31 December 2014. In addition, the decreased in other receivable by approximately \$\$1 million from \$\$5.3 million in FY2013 to \$\$4.3 million in FY2014 mainly due to the exchange loss incurred in escrow account in Indonesia. Apart from this, an increase in inventories from \$\$0.6 million as at 31 December 2013 to \$\$0.7 million as at 31 December 2014 due to Hi-Tech Distribution Pte Ltd purchased stock near end of December 2014. The increase in trade receivables was approximately \$\$0.5 million from \$\$0.9 million as at 31 December 2013 to \$\$1.4 million as at 31 December 2014, it was mainly due to sales under Vashion Group (H.K.) Limited for the new line business which was announced earlier on 31 October 2014 for the trading of apparel materials in the Hong Kong SAR. All trade receivables from this new line business have been settled in late January 2015 and early February 2015.

Apart from the disposal of retail apparel business in 2014, The cash and bank balance increased from S\$0.6 million as at 31 December 2013 to S\$2.6 million as at 31 December 2014, the increase arose mainly from a deposit sum of S\$2.5 million pursuant to a conditional deposit agreement (the "Conditional Deposit Agreement") entered between the Group and Industronics Berhad (the "Investor") on 9 July 2014, and announced via SGX-ST on 10 July 2014. Please refer to the announcement dated 10 July 2014 for more details.

Current Liabilities

The decrease in current liabilities by approximately \$\$3.2 million was mainly due to (i) disposal of SZLG completed on 23 May 2014 of \$\$4 million and (ii) the net repayment of borrowings of \$\$1.57 million FY2014. The Other payable and accruals increased from \$\$1.3 million in 2013 to \$\$3.1 million in 2014 mainly contributed from

the investor advance S\$2.5 million into the Group in 2014 and repayment of other payable.

Non-Current Liabilities

The decrease of the Group's non-current liabilities was contributed from the payment of lease obligation.

Working Capital

There was an decrease in working capital of approximately \$\$0.6 million from \$\$7.5 million in FY2013 to \$\$6.9 million in FY2014 was mainly due to (i) decrease in current assets by \$\$3.9 million from \$\$13 million in FY2013 to \$\$9.1 million in FY2014 and (ii) decrease in current liabilities by \$\$3.2 million from \$\$7.9 million in FY2013 to \$\$4.7 million in FY2014

Cash Flow Position

Net cash generated in operating activities of approximately \$\\$0.4 million was mainly due to deposit from Investor of \$\\$2.5 million and decrease in escrow account in Indonesia. There was net cash generated in investing activities in FY2013 as a result of withdrawal of fixed deposit pledged with the banks and proceed from sales of Shenzhen Louis Gianni Costume Co. Ltd. There was net cash used in financing activities as due to repayment of bank borrowing of \$\\$1.47 million.

Combining the effects of the aforesaid transactions the Group's cash flow position had increased approximately of S\$1.1 million compared with financial year ended 31 December 2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

On 18 February 2015, the Company announced that based on the preliminary review and subject to audit, the Company was expecting to record a profit for the financial year ending 31 December 2014, mainly due to the gain on disposal of SZLG, wholesales business in Hong Kong, and cost reduction measures. Please refer to the announcement dated 18 February 2015 for the details.

However, subsequent to the announcement, there has been an adjustment made for the exchange loss arising from foreign currencies deposited in the escrow account. Please refer to section 8 under other operating expenses for details.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Distribution

The principal supplier of the consumables distribution business unit has committed to cooperate with the Group to compete with more aggressive and competitive pricing strategy to improve and recover lost market share. In addition, switchgear assembly business unit will allocate more resources to compete for better profit margin projects such as repairs, maintenance and upgrading projects.

Retail/Wholesale Business

As announced on 26 May 2014, the disposal of SZLG was completed on 23 May 2014. SZLG was responsible for the entire retail segment in PRC China. Despite the disposal of SZLG, the Group will continue to operate as a franchisor of the Louis Gianni trademark in China via Seleni Group Limited. The Group has sale transactions for wholesales of apparel business, the transactions were carried out with Industronics Technology Limited (who is subsidiary of Industronics Berhad,the Investor who placed conditional deposits with the Company) and will continue to expand the business in PRC China.

The outlook of the consultancy business in Hong Kong and the distribution of consumables to electronic manufacturer business segments remain positive and stable in next twelve months. However, the switchgear design and assembly division is facing increased competition that could materially reduce the revenue from this business segment.

Pertaining to the potential acquisition of an Indonesian company with coal mining concession, the exclusivity agreement has expired on 30 April 2014. There had not been any agreement between parties to further extend the exclusivity period. Also there had been no definitive agreement reached despite the various negotiations and discussions between the Company and the vendors. As announced on 14 August 2014, the exclusivity agreement has been terminated. The said deposit under escrow is fully refundable in the event that no definitive agreement is entered into between the Company and the vendors or the target at the expiration of the exclusivity period. The Board is currently evaluating the appropriate deployment of funds of approximately S\$2.7 million held in escrow account in Indonesia. The Board will make the necessary announcements and keep shareholders informed of any developments.

Internal Control Report

On 11 August 2014, the Company has appointed JF Virtus Pte Ltd as an internal auditor in place of GT with effect from 11 August 2014. GT has resigned as internal auditor effective from 8 August 2014. The Company has decided to appoint JF Virtus in view of the resignation of the incumbent internal auditor effective 11 August 2014. The scope of internal control review included, inter alia, the following areas:

Update on Resumption Plan

In the announcement dated 26 February 2014, the Company provided an update on the resumption plan, please refer to the announcement for more details.

We have undertaken certain cost reduction measures and improve our overall overheads in 2014. Going forward, we continue to remain positive on the prospects of the Group.

Although the Group's operations may face various challenges in the coming 12 months, the Group will continue to keep exploring any potential investment opportunities in order to expand and diversify the Group's business, and improve the Group's operating results in foreseeable future.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

The Board does not recommend a dividend payment for the financial year ended 31 December 2014.

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately.

(A) Business Segment FY 2014	Retail/ Wholesale Business S\$'000	Distribution S\$'000	Switchgear design and assembly S\$'000	Consultancy S\$'000	Others S\$'000	Group S\$'000
Segment revenue	1,444	3,144	317		603	5,508
Segment result	(2,634)	5	(129)	(70)	2,379	(449)
Finance costs						(438)
Income tax						(22)
Consolidated profit for the year						(909)
Depreciation of property, plant and equipment	(51)	(32)	(3)	-	(40)	(126)
Impairment of trademark	-	-	-	-	-	-
Allowance for inventory obsolescence						

	-	-	_	_	_	-
Allowance for impairment loss of trade and other receivables						
	-	(1)	-	-	-	(1)
Capital expenditure	-	(22)	-	-	(1)	(23)
Segment assets	2.144	2,297	(388)	365	7,150	11,568
Segment liabilities	(1,034)	(272)	(31)	20	(3,377)	(4,694)
(A) Business Segment FY 2013	Retail/ Wholesale Business S\$'000	Distribution S\$'000	Switchgear design and assembly S\$'000	Consultancy S\$'000	Others S\$'000	Group S\$'000
Segment revenue	2,736	2,800	322	258		6,116
Segment result	(4,433)	(5)	(180)	(662)	(1,763)	(7,043)
Finance costs						(1,010)
Income tax						(2)
Consolidated (loss) for the year						(8,055)
Depreciation of property, plant and equipment	(241)	(28)	(2)	(1)	(37)	(309)
Impairment of trademark	(364)	-	-	-	-	(364)
Allowance for inventory obsolescence	(365)	-	-	-	-	(365)
Allowance for impairment loss of trade and other receivables	(2,673)	-	-	-	-	(2,673)
Capital expenditure	(41)	(35)	(10)	-	(37)	(123)
Segment assets	8,364	2,271	(142)	423	4,448	15,364
Segment liabilities	(4,955)	(250)	(139)	16	(2,581)	(7,909)

(B) Geographical information

The Group's four business segments operate in two main geographic areas:

Asia Pacific – The Company is headquartered and has operations in Singapore. The operations in this area include investment holding, provision of administrative and management service, distribution of specialty chemical products and consumable material for the electronic industry and switchgear design and assembly services.

Asia Pacific recorded S\$3.5 million revenue in 2014 and loss after tax of S\$0.5 million.

People's Republic of China ("PRC") – The operations in this area include investment holding in Hong Kong, wholesales business in garments and cosmetic products and consultancy business.

PRC recorded S\$2 million revenue in 2014 and loss after tax of S\$0.4 million

14. In the view of performance, state the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Retail/Wholesale Business

The retail/wholesale business includes those of wholesale of apparels and retailing of clothing and cosmetic products. A significant decrease in revenue from S\$2.7 million in FY2013 to S\$1.4 million in FY2014 was mainly due to the disposal of Shenzhen Louis Gianni Costume Co. Ltd (SZLG) completed on 23 May 2014. No More retailing of apparel business revenue in PRC after disposal. However, there were sale transactions for wholesale of apparel business in second half of 2014.

Distribution

The distribution business segment of the Group consists of distribution and supplying of consumables to the electronic manufactures. Despite the slightly increase in turnover, the segment result remain stable with slight profit in FY2014. The increase in revenue was mainly attributable to the additional purchase orders received from the existing customers in FY2014.

Switchgear design and assembly

The Switchgear business segment is relating to design, assembly and supply of electrical switchboard. Despite the keen competition in FY2014, the revenue and segment results remain stable during the year.

Consultancy Business

The consultancy business segment is relating to the provision of Pre-Initial Public Offering advisory services in Hong Kong. No revenue recognise in consultancy services according to milestone in FY2014.

<u>Others</u>

Headquarter operating expenses located in Singapore is classified under this segment. The operating expenses include the compliance costs incurred to maintain the listing status of the Company. The profit was due to gain on disposal of Shenzhen Louis Gianni Costume Co. Ltd (SZLG).

15. A breakdown of sales

		Year ended 31 Dec 2014	Year ended 31 Dec 2013	Increase / (Decrease)
		S\$'000	S\$'000	%
a)	Sales reported for the first half year	2,380	3,504	(32.08)
b)	Operating (loss) after tax before deducting minority interests reported for the first half year	(238)	(1,145)	(79.21)
c)	Sales reported for the second half year	3,128	2,613	19.71
d)	Operating profit / (loss) after tax before deducting minority interests reported for second half year	(671)	(6,910)	(90.29)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

There was no dividend declared or paid in FY2014 or the previous financial year FY 2013.

17. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate for IPTs and the Group did not have any IPTs during FY2014.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

During FY2014, there was no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to the directors, chief executive officer or substantial shareholders of the Company.

19. The name of the interested person ("IP") and the corresponding aggregate value of IPT entered into with the same IP during the financial year in the format required under Rule 907 have been disclosed in the annual report.

The Group did not have any IPTs during FY2014

20. Update on the Utilisation of The Proceeds from The Placement of Shares

Pursuant to the sale and purchase agreement as announced on 8 November 2013, 31 March 2014, 30 April 2014 and 26 May 2014, The Group had completed the transfer of title of Shenzhen Louis Gianni Costume Co. Ltd (SZLG) on 23 May 2014 which in consideration of S\$2,000,000.

As announced on 14 August 2014, the Company has announced a change in the use of the Net Proceeds from the intended use as disclosed in the Circular. The Company has utilised the Net Proceeds as follow:

Intended Use of Proceeds	Reallocation Amount (S\$)	Percentage of proceeds (%)	Actual use of Net Proceeds (S\$) as at the date of this announcement	
Estimated expenses pertaining to the Proposed Disposal	20,000	1%	20,000	-
Business expansion, through acquisitions and/or investments in new companies and/or capital expenditure	400,000	20%	-	-
Working capital - Staff salaries - Professional fees such as audit fees, listing fees etc Payment to suppliers - Repayment of loan - Others	500,000 200,000 300,000 560,000 20,000	25% 10% 15% 28% 1%	400,000 200,000 300,000 560,000 20,000	- - - -
Total	2,000,000	100%	1,500,000	-

The above use of proceeds is in accordance with the intended use as stated in the announcement dated 14 August 2014.

Pursuant to the Sale and Purchase Agreement, the final tranche payment of \$S500,000 ("Final Tranche Payment") is due on 19 November 2014. As at the date of this announcement, the Company has not received the Final Tranche Payment. The Company understands that the Purchaser requires additional time to settle the Final Tranche Payment and the Company and the purchaser is negotiating the time frame of payment for the Final Tranche Payment. The Company would make announcement to keep shareholders updated should there be any development.

Utilisation of Proceeds for the Conditional Deposit

As at 31 December 2014, the Group has utilised approximately S\$254,000 of conditional deposit from investor for settlement of professional fee. The use of proceeds is in accordance with the tended use as stated in the announcement dated 10 July 2014.

By Order Of The Board

Khoo Yick Wai

Executive Chairman

Dated: 27 February 2015

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.

The contact person for the Sponsor is Mr Liau H.K. Telephone number: 6221 0271