

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

PROPOSED PLACEMENT OF 1,333,333,332 NEW ORDINARY SHARES IN THE CAPITAL OF VASHION GROUP LTD. (THE "COMPANY", TOGETHER WITH ITS SUBSIDIARIES AND ASSOCIATES THE "GROUP") AT AN ISSUE PRICE OF S\$0.0009 FOR EACH NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of Directors ("**Board**", each member a "**Director**") of the Company wishes to announce the proposed placement of 1,333,333,332 new ordinary shares in the capital of the Company ("**Placement Shares**" and each a "**Placement Share**") at an issue price of S\$0.0009 ("**Issue Price**") for each Placement Share, amounting to an aggregate amount of S\$1.2 million ("**Proposed Placement**").

2. PROPOSED PLACEMENT

The Company has on 15 December 2015 entered into a placement agreement ("**Placement Agreement**") with four (4) individual placees listed in the table below (collectively, "**Placees**" and each a "**Placee**"), where the Placees have agreed to subscribe for the Placement Shares, in the proportion as set out against their respective names below, at the Issue Price for each Placement Share, on the terms and subject to the conditions set out in the Placement Agreement.

Placees	Number of Placement Shares	Number of Placement Shares as a percentage of existing issued share capital ⁽¹⁾ ₍₃₎	Number of Placement Shares as a percentage of enlarged issued share capital ⁽²⁾ ₍₃₎
Zhou Qilin	444,444,444	14.66%	9.77%
Reill Edward Champley	444,444,444	14.66%	9.77%
Koh Shi Xiang	222,222,222	7.33%	4.89%
Wong Law Sein	222,222,222	7.33%	4.89%
TOTAL ⁽³⁾	1,333,333,332	43.99%	29.32%

Notes:

- (1) Based on the Company's existing issued share capital comprising 3,031,293,241 ordinary shares ("**Shares**") ("**Existing Issued Share Capital**").
- (2) Based on the Company's enlarged issued share capital comprising 4,546,939,861 Shares ("**Enlarged Issued Share Capital**") after taking into account the Existing Issued Share Capital of 3,031,293,241 Shares, the proposed issuance of the Placement Shares and the Advisory Fee Shares (as defined below). The Enlarged Issued Share Capital does not take into account an aggregate of 280,768,000 new Shares to be issued to Mr Ng Wai Hung and Mr Fu Ngai Man, Raymond pursuant to the settlement agreement dated 21 October 2013 as supplemented by the first, second, third, fourth and fifth supplemental settlement agreements.
- (3) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

The Placement Shares represents 43.99% of the Existing Issued Share Capital as at the date of this announcement and 29.32% of the Enlarged Issued Share Capital following the completion of the Proposed Placement.

The Issue Price of S\$0.0009 for each Placement Share represents a discount of approximately 10% to the volume weighted average price for trades done in respect of the Shares on the Catalist on 15 December 2015, being the full market day on which the Placement Agreement is signed. The

Issue Price was arrived at on a willing-buyer, willing-seller basis. In agreeing to the Issue Price, the Board has also taken into consideration the general market conditions and the value of the existing issued Shares.

The Placement Shares, when issued and fully paid, shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank *pari passu* in all respects with the existing issued Shares, except that they will not rank for any dividends, distributions or entitlements, the record date for which falls on or before their respective date(s) of issue.

Background of the Placees

In preparation of the resumption of trading for the Shares, the Company has in the course of the past few months approached various investors (including, *inter alia*, Ms Zhou Qilin) for possible fund raising to supplement the Group's working capital and financial resources.

Ms Zhou Qilin is currently residing in the People Republic of China ("**PRC**"). She was a shareholder of the Company previously but had disposed her entire shareholding of 150,000,000 Shares shortly after the resumption of trading of the Shares before she was approached by the executive director of the Company, Mr Christian Kwok-Leun Yau Heilesen ("**Executive Director**") to consider whether to participate in the Proposed Placement. She is an active investor in other companies listed on the Hong Kong Stock Exchange and has about 15 years of investment experience with wide network of investments and alternative investments opportunities in both the PRC and overseas. As at the date of the Placement Agreement, Ms Zhou Qilin holds direct interest of approximately 9.03% in Industronics Berhad (a party to which the Company had entered into a conditional deposit agreement dated 9 July 2014 ("**Conditional Deposit Agreement**"). Ms Zhou Qilin currently does not hold any Shares as at the date of the Placement Agreement. Upon the completion of the Proposed Placement, she will hold 444,444,444 Shares, representing approximately 9.77% of the Enlarged Issued Share Capital.

Mr Reill Edward Champley is currently residing in Hong Kong. He is a computer science graduate from the University of Kingston in London, United Kingdom with experience in running companies in the information and technology industry. At the same time, he has been actively involved in financial and investment services industry. Mr Reill Edward Champley has been introduced by a business associate of the Executive Director to the Company for the purpose of the Proposed Placement. Mr Reill Edward Champley holds an interest of approximately 0.88% in, and was an employee of Industronics Berhad during 2013-2014. Mr Reill Edward Champley does not hold any Shares as at the date of the Placement Agreement. Upon the completion of the Proposed Placement, Mr Reill Edward Champley will hold 444,444,444 Shares, representing approximately 9.77% of the Enlarged Issued Share Capital.

Mr Koh Shi Xiang is currently residing in Singapore and has been running events and entertainment company and interactive digital media companies. Mr Koh Shi Xiang has been introduced to the Company by a business contact of the Executive Director, who works in the banking industry in Hong Kong, for the purpose of the Proposed Placement. Mr Koh Shi Xiang does not hold any Shares as at the date of the Placement Agreement. Upon the completion of the Proposed Placement, Mr Koh Shi Xiang will hold 222,222,222 Shares, representing approximately 4.89% of the Enlarged Issued Share Capital.

Mr Wong Law Sein is currently residing in Singapore and has been managing director of Boon Trading Pte. Ltd. and three other companies in Myanmar. Mr Wong Law Sein was known to the Company as he is also involved in the garment industry and has been approached by the Executive Director for the purpose of the Proposed Placement. Mr Wong Law Sein does not hold any Shares as at the date of the Placement Agreement. Upon the completion of the Proposed Placement, Mr Wong Law Sein will hold 222,222,222 Shares, representing approximately 4.89% of the Enlarged Issued Share Capital.

None of the Placees are existing shareholders of the Company.

No placement agent has been appointed by the Company, and no introducer fee or commission is paid by the Company in connection with the Proposed Placement.

The Proposed Placement is accepted by the Company as the Placees have indicated an interest to invest in the Company, and the Company believes that the Placees are sincere in holding the Placement Shares as investment.

Pursuant to the Placement Agreement, each Placee has represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that:-

- (a) he/she is not related to any other Placee or any of the Directors or substantial shareholders of the Company ("**Substantial Shareholders**") and he/she specifically further confirm that he/she is not an immediate family member of any of the Directors or Substantial Shareholders;
- (b) he/she is not any of the persons specified in Rule 812(1) of the Catalist Rules;
- (c) he/she is not acting in concert with any other Placee or any of the Directors or Substantial Shareholders;
- (d) no commission nor discount in connection with the placement of the Placement Shares other than as disclosed in the Placement Agreement will be received, directly or indirectly by him/her; and
- (e) The Proposed Placement will not give rise to any material conflict of interest.

None of the Placees has participated in any previous share placement exercise by the Company.

Each Placee has also represented to the Company that he/she is subscribing for the Placement Shares purely for the purposes of investment.

Advisory Fee Shares

As partial payment for advisory fees on past services rendered (being resumption of trading for the Shares), the Company shall issue 182,313,288 new Shares ("**Advisory Fee Shares**") at the Issue Price to Asian Corporate Advisors Pte. Ltd.

Authority for the Issue of Shares

The 1,333,333,332 Placement Shares subscribed for by the Placees and 182,313,288 Advisory Fee Shares will be allotted and issued pursuant to a general share issue mandate (the "**General Mandate**") obtained from the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 29 April 2015 ("**2015 AGM**").

The General Mandate authorises the Board to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2015 AGM (subject to adjustment from any new Shares arising from the conversion or exercise of any convertible securities or Share options or vesting of Share awards which are outstanding or subsisting as at the date of the 2015 AGM ("**Adjustment(s)**")), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (subject to any Adjustment(s)) does not exceed 50% of the total number of issued Shares.

As at the date of the 2015 AGM, the number of issued Shares was 3,031,293,241. No Shares were previously issued under the General Mandate prior to the Proposed Placement. As such, the total number of number of issued Shares issuable under the General Mandate is 3,031,293,241, of which the maximum number of Shares to be issued other than on a pro-rata basis is 1,515,646,620 Shares. The proposed allotment and issuance of an aggregate of all the Placement Shares and the Advisory Fee Shares will fall within the limits of the General Mandate.

In addition, the Board was authorised under the General Mandate to issue Shares on a non pro-rata basis, and in exercising the authority conferred by the General Mandate the Company will comply, *inter alia*, with the requirements imposed by the SGX-ST from time to time and the

Catalist rules which includes the issuance of Shares at a discount not exceeding 10% of the weighted average price of the Shares for trades done on SGX-ST for the full market day on which the Placement Agreement in relation to such Shares is executed (or if not available, the weighted average price based on the trades done on the preceding market day up to the time the Placement Agreement is signed).

The completion of the Proposed Placement is conditional, *inter alia*, upon the listing and quotation notice (“LQN”) being obtained from the Singapore Exchange Securities Trading Limited (“SGX-ST”) and not having been revoked or amended and, where such LQN is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the Catalist are required to be fulfilled on or before relevant completion date, they are so fulfilled.

3. USE OF NET PROCEEDS

The proceeds from the Proposed Placement, after deducting estimated expenses, (the “Net Proceeds”) will amount to approximately S\$1.1 million.

The Company intends to utilise the Net Proceeds entirely for the Group’s general corporate and working capital purposes including to further supplement and augment the working capital available to the Group in view of the current uncertain and volatile economic conditions faced by the Group and provide financial flexibility and cash buffer for the Group’s existing operations as well as to refund part of the conditional deposit of S\$2.5 million (“Conditional Deposit”) obtained from Industronics Berhad pursuant to the Conditional Deposit Agreement in the event the refund is required by Industronics Berhad. As announced on 14 August 2015 and 14 December 2015, the Group has, as at 14 December 2015, utilised approximately S\$1,325,000 of the Conditional Deposit from Industronics Berhad in which, *inter alia*, approximately S\$830 thousand for settlement of professional fee, S\$30 thousand for listing fee and S\$465 thousand for operating expenses. Please refer to the Company’s announcement dated 14 August 2015 and 14 December 2015 for further details. The use of proceeds is in accordance with the intended use as stated in the announcement dated 10 July 2014.

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be placed as deposits with financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit in the interest of the Company.

As and when any material amount of the Net Proceeds is disbursed or deployed, the Company will make the necessary announcements on the SGXNET corporate announcement system (the “SGXNET”) and subsequently provide a status report on the use of such Net Proceeds in its annual report.

In addition, the Company undertakes that as the proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of proceeds and in the Company’s annual report for material disbursements.

4. OTHER SALIENT TERMS OF THE PROPOSED PLACEMENT

Conditions Precedent

The completion of the Proposed Placement is conditional upon the fulfilment of, *inter alia*, the following conditions:

- (a) the LQN being obtained from the SGX-ST and not having been revoked or amended and, where such LQN is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the Catalist are required to be fulfilled on or before Placement Completion Date (defined below under sub-section “Completion”), they are so fulfilled;

- (b) the allotment, issue and placement of the Placement Shares to the Placees not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Placees;
- (c) the exemption under Section 272B(1) of the SFA being applicable to the Proposed Placement under the Placement Agreement; and
- (d) the representations and warranties of the Company herein being true, accurate and correct in all material respects as if made on the Placement Completion Date (defined below), with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations under this Agreement which are required hereunder to be performed on or before the Placement Completion Date.

If the conditions as stated above are not fulfilled not later than eight (8) weeks from the date of the Placement Agreement, the Placement Agreement will terminate pursuant to the Placement Agreement.

The Company shall notify the Placees of the Placement Completion Date if the conditions as stated (a) and (d) (if applicable) are satisfied. In the event and unless otherwise disputed by any party, prior to Placement Completion Date, the condition as stated above shall be deemed to be satisfied. The Company shall ensure that there are no less than three (3) clear market days between the date of notification and the Placement Completion Date.

Additional Listing Application

An application for the listing and quotation for the Placement Shares and the Advisory Fee Shares will be made to the SGX-ST through the sponsor of the Company. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Placement Shares and the Advisory Fee Shares on the Catalist.

Completion

The Placement Agreement provides that each of the Placees shall pay to the Company the aggregate Issue Price for the relevant number of Placement Shares to be issued to such Placee ("**Consideration**") by way of a bank transfer or a bank draft to such bank account of the Company or its nominee within two (2) market days upon receipt the LQN.

Under the terms of the Placement Agreement, it is provided that the completion of the Proposed Placement shall take place on the date ("**Placement Completion Date**") notified by the Company upon fulfillment of the conditions precedent.

The Advisory Fee Shares will be issued immediately after the receipt of the LQN.

No prospectus or Offer Information Statement to be issued

The Proposed Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

Shareholdings

The number of Shares held by the Directors, the Substantial Shareholders (other than a Director), the Placees and other shareholders of the Company before and after the completion of the Proposed Placement, as well as their percentage shareholdings are as follows:-

	Number of Shares held before the Proposed Placement	% of Existing Issued Share Capital ⁽¹⁾	Number of Shares held after the Proposed Placement	% of Enlarged Issued Share Capital ⁽²⁾
<u>Directors</u>				
Christian Kwok-Leun Yau Heilesen ⁽³⁾	355,000,000	11.71%	355,000,000	7.81%
Zhou Jia Lin ⁽⁴⁾	151,900,000	5.01%	151,900,000	3.34%
Chan Siew Wei	0	0.00%	0	0.00%
Tan Chin Lee	0	0.00%	0	0.00%
Leung Kwok Kuen Jacob	0	0.00%	0	0.00%
<u>Substantial Shareholders (other than a Director)</u>				
Amanah Raya Berhad ⁽⁵⁾	292,279,000	9.64%	292,279,000	6.43%
Tansri Saridju Benui ⁽⁶⁾	360,000,000	11.88%	360,000,000	7.92%
Herjanto Rusli	281,500,000	9.29%	281,500,000	6.19%
Khoo Yick Wai ⁽⁷⁾	292,260,000	9.64%	292,260,000	6.43%
<u>Other Shareholders</u>				
<u>Placees</u>				
Zhou Qilin	0	0.00%	444,444,444	9.77%
Reill Edward Champley	0	0.00%	444,444,444	9.77%
Koh Shi Xiang	0	0.00%	222,222,222	4.89%
Wong Law Sein	0	0.00%	222,222,222	4.89%
Other existing Shareholders	1,298,354,241	42.83%	1,298,354,241	28.55%
Advisory Fee Shares	0	0.00%	182,313,288	4.01%
TOTAL	3,031,293,241	100%	4,546,939,861	100%

Notes:

- (1) Based on the Company's Existing Issued Share Capital of 3,031,293,241 Shares.
- (2) Based on the Company's Enlarged Issued Share Capital of 4,546,939,861 Shares after taking into account the Existing Issued Share Capital of 3,031,293,241 Shares, the Proposed Placement and the Advisory Fee Shares.
- (3) Christian Kwok-Leun Yau is deemed interested in 355,000,000 Shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited.
- (4) Zhou Jia Lin is deemed interested in 151,900,000 Shares held by Lissington Ltd as she is director and shareholder of Lissington Ltd.
- (5) Amanah Raya Berhad ("**ARB**") is the holding company of AmanahRaya Trustees Berhad. As such, ARB is deemed to have an interest in the shares held by Malayan Bank.
- (6) It does not include 2,450,000 Shares held by his spouse as Tansri Saridju Benui is not deemed to have an interest in the shares held by his spouse.
- (7) Khoo Yick Wai is deemed interested in 292,260,000 Shares held by Rennace Investments Ltd as he is director and shareholder of Rennace Investments Ltd.
- (8) All discrepancies in the figures included herein between the listed and total amounts thereof are due to rounding. Accordingly, figures shown as totals in this announcement may not be an arithmetic aggregation of the figures that precede them.

(9) The shareholdings of Directors and Substantial Shareholders are based on the Register of Directors and Substantial Shareholders as at 14 December 2015.

5. **FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT**

Effects of the Proposed Placement on the Group's issued and paid-up Share Capital

As at the date of this announcement, the issued and paid-up Share capital is approximately S\$28,120,322 comprising 3,031,293,241 Shares. Upon completion of the Proposed Placement and assuming that all the Placement Shares and the Advisory Fee Shares are issued, the Share capital will be increased by approximately 4.9% to approximately S\$29,484,404 comprising 4,546,939,861 Shares.

Effects of the Proposed Placement on consolidated earnings per Share ("EPS")

For illustrative purposes only, the following is an analysis of the effects of the Proposed Placement on the EPS before and after adjustment to reflect the Placement Shares and the Advisory Fee Shares based on the Group's audited consolidated of comprehensive income for the financial year ended 31 December 2014 ("FY2014") are as follows (for the purpose of calculating the EPS per share after the Proposed Placement, it is assumed that the Proposed Placement were completed on 1 January 2014):

	Before the Proposed Placement	After the Proposed Placement⁽¹⁾
FY2014 Profit after tax (S\$'000)	491.8	491.8
Weighted Average number of Shares	3,031,293,241	4,546,939,861
EPS (in S\$ cents)	0.02	0.01

Notes:

(1) Assuming the Proposed Placement was completed at the beginning of FY2014 and without taking into account the effect of the use of Net Proceeds on the earnings of the Group and that no returns are generated from the Net Proceeds

Effects of the Proposed Placement on the NTA per Share

For illustrative purposes only, the following is an analysis of the effects of the Proposed Placement on the NTA per share before and after adjustment to reflect the Placement Shares and the Advisory Fee Shares based on the Group's audited consolidated balance sheet as at 31 December 2014 are as follows (for the purpose of calculating the NTA per share after the Proposed Placement, it is assumed that the Proposed Placement were completed on 31 December 2014):

	Before the Proposed Placement	After the Proposed Placement
NTA of the Group (S\$'000)	4,551.5	5,815.6
Number of Shares	3,031,293,241	4,546,939,861
NTA per Share (in S\$ cents)	0.15	0.13

6. CONFIRMATION BY THE DIRECTORS

Taking into account the cash resources available to the Group, cash used in operating activities for the Group and barring unforeseen circumstances, the Directors are of the opinion, that the working capital available to the Group as at the date of this announcement is sufficient for its present requirements.

As disclosed in section 3 of this announcement, the Net Proceeds will be used for the Group's general corporate and working capital purposes, including to further supplement and augment the working capital available to the Group in view of the current uncertain and volatile economic conditions faced by the Group and provide financial flexibility and cash buffer for the Group's existing operations as well as to refund part of the conditional deposit of S\$2.5 million obtained from Industronics Berhad pursuant to the Conditional Deposit Agreement in the event the refund is required by Industronics Berhad..

Taking into account the Net Proceeds, the cash resources available to the Group, cash used in operating activities for the Group and barring unforeseen circumstances, the Directors are of the opinion, that the working capital available to the Group as at the date of this announcement is sufficient for its present requirements.

7. INTEREST OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

None of the Placement Shares will be placed by the Company to any person who is a Director or a Substantial Shareholder, or any other person falling within the categories set out in Rule 812(1) of Rules of Catalist of the SGX-ST Listing Manual.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement (other than through their shareholdings in the Company).

8. DIRECTORS' RESPONSIBILITY STATEMENT

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 Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement 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 these sources and/or reproduced in this announcement in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement will be made available for inspection during normal business hours at the Company's registered office at 280 Woodlands Industrial Park E5, #10-50, Singapore 757322 for a period of three (3) months from the date of this announcement.

10. TRADING CAUTION

Shareholders and potential investors should exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board

Christian Kwok-Leun Yau Heilesen
Executive Director
15 December 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 Ms Foo Quee Yin.
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