

VASHION GROUP LTD
Company Registration Number: 199906220H

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016 ("FY2016")

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

Note	Group		Increase / (Decrease) %
	Year Ended 31 December		
	2016	2015	
	S\$'000	S\$'000	
Revenue	3,095	3,478	(11.01)
Cost of Sales	(2,492)	(2,877)	(13.38)
Gross profit	603	601	0.33
Other operating income	675	2,086	(67.64)
Selling & distribution expenses	(235)	(233)	0.86
Administrative expenses	(2,677)	(2,277)	17.57
Other operating expenses	(343)	(2,986)	(88.51)
(Loss) from operations	(1,977)	(2,809)	(29.62)
Finance expenses	(199)	(4)	4,875
(Loss) before tax	(2,176)	(2,813)	(22.64)
Income tax expenses	-	5	NM
(Loss) after tax	(2,176)	(2,808)	(22.51)
Gross profit margin	19.48%	17.28%	

Consolidated Statement of Comprehensive Income:

	Group		
	Year Ended 31 December		Increase /
	2016	2015	(Decrease)
	S\$'000	S\$'000	%
(Loss) for the year	(2,176)	(2,808)	(22.51)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Foreign currency translation (loss)	(88)	(593)	(85.16)
- Reclassification adjustment relating to foreign operation disposed	-	(83)	NM
Total comprehensive (loss) for the period	(2,264)	(3,484)	(35.02)

NM: Not Meaningful

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	
	2016	2015
	S\$'000	S\$'000
Foreign exchange (gain), net	(328)	(505)
Depreciation of plant and equipment	31	81
Interest expense	199	4
Interest income	(208)	(136)
(Gain) / Loss on disposal of plant and equipment	(13)	2
(Gain) on disposal of subsidiary	-	(1,129)
Allowance for impairment of trade receivables	-	201
Allowance for impairment of other receivables	40	659
Allowance for inventory obsolescence	5	-
Allowance for impairment of intangible assets	87	1,829
Write back of inventories	-	(2)
Adjustments for (overprovision) of tax in respect of prior years	-	(5)
Bad debt	5	-
Written off of inventories	-	118
Written off of plant and equipment	9	-
Written off of trade payable	(10)	-

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

	Group		Company	
	As at 31 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2016	As at 31 Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	35	74	9	15
Investment in subsidiaries	-	-	3,129	3,129
Deferred tax assets	-	-	-	-
Intangible assets	1	90	-	-
Membership rights	24	24	-	-
Total non-current assets	60	188	3,138	3,144
Current assets				
Inventories	258	180	-	-
Trade receivables	1,100	1,198	-	-
Other receivables, deposits and prepayments	518	720	15	16
Due from subsidiaries (non-trade)	-	-	327	294
Loans to subsidiaries	-	-	-	-
Fixed deposits	3,219	3,095	-	-
Cash and bank balances	1,248	1,499	267	11
Total current assets	6,343	6,692	609	321
Current liabilities				
Trade payables	(210)	(229)	-	-
Other payables and accruals	(1,447)	(3,651)	(500)	(3,453)
Due to subsidiaries (non-trade)	-	-	(584)	(589)
Lease obligations	-	(7)	-	-
Borrowings	(37)	-	-	-
Income tax payable	(61)	(60)	-	-
Total current liabilities	(1,755)	(3,947)	(1,084)	(4,042)
Net current assets	4,588	2,745	(475)	(3,721)
Non-current liabilities				
Lease obligations	-	-	-	-
Total non-current liabilities	-	-	-	-
Net assets	4,648	2,933	2,663	(577)
Share capital	33,503	28,120	33,503	28,120
Translation reserve	(2,373)	(2,285)	-	-
Performance bonus shares reserve	-	1,404	-	1,404
Accumulated losses	(26,482)	(24,306)	(30,840)	(30,101)
Total equity	4,648	2,933	2,663	(577)

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

	Group Borrowings			
	As at 31 December 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	-	37	-	-
Financial lease less than one year	-	-	7	-
Financial lease more than one year	-	-	-	-
Amount repayable after one year	-	-	-	-
Total	-	37	7	-

Details of any collateral

As at 31 December 2016, the unsecured borrowing was related to short term loan granted to Hong Kong subsidiary. As at the date of this announcement, the unsecured borrowing was 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 2016.

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

	Group	
	Year Ended 31 December 2016	2015
	S\$'000	S\$'000
<u>Cash flows from operating activities:</u>		
(Loss) before tax	(2,176)	(2,813)
Adjustment for:		
Depreciation of property, plant and equipment	31	81
(Gain) / Loss on disposal of plant and equipment	(13)	2
Impairment of trademark	87	1,829
Write-back of inventories	-	(2)
Inventories written-off	-	118
Write off of work in progress	-	174
Allowance for impairment of		
- trade receivables	-	201
- other receivables	40	659
Written off of plant and equipment	9	-
Allowance for inventory obsolescence	5	-
Bad debt	5	-
Unrealised exchange (gain)	(192)	(674)
Gain on disposal of subsidiary	-	(1,129)
Interest expenses	199	4
Interest income	(208)	(136)
Operating (loss) before working capital changes	(2,213)	(1,686)
<u>Changes in working capital:</u>		
- Inventories	(83)	377
- Trade and other receivables	269	(139)
- Trade and other payables	497	25
Cash (used in) operations	(1,530)	(1,422)
Interest paid	(179)	(4)
Income tax refund	-	33

Net cash (used in) operating activities	(1,709)	(1,393)
<u>Cash flows from investing activities:</u>		
Purchase of plant and equipment	(2)	-
Proceeds from disposal of plant and equipment	14	-
Net cash (outflow)/inflow on disposal of subsidiary	-	(11)
Withdrawal/(placement) of fixed deposits pledged with banks	-	20
Fixed deposits maturing after 3 months		(3,091)
Interest received	233	1
Net cash generated / (used in) from investing activities	245	(3,081)
<u>Cash flows from financing activities:</u>		
Repayment of conditional deposit from Investor	(2,629)	-
Proceeds from issue of share, net	3,814	-
Proceeds from borrowings, net	242	-
Repayment of borrowings	(205)	-
Repayment of lease obligations	(7)	(7)
Net cash generated / (used in) from financing activities	1,215	(7)
Net (decrease) in cash and cash equivalents	(249)	(4,481)
Cash and cash equivalent at beginning of the period	1,499	5,954
Effect of changes in foreign exchange rates on cash and cash equivalents	(2)	26
Cash and cash equivalent at end of the period	1,248	1,499

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

	Group	
	As at 31 December 2016	As at 31 December 2015
	S\$'000	S\$'000
Fixed deposits	3,219	3,095
Cash and bank balances	1,248	1,499
Bank overdrafts	-	-
	4,467	4,594
Less:		
Fixed deposits (more than 3 months) ⁽¹⁾	(3,214)	(3,090)
Pledged fixed deposits	(5)	(5)
Total	1,248	1,499

Note (1):

The fixed deposit of the Group represent deposit amounted to IDR30,000,000,000 (equivalent to S\$3.214 million) in Indonesia.

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

	Share capital	Statutory reserve fund	Performance bonus shares reserve	Translation reserves	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2015	28,120	-	1,404	(1,609)	(21,498)	6,417
Loss for the year	-	-	-	-	(2,808)	(2,808)
Other comprehensive (loss)						
- Foreign currency translation (loss)	-	-	-	(676)	-	(676)
Total comprehensive (loss) for the period	-	-	-	(676)	(2,808)	(3,484)
Balance as at 31 December 2015	28,120	-	1,404	(2,285)	(24,306)	2,933
Balance as at 1 January 2016	28,120	-	1,404	(2,285)	(24,306)	2,933
(Loss) for the year	-	-	-	-	(2,176)	(2,176)
Other comprehensive income						
- Exchange differences on translation of foreign subsidiaries	-	-	-	(88)	-	(88)
Total comprehensive income for the year	-	-	-	(88)	(2,176)	(2,264)
Issuance of new ordinary shares from Placement	1,365	-	-	-	-	1,365
Conversion of performance bonus share reserve to new ordinary shares	1,404	-	(1,404)	-	-	-
Issuance of new ordinary shares from Rights Issue	2,614	-	-	-	-	2,614
Balance as at 31 December 2016	33,503	-	-	(2,373)	(26,482)	4,648

The Company

	Share capital	Performance bonus shares reserve	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2015	28,120	1,404	(28,599)	925
Total comprehensive loss for the period	-	-	(1,502)	(1,502)
Balance as at 31 December 2015	28,120	1,404	(30,101)	(577)
Balance as at 1 January 2016	28,120	1,404	(30,101)	(577)
Total comprehensive loss for the period	-	-	(739)	(739)
Issuance of new ordinary shares from Placement	1,365	-	-	1,365
Conversion of performance bonus share reserve to new ordinary shares	1,404	(1,404)	-	-
Issuance of new ordinary shares from Rights Issue	2,614	-	-	2,614
Balance as at 31 December 2016	33,503	-	(30,840)	2,663

- 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.**

Placement

Further to the placement agreement announced on 15 December 2015, the Company announced on 25 January 2016 that it has entered into a supplemental placement agreement on 25 January 2016 with Ms Zhou Qilin, Mr Reill Edward Champley, Mr Koh Shi Xiang and Mr Wong Law Sein for a placement of 1,200,000,000 new ordinary shares ("**Placement Shares**") at issue price of S\$0.001. In addition, 165,000,000 Advisory Fee Shares will be allotted and issued pursuant to a general share issue mandate. The issuance and allotment of 1,200,000,000 Placement Shares and 165,000,000 Advisory Fee Shares was completed on 10 February 2016.

Share Consolidation

On 23 March 2016, the Company has announced a proposed share consolidation of every 25 existing ordinary shares into 1 consolidated share. The proposed share consolidation has been approved by shareholders at extraordinary general meeting held on 29 April 2016.

The Company announced on 16 May 2016 that the share consolidation has been completed and the Company's issued share capital as at 16 May 2016 was S\$29,413,692 comprising 175,851,670 ordinary shares.

Performance Shares

On 26 May 2016, the Company announced that the Singapore Exchange Securities Trading Limited ("**SGX-ST**") had on 26 May 2016 issued the notice for the listing and quotation for 11,230,720 Performance Shares to Mr Fu Ngai Man, Raymond and Mr Ng Wai Hung in equal proportion at an issue price of S\$0.25 each pursuant to the settlement agreement dated 21 October 2013 as supplemented by 31 October 2014, 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016 of supplement agreements. The issuance and allotment of Performance Shares has been completed on 6 June 2016.

Rights Issue

On 1 July 2016, the Company has announced a proposed renounceable non-underwritten rights issue ("**Rights Issue**") of up to 1,683,741,510 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.0032 for each Rights Share (the "**Issue Price**"), on the basis of nine (9) Rights Shares for every one (1) existing ordinary share in the capital of the Company (the "**Share**") held by shareholders of the Company (the "**Shareholders**").

The Company has on 3 August 2016 announced that SGX-ST had issued the notice for the listing and quotation ("**Notice**") for up to 1,683,741,510 Rights Shares at the Issue Price pursuant to the Rights Issue.

On 9 November 2016, the Company has announced the lodgement of offer information statement with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") acting as agent on behalf of the Monetary Authority of Singapore (the "**Authority**").

On 2 December 2016, the Company has announced that an aggregate of 864,302,773 Rights Shares have been allotted and issued on 2 December 2016, pursuant to the Rights Issue, and

that the Rights Shares were credited into the relevant Securities Account on or about 5 December 2016. Following the allotment and issuance of the Rights Shares, the number of issued Shares in the Company has increased from 187,082,390 to 1,051,385,163 Shares.

The Company's issued share capital as at 31 December 2016 was S\$33,502,693 comprising 1,051,385,163 ordinary shares.

Details movement of the Company's shares capital and number of issued shares as at 31 December 2015 to 31 December 2016:-

	Share Capital of the Company (S\$)	Number of Issued Ordinary Shares
Balance as at 1 January 2016	28,120,322	3,031,293,241
Issuance and allotment of new ordinary shares pursuant to a share placement on 10 February 2016	1,293,370	1,365,000,000
Balance as at 15 May 2016 before completion of share consolidation	29,413,692	4,396,293,241
Balance as at 16 May 2016 after completion of share consolidation	29,413,692	175,851,670
Issuance and allotment of performance shares on 6 June 2016	1,403,840	11,230,720
Issuance and allotment of Rights Shares on 2 December 2016	2,685,161	864,302,773
	33,502,693	1,051,385,163

Details movement of the Company's ordinary shares and number of outstanding convertibles or shares that may be issued for current and corresponding period:-

	Issued ordinary shares	Warrants – W130213	Performance bonus share
Balance as at 1 January 2016	3,031,293,241	-	280,768,000
- Issuance and allotment of new ordinary shares pursuant to a share placement on 10 February 2016	1,365,000,000	-	-
- Balance as at 15 May 2016 before completion of share consolidation	4,396,293,241	-	280,768,000
- Balance as at 16 May 2016 after completion of share consolidation	175,851,670	-	11,230,720
- Issuance and allotment of performance shares on 6 June 2016	11,230,720		(11,230,720)
- Issuance and allotment of performance shares on 2 December 2016	864,302,773		
Balance as at 31 December 2016	1,051,385,163	-	-
Balance as at 1 January 2015	3,031,293,241	-	280,768,000
Movement during the period	-	-	-
Balance as at 31 December 2015	3,031,293,241	-	280,768,000

Performance bonus shares

The performance bonus shares of 280,768,000 of the Company was approved by the shareholders of the Company at an Extraordinary General Meeting on 28 January 2014.

Refer to announcement dated 30 September 2014, 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016 the Company has entered into supplemental agreement, 2nd supplemental agreement, 3rd supplemental agreement, 4th supplemental agreement, 5th supplemental agreement, 6th supplemental agreement and 7th supplemental agreement to extend the issuance of the performance bonus shares to 31 December 2014, 31 March 2015, 30 June 2015, 30 September 2015, 31 December 2015 and 31 March 2016, respectively. The issuance and allotment of Performance Shares has been completed on 6 June 2016.

Conditional Deposit Agreement

As announced on 10 July 2014, the Company has entered into a conditional deposit agreement with Industronics Berhad (the "Investor"). Pursuant to the deposit agreement, the Investor has deposited S\$2.5 million into the Group's subsidiary bank account located in Hong Kong. The Company shall agree to issue to the Investor such number of ordinary shares at such price that the aggregate subscription amount not being less than the deposit amount S\$2.5 million. The placement of shares is subject to further terms and conditions to be agreed and following are the salient terms of the placement:

- a) The Conditional Deposit Agreement is valid till 30 September 2014 and may be extended by mutual agreement between the Company and the Investor.
- b) If no placement agreement is entered into between the parties on or before 30 September 2014, the entire amount of the deposit shall be refunded to the Investor within 7 days after such date, without any interest accrued.
- c) The placement shall be conditional upon the resumption of trading in the ordinary shares of the Company on the Catalist Board of the SGX-ST, and if required by the rules for the time being of the SGX-ST, also conditional upon the approval of the shareholders of the Company.

As announced on 30 September 2014, 31 December 2014, 31 March 2015 and 30 June 2015, 30 September 2015, 31 December 2015, 31 March 2016, the Company has entered to a supplemental agreement, a 2nd supplemental agreement, a 3rd supplemental agreement, a 4th supplemental agreement, a 5th supplemental agreement, a 6th supplemental agreement and a 7th supplemental agreement with the Investor to extend the Period on or before 30 June 2016.

The Company entered into a loan agreement with Investor's wholly owned subsidiary, Industrial Electronics (S) Pte Ltd ("**Lender**") on 5 August 2016 ("**Loan Agreement**") in connection with the conversion of the remaining Conditional Deposit of S\$1,033,188 into a loan, which is assigned to the Lender.

The Company had on 22 December 2016 made a full repayment of S\$1,033,188 as well as approximately S\$175,000 interest charges for period from July 2016 to December 2016 to Lender. The source of repayment is made from the proceeds of the rights issue which was completed on 2 December 2016.

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 2016 was 1,051,385,163 and 31 December 2015 was 3,031,293,241. There was a share consolidation exercise which was completed in 2016. Thus, the decline in number of issued shares. The Company had no treasury shares as at 31 December 2016 and as at 31 December 2015.

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 2016 as those used for the audited financial statement as at 31 December 2015.

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 2016 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 December	
				2016	2015
				Cents	Cents
					(Restated) ⁽¹⁾
Basic (loss)/earnings per ordinary share("EPS")				(0.92)	(2.45)
Weighted average number of shares in issue during the period for calculating the EPS				235,802,688	114,388,368

Note (1): The earnings per share for the corresponding period has been restated as a result of the share consolidation and rights issue.

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.

	Group		Company	
	As at 31 Dec 2016	As at 31 Dec 2015 (Restated) ⁽¹⁾	As at 31 Dec 2016	As at 31 Dec 2015 (Restated) ⁽¹⁾
Net asset value per share (cents)	0.44	2.42	0.25	(0.48)

Note (1): The net asset value per share for the corresponding period has been restated as a result of the share consolidation.

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 S\$0.4 million or 11.01% from S\$3.5 million in FY2015 to S\$3.1 million in FY2016. Revenue contributed from distribution of consumable material for electronic industry slightly decreased by 5.51% from S\$3.1 million in FY2015 to S\$2.95 million in FY2016. Revenue from switchgear design and assembly recorded S\$146,000 in FY2016 comparing to S\$357,000 in FY2015. The significant decline in switchgear design and assembly revenue was due to absence of big projects in FY2016.

The gross profit margin of the Group increased from 17.28% in FY2015 to 19.48% in FY2016 mainly due to improvement in gross profit margin in switchgear design and assembly from 27.87% in FY2015 to 54.23% in FY2016 because of significant decrease of direct material in FY2016. The gross profit margin for distribution of consumable material decreased from 21.66% in FY2015 to 17.77% in FY2016. The gross profit of the Group slightly increased from S\$601,000 in FY2015 to S\$603,000 in FY2016.

Other Operating Income

The significant decrease in other operating income from S\$2.1 million in FY2015 to S\$0.7 million in FY2016 was mainly due to absence of (i) gain on disposal of Louis Gianni Company Limited, approximately S\$1.1 million; (ii) sub-lease part of Hong Kong office for S\$42,000 and (iii) sales of tablets of S\$184,000 recognised by the Group in FY2015. The decrease in exchange gain from approximately S\$505,000 in FY2015 to approximately S\$328,000 in FY2016 arose from elimination of intercompany balance. Despite of the down trend, the interest income contributed from fixed deposit in Indonesia increased from S\$135,000 in FY2015 to S\$208,000 in FY2016.

The Group's other operating income in FY2016 comprised mainly interest income of fixed deposit in Indonesia for approximately S\$208,000, exchange gain of S\$328,000 arose from elimination of intercompany balance, agency fee income of S\$96,000 and others. Agency fee income refer to the Group acting as an agent for collection and payment on behalf in relation to sales and purchases transaction of garment related materials between the buyer and the seller. Both buyer and seller are not related to any directors nor substantial shareholders of the Company.

Selling and Distribution Expenses

The selling and distribution expenses remain stable recorded approximately S\$235,000 in FY2016.

Administrative Expenses

The administrative expenses increased by 17.57% from S\$2.3 million in FY2015 to S\$2.7 million in FY2016. The increase was mainly due to (i) increase in wages and salaries of

S\$207,000 and (ii) director remuneration of S\$341,000. Apart from these increased administrative expenses, the Company also carried out a cost cut in FY2016 which result in decrease of rent and building management fee by S\$131,000 and travelling expenses by S\$35,000 comparing to FY2015. In Singapore site, the management had decided not to renew an office for switchgear design and assembly section by moving related staffs into headquarter office; in Hong Kong site, to rent a cheaper rate office for cost savings in FY2016.

Other Operating Expenses

There was S\$343,000 other operating expenses recorded in FY2016 while compared to FY2015 of S\$3 million. The other operating expenses in FY2016 was mainly due to the recorded of (i) impairment loss of intangible assets by S\$87,000 for the basis that estimated future generated revenue from trademark "Louis Gianni" would be decreased due to the decline in the estimated future value as ascribed by an independent valuer given the increase competition and decline in demand in PRC; (ii) impairment of other receivables of S\$40,000; (iii) tax of S\$128,000 paid to Indonesia tax authority on 16 November 2016 for transfer of share from Louis Gianni Company Limited to Vashion Group Limited; (iv) withholding tax of S\$69,000; (v) fixed assets written off of S\$9,000 due to damage; (vi) allowance for inventory obsolescence of S\$5,000 and (vii) bad debt of S\$5,000.

Finance Expenses

The substantial increase in finance expenses in FY2016 was due to interest expenses charged by Industrial Electronics (S) Pte Ltd in relation to loan agreement as well as short term borrowing in Hong Kong. Please refer to announcements dated 5 Aug 2016, 27 October 2016 and 22 December 2016 for more details

Income Tax Expenses

During the FY2016, there was no provision for income tax for Singapore and Hong Kong subsidiaries due to loss making.

(Loss) After Tax

The loss after tax of approximately S\$2.2 million in FY2016 was mainly due to (i) increase in administrative expenses; (ii) decrease in other operating income and (iii) increase in finance expenses as a result of interest charged on loan.

Non-Current Assets

The non-current assets decrease significantly mainly due to (i) impairment loss of intangible assets of approximately S\$87,000 and currency translation of the intangible asset; and (ii) decrease in property, plant, and equipment as a result of depreciation of approximately S\$31,000 and fixed assets written off of S\$9,000 due to damage.

Current Assets

The current assets of the Group decreased by approximately S\$0.35 million or 5.22% from S\$6.7 million as at 31 December 2015 to S\$6.35 million as at 31 December 2016. The decrease in balance was mainly result in (i) decrease in cash and bank balance of S\$0.25 million; (ii) decrease in other receivables, deposit and prepayments of S\$0.2 million; (iii) decrease in trade receivables by approximately S\$100,000 and offsetting the increase in (iv) inventories by approximately S\$78,000 and (v) fixed deposit by approximately S\$124,000.

The cash and bank balance dropped from S\$1.5 million as at 31 December 2015 to S\$1.2 million as at 31 December 2016. During the year, the Company has carried out 2 corporate exercises for fund raising: (i) placement in February 2016 and rights issue in December 2016 which have raised of net S\$4 million in total. The Company utilised the net proceeds from these corporate exercise to repay the loan to Industriatics Berhad and Industrial Electronics (S) Pte Ltd respectively. Please refer to announcement dated 5 February 2016, 25 February 2016 and 22 December 2016 for details.

The increase in fixed deposit in Indonesia from S\$3.1 million to S\$3.2 million as at 31 December 2016 result from currency translation.

The decrease in other receivables, deposits and prepayment and increase in inventories as at 31 December 2016 result from utilisation of prepaid rent, impairment of other receivables for S\$40,000 and purchase stock near year end in FY2016 respectively.

The decrease in trade receivables by approximately S\$100,000 from S\$1.2 million as at 31 December 2015 to S\$1.1 million as at 31 December 2016 result in settlement from customers. Most of the trade receivables under these two segments are within their credit terms and current.

Current Liabilities

The significant decrease in current liabilities by approximately S\$2.2 million was mainly due to repayment of loan to Industronics Berhad and Industrial Electronics (S) Pte Ltd. The trade payable decreased by S\$19,000 mainly due to repayment of trade payable. The remaining balance of borrowing of S\$37,000 as at 31 December 2016 was a short term granted to subsidiary in Hong Kong.

Net Working Capital

There was an increase in net working capital of approximately S\$1.8 million from S\$2.7 million in FY2015 to S\$4.6 million in FY2016 was mainly due to decrease in current assets by S\$0.4 million from S\$6.7 million in FY2015 to S\$6.3 million in FY2016 by offsetting the significant decrease in current liabilities by S\$2.2 million from S\$3.9 million in FY2015 to S\$1.7 million in FY2016.

Cash Flow Position

The Group has a negative cash flows before working capital changes of S\$2.2 million as at 31 December 2016 mainly due to loss of approximately S\$2.2 million and adjusted by non-cash items of (i) impairment of trademark of S\$87,000; (ii) impairment of other receivables of S\$40,000 and bad debt of S\$5,000; (iii) impairment of inventories of S\$5,000; (iv) unrealised exchange gain of S\$192,000; (v) depreciation of S\$31,000; (vi) gain on disposal of plant and equipment of S\$13,000; (vii) interest expenses of S\$199,000 and (viii) interest income of S\$208,000. Net cash used in operating activities of approximately S\$1.7 million was mainly due to (i) decrease in inventories of S\$83,000; (ii) increase in trade receivables of S\$269,000 and (iii) increase in payables of S\$0.5 million. Net cash of S\$245,000 was generated from investing activities as at 31 December 2016 mainly because of interest received in fixed deposit in Indonesia. Net cash generated in financing activities of S\$1.2 million as at 31 December 2016 was due to (i) net proceeds of S\$3.8 million from placement and rights issue carried out in February 2016 and December 2016 respectively; (ii) borrowing of short term loan in Hong Kong subsidiary of S\$242,000 which guaranteed by Vashion Group Limited and (iii) the repayment of borrowing of S\$205,000 and (iv) repayment of conditional deposit from Investor of S\$2.6 million during the year.

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

Not applicable

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.

Retail/Wholesale Business

After the disposal of Shenzhen Louis Gianni Costume Co. Ltd in FY2014 and Louis Gianni Company Limited in December 2015. The Group has discontinued the retail/wholesale business in FY2016.

Consultancy Business

The Group has discontinued the operation of consultancy segment in FY2016 due to no new IPO project.

The outlook of the distribution of consumables to electronic manufacturer business segments remain constant and stable in next twelve months based on the feedback from customers and business dealings with the four long term customers. However, the switchgear design and assembly division is facing increased competition that could materially reduce the revenue from this business segment.

We have undertaken certain cost reduction measures and improve our overall overheads in 2016. Going forward, we continue to remain competitive in distribution business 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.

Update on Preliminary Agreement

Please refer to separate announcement dated 28 February 2017 for details.

The Board of Directors confirm that they are not aware of any other material information (including but not limited to financial information) with respect to the Group which was not formally disclosed or announced.

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 declare/recommend a dividend payment for the financial year ended 31 December 2016.

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 2016	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	-	2,949	146	-	-	3,095
Segment result	(299)	118	(48)	(28)	(1,720)	(1,977)
Finance costs	-	-	-	-	(199)	(199)
Income tax	-	-	-	-	-	-
Consolidated loss for the year						(2,176)
Depreciation of property, plant and equipment	(1)	(16)	(1)	-	(13)	(31)
Impairment of trademark	(87)	-	-	-	-	(87)
Allowance for impairment loss of trade and other receivables	-	-	-	(1)	(39)	(40)
Bad debt	(5)	-	-	-	-	(5)
Segment assets	3,509	1,976	63	-	855	6,403
Segment liabilities	(342)	(258)	(92)	(7)	(1,056)	(1,755)

(A) Business Segment FY 2015	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	-	3,121	357	-	-	3,478
Segment result	(1,972)	181	(142)	(240)	(636)	(2,809)
Finance costs						(4)
Income tax benefit						5
Consolidated loss for the year						(2,808)
Depreciation of property, plant and equipment	(7)	(30)	(2)	(1)	(41)	(81)
Write back of inventories	-	2	-	-	-	2
Allowance for impairment loss of trade and other receivables	(860)	-	-	-	-	(860)
Gain on disposal of subsidiary	1,129	-	-	-	-	1,129
Impairment of trademark	(1,829)	-	-	-	-	(1,829)
Segment assets	3,645	1,889	154	36	1,156	6,880
Segment liabilities	(105)	(228)	(131)	(10)	(3,473)	(3,947)

(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\$3.1 million revenue in 2016 and loss after tax of S\$1.85 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 Nil revenue in 2016 and loss after tax of S\$0.3 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

After the disposal of Shenzhen Louis Gianni Costume Co. Ltd in FY2014 and Louis Gianni Company Limited in December 2015. The Group has discontinued the retail/wholesale business in FY2016.

Consultancy Business

The Group has discontinued the operation of consultancy segment in FY2016 due to no new IPO project.

Distribution

The distribution business segment of the Group consists of distribution and supplying of consumables to the electronic manufactures. The segment result decrease in FY2016 to S\$118,000 from S\$181,000 in FY2015.

Switchgear design and assembly

The Switchgear business segment is relating to design, assembly and supply of electrical switchboard. Due to the decrease in direct material in FY2016, the gross profit margin increased comparing with FY2015 but the segment result recorded loss in FY2016.

Others

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.

15. A breakdown of sales

	Year ended 31 Dec 2016 S\$'000	Year ended 31 Dec 2015 S\$'000	Increase / (Decrease) %
a) Sales reported for the first half year	1,564	1,738	(10.01)
b) Operating (loss) after tax before deducting minority interests reported for the first half year	(776)	(734)	5.72
c) Sales reported for the second half year	1,531	1,740	(12.01)
d) Operating (loss) after tax before deducting minority interests reported for second half year	(1,400)	(2,074)	(32.50)

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 FY2016 or the previous financial year FY 2015.

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 FY2016.

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 FY2016, 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 FY2016.

20. Utilisation of Proceeds from the Conditional Deposit

As at the date of this announcement, the Company has utilized S\$2,500,000 of Conditional Deposit, please refer to announcement dated 10 February 2016, 25 February 2016 and 19 May 2016 for details. The use of proceeds is in accordance with the intended use as stated in the announcement dated 10 July 2014. The Company entered into a loan agreement with Investor's wholly owned subsidiary, Industrial Electronics (S) Pte Ltd ("**Lender**") on 5 August 2016 ("**Loan Agreement**") in connection with the conversion of the remaining Conditional Deposit of S\$1,033,188 into a loan, which is assigned to the Lender. The Company had on 22 December 2016 made a full repayment of SGD1,033,188 as well as approximately SGD175,000 interest charges for period from July 2016 to December 2016 to Lender. The source of repayment is made from the proceeds of the rights issue which was completed on 2 December 2016.

Utilisation of Proceeds from the Placement

As at the date of this announcement, the Company has fully utilized S\$1,100,000 of proceeds from placement, please refer to announcement dated 4 August 2016 for details. The use of proceeds is in accordance with the intended use as stated in the announcement dated 15 December 2015, 25 January 2016, 29 January 2016, 10 February 2016, 25 February 2016 and 4 August 2016.

Utilisation of Proceeds for the Rights Issue

As at the date of this announcement, the Company has utilized S\$2,312,000 of net proceeds from Rights Issue, in which S\$1,471,188 for repayment of loan and interest charged; S\$502,774 for settlement of professional and S\$338,238 for operating expenses. Please refer to announcement dated 22 December 2016 and 22 February 2017 for details. The use of proceeds as stated above is in accordance with the intended use as stated in the Rights Issue announcement dated 1 July 2016 and the offer information statement dated 9 November 2016.

21. Confirmation By the Company Pursuant to Rule 720(1) of the Catalist Rules of Singapore Exchange Securities Trading Limited

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

By Order Of The Board

Christian Kwok-Leun Yau Heilesen

Executive Director

Dated: 28 February 2017

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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