

CIRCULAR DATED 18 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Vashion Group Ltd. (the “Company”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled “DEFINITIONS”.

If you have sold or transferred all your shares in the capital of the Company through CDP, you need not forward this Circular to the purchaser or transferee as CDP will arrange for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares which are not deposited with CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

Your attention is drawn to pages 94 to 99 of this Circular in respect of actions to be taken if you wish to attend and vote at the Extraordinary General Meeting.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, Asian Corporate Advisors Pte. Ltd., (the “Sponsor”), for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Circular, including the accuracy, completeness or correctness of any of the figures used, statements made, opinions expressed or reports contained in this Circular. The contact person for the Sponsor is Ms Foo Quee Yin. Telephone number: (65) 6221 0271.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the figures used, statements made, opinions expressed or reports contained in this Circular.



CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (1) PROPOSED CONVERSION OF DEBTS OWING BY THE COMPANY TO THE INDEPENDENT DIRECTORS (THE “CREDITORS” OR “RESTRICTED PERSONS”) INTO THE DEBT CONVERSION SHARES (THE “PROPOSED DEBT CONVERSION”);**
 - (2) PROPOSED ISSUANCE AND ALLOTMENT OF THE DEBT CONVERSION SHARES TO RESTRICTED PERSONS;**
 - (3) PROPOSED SHARE CONSOLIDATION OF EVERY 10 EXISTING SHARES AS AT THE SHARE CONSOLIDATION BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”);**
 - (4) PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,130,303,160 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.005 FOR EACH RIGHTS SHARE, WITH UP TO 565,151,580 WARRANTS WITH EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) WARRANT SHARE AT AN EXERCISE PRICE OF S\$0.005, ON THE BASIS OF 10 RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD BY ENTITLED SHAREHOLDERS AS AT THE RIGHTS BOOKS CLOSURE DATE, AND ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED RIGHTS CUM WARRANTS ISSUE”);**
 - (5) POTENTIAL TRANSFER OF CONTROLLING INTEREST TO MS ZHOU QILIN AND MR REILL EDWARD CHAMPLEY;**
 - (6) PROPOSED BUSINESS DIVERSIFICATION TO INCLUDE THE FINANCING BUSINESS AND THE LUXURY GOODS BUSINESS (THE “PROPOSED BUSINESS DIVERSIFICATION”);**
 - (7) PROPOSED ADOPTION OF THE VASHION PERFORMANCE SHARE PLAN (THE “VASHION PSP”); AND**
 - (8) PROPOSED PARTICIPATION BY CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE VASHION PSP,**
- (COLLECTIVELY, THE “PROPOSED TRANSACTIONS”).**

Manager for the Proposed Rights cum Warrants Issue

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. : 200310232R)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form : 4 September 2017 at 3.00 p.m.
Date and time of Extraordinary General Meeting : 6 September 2017 at 3.00 p.m.
Place of Extraordinary General Meeting : Hotel Re! @ Pearl’s Hill, Rejoice Ballroom at Ground Floor,
175A Chin Swee Road, Singapore 169879

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DEFINITIONS

For the purposes of this Circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “ACA” or “Manager” or “Sponsor”** : Asian Corporate Advisors Pte. Ltd.
- “Announcement”** : The announcement made by the Company on 25 May 2017 in relation to the Proposed Debt Conversion, Proposed Share Consolidation, Proposed Rights cum Warrants Issue and Proposed Business Diversification
- “Announcement Date”** : 25 May 2017
- “ARE”** : The application and acceptance form for Rights Shares with Warrants and Excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of the provisional allotments of Rights Shares with Warrants under the Proposed Rights cum Warrants Issue
- “ARS”** : The application and acceptance form for Rights Shares with Warrants to be issued to purchasers
- “Associate”** : (a) In relation to any Director, chief executive officer of the Company, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; or
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “ATM”** : Automated Teller Machine
- “Auditors”** : Auditors for the time being of the Company or, if there shall be joint auditors, any one or more of such auditors or, in the event of them being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Deed Poll, such other auditors as may be nominated by the Company
- “Authority” or “MAS”** : The Monetary Authority of Singapore
- “Award”** : A contingent award of Shares granted under the Vashion PSP
- “Award Date”** : In relation to an Award, the date on which the Award is granted
- “Board” or “Directors”** : The board of directors or directors of the Company as at the date of this Circular

DEFINITIONS

“Catalist Rules”	:	The listing manual of the SGX-ST and in particular the Listing Manual, Section B: Rules of Catalist of the SGX-ST as amended, supplemented or modified from time to time
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“CDP”	:	The Central Depository (Pte) Limited
“Champley”	:	Mr Reill Edward Champley
“Circular”	:	This circular to Shareholders dated 18 August 2017 in relation to the Proposed Transactions
“CKLY”	:	Mr Christian Kwok-Leun Yau Heilesen
“Closing Date”	:	The last time and date for acceptance and/or excess application and payment for, and renunciation and payment for (as may be applicable), the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue through CDP or the Share Registrar (as may be applicable); or the last time and date for acceptance and/or excess application and payment for the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue through an Electronic Application (as may be applicable)
“CMS Licence Holder”	:	A holder of the capital market services licence issued under the Securities and Futures Act
“Code” or “Take-over Code”	:	The Singapore Code on Take-overs and Mergers as amended or modified from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Vashion Group Ltd.
“Consolidated Shares”	:	Consolidated ordinary shares in the Company after completion of the Proposed Share Consolidation
“Controlling Interest”	:	The interest of the Controlling Shareholder
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder; or (b) in fact exercises control over the Company
“CPF”	:	Central Provident Fund
“CPF Board”	:	The board of the CPF, established under the Central Provident Fund Act, Chapter 36 of Singapore, as amended or modified from time to time
“Creditors” or “Restricted Persons”	:	Collectively, Chan Siew Wei and Tan Chin Lee, who are independent Directors of the Company

DEFINITIONS

- “Debt Conversion Agreement”** : The debt conversion agreement entered into by the Company with the Creditors on 25 May 2017 for the proposed conversion of directors fees owing by the Group to the Creditors into the Debt Conversion Shares
- “Debt Conversion Price”** : The fixed conversion price of S\$0.003 per Debt Conversion Share
- “Debt Conversion Shares”** : New ordinary shares to be issued by the Company to the Creditors for the proposed conversion of directors fees owing by the Group to the Creditors pursuant to the Debt Conversion Agreement
- “Deed Poll”** : The deed poll to be executed by the Company for the purposes of constituting the Warrants and containing, *inter alia*, provisions for the protection of the interests and rights of the Warrantholders
- “Distribution Business”** : Distribution of specialty chemical products and consumable material for electronic industry
- “EGM” or “Extraordinary General Meeting”** : The extraordinary general meeting of the Company, notice of which is given on pages 94 and 99 of this Circular
- “Electronic Application”** : Where applicable, acceptance of the Rights Shares with Warrants and (if applicable) application for Excess Rights Shares with Warrants made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application at ATMs to be set out in the Offer Information Statement or on the ATM screens
- “Entitled Depositors”** : Shareholders with Shares entered against their names in the Depository Register and whose registered addresses with CDP are in Singapore as at the Rights Books Closure Date or who have, at least three (3) Market Days prior to the Rights Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
- “Entitled Scripholders”** : Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Rights Books Closure Date and whose registered addresses with the Company are in Singapore as at the Rights Books Closure Date or who have, at least three (3) Market Days prior to the Rights Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
- “Entitled Shareholders”** : Entitled Depositors and Entitled Scripholders
- “EPS” or “LPS”** : Earnings/ loss per Share
- “Excess Rights Shares with Warrants”** : The provisional allotment of Rights Shares with Warrants which are not taken up by the Entitled Shareholders as at the Closing Date, and which may be applied for by Entitled Shareholders in excess of the number of Rights Shares with Warrants provisionally allotted to such Entitled Shareholders

DEFINITIONS

“Executive Director”	: The executive director of the Company
“Exercise Period”	: The period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3 rd) anniversary from the date of issue of the Warrants
“Exercise Price”	: S\$0.005 for each Warrant
“Exercise Proceeds”	: The estimated additional gross proceeds from the exercise of the Warrants
“Existing Share Capital”	: The existing issued and paid up share capital of the Company of S\$33,502,693 comprising 1,051,385,163 Shares as at the Latest Practicable Date
“Financing Business”	: The provision of individual loans and corporate loans in Hong Kong
“Foreign Shareholders”	: Shareholders whose registered addresses are outside Singapore as at the Rights Books Closure Date and who have not, at least three (3) Market Days prior to the Rights Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents
“FY”	: Financial year of the Company ended or ending 31 December (as the case may be)
“Group”	: The Company and its subsidiaries, collectively
“Group Employee”	: An employee of the Group (including any Group Executive Director who meets the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Vashion PSP) selected by the Remuneration Committee to participate in the Vashion PSP in accordance with Rule 4.1 of the Vashion PSP
“HY”	: Financial period for six (6) months ended 30 June
“Independent Director”	: The independent director of the Company
“Indications of Interest”	: The indications of interest from certain Directors, Substantial Shareholders and former Substantial Shareholders of the Company who had indicated their intention to participate in the Proposed Rights cum Warrants Issue to subscribe for such number of Rights Shares with Warrants and/or apply for such number of Excess Rights Shares with Warrants which are not subscribed or otherwise taken up and/or applied for by the other Entitled Shareholders as the case may be in support of the Proposed Rights cum Warrants Issue
“Issue Price”	: S\$0.005 for each Rights Share
“Latest Practicable Date”	: 11 August 2017, being the latest practicable date prior to the printing of this Circular

DEFINITIONS

“LQN”	:	The listing and quotation notice granted by the SGX-ST on 25 July 2017 for the dealing in, listing of and quotation for the Debt Conversion Shares, Consolidated Shares, Rights Shares, Warrants and Warrant Shares subject to certain conditions
“Luxury Goods Business”	:	The retail and trading of new and used luxury consumer goods
“Market Day(s)”	:	A day or days on which the SGX-ST is open for trading in securities
“Maximum Subscription Scenario”	:	The scenario for the acceptance and/or application for the Proposed Rights cum Warrants Issue via the allotment and issue of up to 1,130,303,160 Rights Shares with up to 565,151,580 Warrants, based on the assumption that all Entitled Shareholders accept in full their <i>pro rata</i> Rights Shares with Warrants entitlements based on the Post-Consolidation Share Capital
“Money Lenders Ordinance”	:	Money Lenders Ordinance, Chapter 163 of Hong Kong, as amended or modified from time to time
“Net Proceeds”	:	Net proceeds from subscription of the Rights Shares with Warrants under the Maximum Subscription Scenario (without taking into account the proceeds from the exercise of the Warrants) after deducting related expenses
“New Businesses”	:	Collectively, the Financing Business and Luxury Goods Business
“New Share Certificates”	:	Has the meaning ascribed to it in section 3.4.1 of this Circular
“Non-Executive Director”	:	The non-executive director of the Company
“NTA”	:	Net tangible assets
“Offer Information Statement”	:	The offer information statement to be issued by the Company and lodged with the SGX-ST acting as agent on behalf of MAS in connection with the Proposed Rights cum Warrants Issue and, where the context requires the ARE, the ARS or the PAL (as the case may be) and all other accompanying documents, including any supplementary or replacement documents thereof which may be issued by the Company in connection with the Proposed Rights cum Warrants Issue
“Old Share Certificates”	:	Has the meaning ascribed to it in section 3.4.1 of this Circular
“Participants”	:	The person(s) who has been granted an Award pursuant to the Vashion PSP
“Participating Banks”	:	The banks to be appointed for the purposes of electronic applications for the Proposed Rights cum Warrants Issue, that will be making available their ATMs to Entitled Depositors and purchasers whose registered address with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants, and which will (where applicable) be identified in the Offer Information Statement, and each a “Participating Bank”

DEFINITIONS

“Potential Subscribers”	:	Collectively, CKLY, Zhou, and Champley
“Proposed Business Diversification”	:	The proposed business diversification to include the Financing Business and the Luxury Goods Business
“Proposed Debt Conversion”	:	The proposed conversion of debts owing by the Company to the independent Directors into the Debt Conversion Shares
“Post-Consolidation Share Capital”	:	The Share capital of the Company immediately after completion of the Proposed Share Consolidation of approximately S\$33,739,447 divided into 113,030,316 Consolidated Shares (subject to rounding)
“Proposed Rights cum Warrants Issue”	:	The proposed renounceable non-underwritten rights issue of up to 1,130,303,160 Rights Shares at an issue price of S\$0.005 for each Rights Share and up to 565,151,580 Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at an exercise price of S\$0.005, on the basis of 10 Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Rights Books Closure Date, and one (1) Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded
“Proposed Share Consolidation”	:	The proposed share consolidation of every 10 Shares held by Shareholders at the Share Consolidation Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
“Proposed Transactions”	:	Has the meaning ascribed to it in section 1.1 of this Circular
“Provisional Allotment Letter” or “PAL”	:	The provisional allotment letters to be issued to Entitled Scripholders setting out the provisional allotments of Rights Shares with Warrants of such Entitled Scripholders under the Proposed Rights cum Warrants Issue
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular
“Record Date”	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
“Register of Members”	:	The register of members of the Company
“Register of Warrantholders”	:	The register of Warrantholders of the Company
“Remuneration Committee”	:	The remuneration committee of the Company whose members are Mr Chan Siew Wei, Mr Tan Chin Lee and Ms Zhou Jia Lin
“Rights Books Closure Date”	:	The time and date to be determined by the Directors and announced by the Company in due course, at and on which the transfer books and Register of Members of the Company will be closed to determine the provisional allotments of Entitled Shareholders under the Proposed Rights cum Warrants Issue

DEFINITIONS

“Rights Shares”	: Up to 1,130,303,160 new ordinary shares in the capital of the Company to be allotted and issued by the Company pursuant to the Proposed Rights cum Warrants Issue, and each a “Rights Share”
“Scaling Provisions”	: The scaling down of acceptances of the provisional allotments of Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants pursuant to the Proposed Rights cum Warrants Issue, based on the level of acceptances of the provisional allotments of Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants, the Company will, if necessary, and upon approval of the SGX-ST, scale down acceptances of the provisional allotments of Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants pursuant to the Proposed Rights cum Warrants Issue to avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code as a result of <i>inter alia</i> other Entitled Shareholders not taking up their Rights Shares with Warrants entitlements fully
“Securities Account”	: Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“Securities and Futures Act” or “SFA”	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGXNET”	: The SGXNET Corporate Announcement System
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Consolidation Books Closure Date”	: The time and date to be determined by the Directors and announced by the Company in due course, at and on which the transfer books and Register of Members of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
“Share Consolidation Effective Date”	: The Market Day immediately following the Share Consolidation Books Closure Date
“Share Consolidation Effective Trading Date”	: The day falling three (3) Market Days before the Share Consolidation Effective Date
“Share Registrar”	: KCK CorpServe Pte. Ltd.
“Shareholders”	: Registered holders of Shares in the Register of Members of the Company, except that where CDP is the registered holder, the term “Shareholder” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
“Shares”	: Ordinary shares in the capital of the Company
“SRS”	: Supplementary Retirement Scheme

DEFINITIONS

“ Substantial Shareholders ”	:	A person (including a corporation) who has an interest (directly or indirectly) in not less than five per cent. (5%) of the voting shares in the Company
“ Switchgear Business ”	:	Switchgear design and assembly
“ Vashion PSP ”	:	The Vashion Performance Share Plan, as modified or altered from time to time
“ Warrants ”	:	Up to 565,151,580 free detachable warrants in registered form to be issued and allotted together with the Rights Shares subscribed for (assuming that up to 1,130,303,160 Rights Shares are issued and allotted), each Warrant carrying the right to one (1) Warrant Share at the Exercise Price, subject to the terms and conditions as set out in the Deed Poll
“ Warrant Agent ”	:	The warrant agent to be appointed, at the discretion of the Directors, in connection with the exercise of the Warrants in accordance with the terms and subject to the conditions of a warrant agency agreement to be executed by the Company
“ Warrant Share ”	:	The new Shares to be issued by the Company, credit as fully paid, upon the exercise of the Warrants, including, where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants as set out in the Deed Poll
“ Warrantholder ”	:	Registered holder of Warrants, except that where the registered holder is CDP, the term “ Warrantholder ” shall, in relation to such Warrants and where the context so admits, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
“ Zhou ”	:	Ms Zhou Qilin

Currencies, Units and Others

“ S\$ ” and “ cent ”	:	Singapore dollar and cent, respectively
“ % ”	:	Per centum or percentage

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in section 81SF of the SFA, and the terms “**subsidiary**” and “**treasury shares**” shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference to time and day in this Circular shall be a reference to Singapore time. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall have the same meaning ascribed to it under the Companies Act, the SFA or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

The total figures listed in certain tables included in this Circular may not be the same as the arithmetic addition of the figures. Any such discrepancies are due to rounding.

Any reference to the “**Group**”, “**us**” and “**our**” in this Circular is a reference to the Group or any member of the Group as the context requires.

LETTER TO SHAREHOLDERS

Vashion Group Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199906220H)

Board of Directors:

Chan Siew Wei (Independent Non-Executive Chairman)
Christian Kwok-Leun Yau Heilesen (Executive Director)
Tan Chin Lee (Independent Director)
Zhou Jia Lin (Non-Executive Non-Independent Director)
Leung Kwok Kuen Jacob (Non-Executive Non-Independent Director)

Registered Office:

280 Woodlands Industrial Park E5
#10-50 Harvest @ Woodlands
Singapore 757322

18 August 2017

To: The Shareholders of Vashion Group Ltd.

Dear Sir/Madam

- (1) **PROPOSED CONVERSION OF DEBTS OWING BY THE COMPANY TO THE INDEPENDENT DIRECTORS (THE “CREDITORS” OR “RESTRICTED PERSONS”) INTO THE DEBT CONVERSION SHARES (THE “PROPOSED DEBT CONVERSION”);**
 - (2) **PROPOSED ISSUANCE AND ALLOTMENT OF THE DEBT CONVERSION SHARES TO RESTRICTED PERSONS;**
 - (3) **PROPOSED SHARE CONSOLIDATION OF EVERY 10 EXISTING SHARES AS AT THE SHARE CONSOLIDATION BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”);**
 - (4) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,130,303,160 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.005 FOR EACH RIGHTS SHARE, WITH UP TO 565,151,580 WARRANTS WITH EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) WARRANT SHARE AT THE EXERCISE PRICE OF S\$0.005, ON THE BASIS OF 10 RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD BY ENTITLED SHAREHOLDERS AS AT THE RIGHTS BOOKS CLOSURE DATE, AND ONE (1) WARRANT FOR EVERY TWO (2) RIGHTS SHARES SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED RIGHTS CUM WARRANTS ISSUE”);**
 - (5) **POTENTIAL TRANSFER OF CONTROLLING INTEREST TO MS ZHOU QILIN AND MR REILL EDWARD CHAMPLEY;**
 - (6) **PROPOSED BUSINESS DIVERSIFICATION TO INCLUDE THE FINANCING BUSINESS AND THE LUXURY GOODS BUSINESS (THE “PROPOSED BUSINESS DIVERSIFICATION”);**
 - (7) **PROPOSED ADOPTION OF THE VASHION PERFORMANCE SHARE PLAN (THE “VASHION PSP”); AND**
 - (8) **PROPOSED PARTICIPATION BY CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE VASHION PSP,**
- (COLLECTIVELY, THE “PROPOSED TRANSACTIONS”).**

LETTER TO SHAREHOLDERS

1. INTRODUCTION

1.1 EXTRAORDINARY GENERAL MEETING

The Directors are convening an Extraordinary General Meeting to be held on 6 September 2017 to seek Shareholder's approval in relation to:

- (i) the Proposed Debt Conversion ("**Ordinary Resolution 1**");
- (ii) the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons ("**Ordinary Resolution 2**");
- (iii) the Proposed Share Consolidation ("**Ordinary Resolution 3**");
- (iv) the Proposed Rights cum Warrants Issue ("**Ordinary Resolution 4**");
- (v) the potential transfer of controlling interest to Zhou and Champley ("**Ordinary Resolution 5**");
- (vi) the Proposed Business Diversification ("**Ordinary Resolution 6**");
- (vii) the proposed adoption of the Vashion PSP ("**Ordinary Resolution 7**"); and
- (viii) the proposed participation by Controlling Shareholders and their Associates in the Vashion PSP ("**Ordinary Resolution 8**"),

collectively, the "**Proposed Transactions**".

Shareholders should note the following:

- (a) **Ordinary Resolution 2 is conditional upon the approval of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed, then Ordinary Resolution 2 will not be passed;**
- (b) **Ordinary Resolution 4 is conditional upon the approval of Ordinary Resolution 3. If Ordinary Resolution 3 is not passed, then Ordinary Resolution 4 will not be passed;**
- (c) **Ordinary Resolution 5 is conditional upon the approval of Ordinary Resolution 4. If Ordinary Resolution 4 is not passed, then Ordinary Resolution 5 will not be passed; and**
- (d) **Ordinary Resolution 8 is conditional upon the approval of Ordinary Resolution 7. If Ordinary Resolution 7 is not passed, then Ordinary Resolution 8 will not be passed.**

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Transactions to be tabled at the EGM, notice of which is set out on pages 94 to 99 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

The SGX-ST takes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained in this Circular.

13. Approval of the SGX-ST

An application has been made to the SGX-ST for the dealing in, listing of and quotation for the Debt Conversion Shares, Consolidated Shares, Rights Shares, Warrants and Warrant Shares on the Catalist. As announced by the Company on 25 July 2017, the SGX-ST has granted its listing and quotation notice ("**LQN**") for the dealing in, listing of and quotation for:

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- (a) Up to 78,917,999 Debt Conversion Shares to be issued pursuant to the Debt Conversion Agreement;
- (b) Up to 113,030,316 Consolidated Shares pursuant to the Proposed Share Consolidation; and
- (c) In connection with the Proposed Rights cum Warrants Issue:
 - (i) Up to 1,130,303,160 Rights Shares;
 - (ii) Up to 565,151,580 Warrants; and
 - (iii) Up to 565,151,580 Warrant Shares pursuant to the exercise of the Warrants.

The Company may proceed with the listing and quotation of the Debt Conversion Shares, Consolidated Shares, Rights Shares, Warrants and Warrant Shares, subject to the following:

- (a) compliance with the SGX-ST's listing requirements;
- (b) submission of a confirmation that a sufficient spread in the Warrants as required under Rule 826 of the Catalist Rules is complied with; and
- (c) Shareholders' approval being obtained at the EGM to be convened.

Issue of the LQN by the SGX-ST is not an indication of the merits of the Proposed Debt Conversion, Proposed Share Consolidation, Proposed Rights cum Warrants Issue, Debt Conversion Shares, Consolidated Shares, Rights Shares, Warrants, Warrant Shares, the Company, its subsidiaries and their securities.

2. PROPOSED DEBT CONVERSION

2.1 Background

On 25 May 2017, the Company announced that it had entered into the Debt Conversion Agreement with the Creditors for the proposed conversion of directors fees owing by the Group to the Creditors, into the Debt Conversion Shares at the Debt Conversion Price of S\$0.003 per Debt Conversion Share.

The Company intends to complete the Proposed Debt Conversion and issuance and allotment of the Debt Conversion Shares to the Creditors before carrying out the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue. Accordingly the Debt Conversion Shares, subject to the requisite approvals from Shareholders, will also be entitled to participate in the Proposed Rights cum Warrants Issue.

Notwithstanding the foregoing, in the event the Proposed Share Consolidation is completed prior to completion of the Proposed Debt Conversion and issuance and allotment of the Debt Conversion Shares, the Debt Conversion Price and the corresponding number of Debt Conversion Shares to be allotted and issued to each of the Creditors shall be adjusted accordingly.

As at 25 May 2017, the total amounts owing to each of the Creditors are as follows:

Creditors	FY2014	FY2015	FY2016	Amount (S\$)
Mr Chan Siew Wei	39,364	73,700	73,700	186,764
Mr Tan Chin Lee	–	19,900	30,000	49,990

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An illustration of the number of Debt Conversion Shares of each of the Creditors is as follows:

Creditors	Number of Debt Conversion Shares	Number of Debt Conversion Shares (adjusted for the Proposed Share Consolidation)	Total number of Debt Conversion Shares as a percentage of the Post-Consolidation Share Capital ⁽¹⁾
Mr Chan Siew Wei	62,254,666	6,225,466	5.51%
Mr Tan Chin Lee	16,663,333	1,666,333	1.47%
Total	78,917,999	7,891,799	6.98%

Note:

- (1) Assuming that the Proposed Share Consolidation took place after completion of the Proposed Debt Conversion and issuance and allotment of the Debt Conversion Shares, such that the Post-Consolidation Share Capital comprises 113,030,316 Consolidated Shares.

Please refer to section 7 of this Circular for the shareholdings of Mr Chan Siew Wei and Mr Tan Chin Lee pursuant to, *inter alia*, the Proposed Debt Conversion.

2.2 Ranking of the Debt Conversion Shares

The Debt Conversion Shares will, when allotted and issued pursuant to the Proposed Debt Conversion, be issued free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank *pari passu* in all respects with and shall carry all rights similar to the then existing Shares as at the date of allotment and issue of the Debt Conversion Shares except that they will not rank for any dividends, rights, allotments or other distributions, the Record Date for which falls on or before the date of issue of such Debt Conversion Shares.

2.3 Debt Conversion Price

The Debt Conversion Price is fixed at S\$0.003 per Debt Conversion Share, which is at a premium of approximately 50.0% to the volume weighted average price for trades done in respect of the Shares on the Catalist on 24 May 2017, being the last trading day prior to the date on which the Debt Conversion Agreement was signed.

2.4 Conditions precedent

The Proposed Debt Conversion is subject to, *inter alia*, the following:

- (a) the listing and quotation notice being obtained from SGX-ST for the listing of and quotation for the Debt Conversion Shares on the Catalist Board and not having been revoked or amended and, where such listing and quotation notice is subject to conditions, to the extent that any conditions for the listing of and quotation for the Debt Conversion Shares on the Catalist are required to be fulfilled on or before completion date, they are so fulfilled;
- (b) approval from Shareholders for the Proposed Debt Conversion being obtained at an EGM to be convened;
- (c) the allotment and issue of the Debt Conversion Shares to the Creditors not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Debt Conversion Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Creditors;
- (d) the exemption under section 272B(1) of the SFA being applicable to the allotment and issue of the Debt Conversion Shares under the Debt Conversion Agreement; and

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- (e) the representations and warranties of the Company and the Creditors being true, accurate and correct in all material aspects as if made on the completion date under the Debt Conversion Agreement, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations under the Debt Conversion Agreement which are required to be performed on or before the completion date under the Debt Conversion Agreement.

2.5 Rationale for the Proposed Debt Conversion

The rationale of the Proposed Debt Conversion is to reduce the debt burden of the Group, eliminate the need for any cash repayment or payment in view of the current financial and cash position of the Group, provide for some level of stability to the Group and alleviate pressures faced by the Group on its cash flow.

2.6 Financial effects of the Proposed Debt Conversion

An illustration of the financial effects of, *inter alia*, the Proposed Debt Conversion, on the Share capital of the Company, NTA per Share, LPS and gearing of the Group are set out in [Appendix C](#) of this Circular. Please refer to [Appendix C](#) of this Circular for further details.

2.7 Approval of Shareholders for allotment and issue of the Debt Conversion Shares to the Restricted Persons

Mr Chan Siew Wei and Mr Tan Chin Lee are current directors of the Company and are deemed to be interested persons under Chapter 9 of the Catalist Rules. Pursuant to Chapter 9 of the Catalist Rules, shareholders' approval must be obtained for any interested person transaction relating to the issuance of securities. However, pursuant to Rule 915(8) of the Catalist Rules, an interested person transaction relating to director's fees and remuneration and employment remuneration will not be required to comply with Rules 905, 906 and 907 of the Catalist Rules.

Nonetheless, under Rule 812(1)(a) of the Catalist Rules, an issue of securities must not be placed to the issuer's directors and substantial shareholders. Pursuant to Rule 812(2) of the Catalist Rules, Rule 812(1) will not apply if specific shareholder approval for such an issue has been obtained. Therefore, the Company is seeking Shareholders' approval for allotment and issue of the number of Debt Conversion Shares as listed in section 2.1 of this Circular to Mr Chan Siew Wei and Mr Tan Chin Lee who are directors of the Company, at an EGM to be convened.

Accordingly, the Company is seeking Shareholders' approval for (a) the Proposed Debt Conversion and (b) the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons, at the EGM to be convened.

3. PROPOSED SHARE CONSOLIDATION

3.1 Basis of the Proposed Share Consolidation

On 25 May 2017, the Company announced that it proposes to undertake a proposed share consolidation pursuant to which every 10 existing Shares will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares. The Proposed Share Consolidation is expected to be carried out after completion of the Proposed Debt Conversion and issuance and allotment of the Debt Conversion Shares and before the Proposed Rights cum Warrants Issue. Accordingly, the Proposed Share Consolidation is expected to take into account the Debt Conversion Shares.

As at the Latest Practicable Date, the Existing Share Capital of the Company is S\$33,502,693 comprising of 1,051,385,163 Shares. Assuming that other than the issue of approximately 78,917,999 Debt Conversion Shares and that no new Shares will be issued by the Company during the period from the Latest Practicable Date to the Share Consolidation Books Closure Date, following the Proposed Share Consolidation, the Company will have a Post-Consolidation Share

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Capital of approximately S\$33,739,447 divided into 113,030,316 Consolidated Shares (subject to rounding). As at the Latest Practicable Date, the Company (a) does not have any share option or other share incentive schemes for its employees and (b) does not have any treasury shares.

Subject to Shareholders' approval for the Proposed Share Consolidation at the EGM, the transfer books and Register of Members of the Company will be closed on the Share Consolidation Books Closure Date to determine the entitlements of Shareholders to the Consolidated Shares. With effect from 9:00 a.m. on the Share Consolidation Effective Date, i.e. the Market Day immediately following the Share Consolidation Books Closure Date, every 10 existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share. However, notwithstanding that the Proposed Share Consolidation will become effective on the Share Consolidation Effective Date, trading in the Consolidated Shares will commence from 9:00 a.m. on the Share Consolidation Effective Trading Date, i.e. the day falling three (3) Market Days before the Share Consolidation Effective Date, as trades on the SGX-ST are settled on a "T+3" settlement cycle, which means that a purchase or sale of Shares on day T will be settled three (3) Market Days later.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Share Consolidation Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation shall be disregarded. All fractional Shares arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (a) disregarding the fractional entitlements; or (b) if practical and permissible, aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractional Shares which are disregarded. Notwithstanding the above, Shareholders should note that the Proposed Share Consolidation is subject to such approvals and conditions as described in section 3.3 of this Circular below.

Shareholders whose shareholdings, as at the Share Consolidation Books Closure Date, is less than 10 existing Shares or multiples of 10 existing Shares should note that the Proposed Share Consolidation may result in (a) such Shareholders being no longer Shareholders or (b) rounding down to the nearest whole Consolidated Share with any fractions of Consolidated Shares (arising from the Proposed Share Consolidation) being disregarded. As such, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. They may, subject to such advice on actions that they should take and their own investment policies and risk/ return requirements, consider the possibility of purchasing additional Shares so as to increase the number of existing Shares held to multiples of 10 Shares prior to the Share Consolidation Books Closure Date. For illustrative purpose only, based on the shareholding information available to the Company as at the Latest Practicable Date and assuming the completion of the Proposed Debt Conversion, there are approximately 272 fractional Shares.

The Proposed Share Consolidation will have no impact on the issued and paid up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid up capital of the Company, and has no effect on the Shareholders' funds of the Company and its subsidiaries. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not result in any change to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

However, Shareholders should note that the Proposed Share Consolidation could result in odd lots and Shareholders holding odd lots of Consolidated Shares could face practical difficulties with the sale of their Consolidated Shares. Please refer to section 3.5.2 of this Circular for details on the trading arrangements for odd lots.

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3.2 Rationale for the Proposed Share Consolidation

The Board intends to conduct the Proposed Share Consolidation to, *inter alia*, facilitate the pricing for the Rights Shares and Warrants pursuant to the Proposed Rights cum Warrants Issue. For illustrative purpose only, the last transacted price for the Shares prior to the Announcement Date was S\$0.002. As the minimum bid and ask quote (a “**tick**”) is S\$0.001 each on the SGX-ST quotation system, a one tick movement implies an increase or a decline of 50% for the Shares and this makes pricing (including, *inter alia*, ascribing a discount for the issue price or exercise price) for the Rights Shares and Warrants challenging.

As such, the undertaking of a Proposed Share Consolidation prior to the Proposed Rights cum Warrants Issue serves to increase the prices for Consolidated Shares, and thereby reducing the volatility of the prices for the Consolidated Shares (in terms of percentage change) while maintaining the attractiveness of the pricing for the Rights Shares and Warrants via a discount.

In addition, as set out in section 4.9 of this Circular, the Company is undertaking the Proposed Rights cum Warrants Issue to strengthen the financial position and cash position of the Group, and to provide working capital for the Group. In addition, the Group intends to utilize the Net Proceeds from the Proposed Rights cum Warrants Issue to fund the Proposed Business Diversification and for working capital requirements.

The Board believes that the Proposed Share Consolidation, which reduces the volatility of the prices for the Consolidated Shares (in terms of percentage change), may generally make the Shares and the Proposed Rights cum Warrants Issue more attractive to investors. As such, the Proposed Rights cum Warrants Issue is conditional upon the Proposed Share Consolidation.

In the event that the Proposed Share Consolidation is not approved by the Shareholders, the Company will not proceed with the Proposed Rights cum Warrants Issue and the Board will evaluate alternative fund raising exercises. This may delay the implementation of the Proposed Business Diversification or may result in a relatively “slower” implementation of the Proposed Business Diversification.

As at the Latest Practicable Date, the Board is of the view that alternative fund raising exercises available to the Company such as convertible loans and external debt may not be in the best interest of the Company and its Shareholders. Convertible loans that may be available to the Group may have extremely dilutive impacts for Shareholders, and both convertible loans (in the event of non-conversion) and external borrowings requires repayment and prompt servicing of interest payments. Thus, it may be in the best interest of the Company and its Shareholders to undertake the Proposed Rights cum Warrants Issue in view of the Company’s weak financial performance with declining revenue and losses for the past five (5) financial years.

Shareholders should note that as set out in section 4.4 of this Circular, the Company had obtained Indications of Interest from certain Directors, Substantial Shareholders and former Substantial Shareholders of the Company, to participate in the Proposed Rights cum Warrants Issue to subscribe for such number of Rights Shares with Warrants and/or apply for such number of Excess Rights Shares with Warrants which are not subscribed or otherwise taken up and/or applied for by the other Entitled Shareholders as the case may be in support of the Proposed Rights cum Warrants Issue. Shareholders should note that no firm undertaking has been executed as at the Latest Practicable Date.

In the event the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue is not approved by Shareholders in the upcoming EGM, the Directors will contemplate alternative fund raising exercises for financing its business, operations and Proposed Business Diversification.

3.3 Approvals and conditions

Pursuant to Regulation 54(1)(i) of the constitution of the Company, the Company may consolidate its share capital by ordinary resolution. The Company is thus seeking the approval of Shareholders for the Proposed Share Consolidation at the EGM.

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The Proposed Share Consolidation is also subject to receipt of the LQN from the SGXST for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist.

An application has been made to the SGX-ST for the dealing in, listing of and quotation for, amongst others, the Consolidated Shares on the Catalist. As announced by the Company on 25 July 2017, the SGX-ST has granted the LQN for the dealing in, listing of and quotation for, amongst others, the Consolidated Shares subject to certain conditions. Please refer to section 1.3 of this Circular for further details.

Issue of the LQN by the SGX-ST is not an indication of the merits of the Proposed Debt Conversion, Proposed Share Consolidation, Proposed Rights cum Warrants Issue, Debt Conversion Shares, Consolidated Shares, Rights Shares, Warrants, Warrant Shares, the Company, its subsidiaries and/or their securities.

An announcement will also be made by the Company in due course to notify Shareholders of the Share Consolidation Books Closure Date, Share Consolidation Effective Trading Date and Share Consolidation Effective Date.

3.4 Updating of Register of Members and Depository Register for the Consolidated Shares

If Shareholders at the EGM approve the Proposed Share Consolidation, the shareholdings of each Shareholder pursuant to the Proposed Share Consolidation will be determined on the Share Consolidation Books Closure Date, based on their shareholdings as at 5:00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by each Shareholder upon completion of the Proposed Share Consolidation and the Shares will begin trading in board lots of 100 Consolidated Shares on the Share Consolidation Effective Trading Date.

3.4.1 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Share Consolidation Books Closure Date.

After the Share Consolidation Books Closure Date, CDP will only accept the deposit of share certificates for the Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Share Consolidation Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, KCK CorpServe Pte. Ltd., at 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721 for cancellation and issuance of New Share Certificates in replacement thereof as described below.

3.4.2 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Share Consolidation Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, KCK CorpServe Pte. Ltd., at 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721, as soon as possible after they have been notified of the Share Consolidation Books Closure Date and preferably not later than five (5) Market Days after the Share Consolidation Books Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon

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receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within 10 Market Days from the Share Consolidation Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members of the Company.

Shareholders shall only deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above only after the Company has announced the Share Consolidation Books Closure Date.

3.4.3 Share Certificates not valid for settlement of trades on Catalist

Shareholders who hold physical share certificates are reminded that their Old Share Certificates are no longer valid for settlement of trading in the Shares (and the Consolidated Shares) on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery of trades done on the SGX-ST, though they will continue to be *prima facie* evidence of legal title.

3.5 Trading arrangements for the Consolidated Shares and Odd Lots

3.5.1 Trading arrangements for the Consolidated Shares

Subject to the approval of the Proposed Share Consolidation being obtained from the Shareholders at the EGM, trading will be in board lots of 100 Consolidated Shares with effect from 9:00 a.m. on the Share Consolidation Effective Trading Date. Accordingly, 10 existing Shares as at 5:00 p.m. on the Market Day immediately preceding the Share Consolidation Effective Trading Date will represent one (1) Consolidated Share with effect from 9:00 a.m. on the Share Consolidation Effective Trading Date. Trading in the existing Shares will cease after 5:00 p.m. on the Market Day immediately preceding the Share Consolidation Effective Trading Date.

All fractional Shares arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (a) disregarding the fractional entitlements; or (b) if practical and permissible, aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractional Shares which are disregarded.

3.5.2 Trading arrangements for the Odd Lots

The existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the implementation of the Proposed Share Consolidation, the Securities Accounts of Shareholders (being Depositors) maintained with CDP may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). Shareholders (being Depositors) who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST can trade with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares. It should be noted that the market for trading of such odd lots of Consolidated Shares may be illiquid.

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4. PROPOSED RIGHTS CUM WARRANTS ISSUE

4.1 Basis of the Proposed Rights Cum Warrants Issue

The Proposed Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis of up to 1,130,303,160 Rights Shares at the Issue Price of S\$0.005 for each Rights Share, with up to 565,151,580 Warrants with each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.005, on the basis of 10 Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Rights Books Closure Date and one (1) Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded. Shareholders should note that the Proposed Rights cum Warrants Issue will only be carried out after completion of the Proposed Share Consolidation.

The Rights Shares with Warrants are payable in full upon acceptance of the provisional allotments of the Rights Shares with Warrants and/or application for the Excess Rights Shares with Warrants. The Rights Shares with Warrants, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares with Warrants. The Warrant Shares, when allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank *pari passu* in all respects with the then existing Shares in issue, and shall rank for any dividends, rights, allotments or other distributions, the Record Date for which is on or after the relevant date of exercise of the Warrants.

The Issue Price and Exercise Price of S\$0.005 for each Rights Share and Warrant represents:

- (a) a discount of approximately 75.0% from S\$0.02 per Share, being the closing price of S\$0.002 per Share on 24 May 2017, which is the last trading day prior to the Announcement Date, adjusted for the Proposed Share Consolidation;
- (b) a discount of approximately 21.4% from the theoretical ex-rights price of approximately S\$0.0064 per Share, based on the closing price of S\$0.002 per Share on 24 May 2017, which is the last trading day prior to the Announcement Date, adjusted for the Proposed Share Consolidation;
- (c) a discount of approximately 50.0% from S\$0.0100 per Share, being the closing price of S\$0.0010 per Share as at 4 August 2017, being the last trading day prior to the Latest Practicable Date, adjusted for the Proposed Share Consolidation; and
- (d) a discount of approximately 8.3% from the theoretical ex-rights price of approximately S\$0.0055 per Share, based on the closing price of S\$0.0010 per Share as at 4 August 2017, being the last trading day prior to the Latest Practicable Date, adjusted for the Proposed Share Consolidation.

4.2 Principal terms of the Rights Issue

Number of Rights Shares	:	Up to 1,130,303,160 Rights Shares with up to 565,151,580 Warrants to be issued, based on the Post-Consolidation Share Capital.
Basis of provisional allotment	:	10 Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Rights Books Closure Date, fractional entitlements to be disregarded.
Issue Price	:	S\$0.005 for each Rights Share, payable in full on acceptance of the provisional allotments of the Rights Shares and/or application for the Excess Rights Shares.

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- Status of the Rights Shares : The Rights Shares, when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
- Listing of the Rights Shares : As announced by the Company on 25 July 2017, the SGX-ST has granted the LQN for the dealing in, listing of and quotation for, *inter alia*, the Rights Shares, subject to certain conditions. Please refer to section 1.3 of this Circular for further details.
- Eligibility to participate in the Proposed Rights cum Warrants Issue : Please refer to section 4.7 of this Circular.
- Trading of the Rights Shares : Upon the listing of and quotation for the Rights Shares on the SGX-ST, the Rights Shares will be traded on the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST, each board lot will comprise 100 Rights Shares.
- Acceptances, excess applications and payment procedures : Entitled Shareholders will be at liberty to accept, decline or otherwise renounce (in full or in part) or in the case of Entitled Depositors only, trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares with Warrants and will be eligible to apply for Excess Rights Shares with Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue.

Entitled Depositors who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants may only do so through CDP or by way of an Electronic Application (as may be applicable).

Fractional entitlements to Rights Shares with Warrants will be disregarded in arriving at Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day to day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue or have representation (direct or indirect through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants.

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The procedures for acceptance, payment and excess application by Entitled Depositors, and the procedures for acceptance, payment, splitting, renunciation and excess application by Entitled Scripholders will be set out in the Offer Information Statement and its accompanying documents to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the approval of Shareholders for the Proposed Rights cum Warrants Issue at the EGM.

The Directors will take steps to ensure that Rule 803 of the Catalist Rules on the restriction of transfer of controlling interest without prior approval of Shareholders in a general meeting is complied with in their exercise of discretion to allot or issue any such Excess Rights Shares with Warrants. Please refer to section 4.4 of this Circular for further details.

- Scaling Provisions : Depending on the level of acceptances for the provisional allotments of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants, the Company will, if necessary, and upon approval of the SGX-ST, scale down acceptances for the provisional allotments of the Rights Shares with Warrants or applications for Excess Rights Shares with Warrants pursuant to the Proposed Rights cum Warrants Issue to avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code as a result of, *inter alia*, other Entitled Shareholders not taking up their Rights Shares with Warrants entitlements fully.
- Non-underwritten basis : The Proposed Rights cum Warrants Issue is not underwritten, and will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.
- Governing law : Laws of the Republic of Singapore

4.3 Principal terms of the Warrants

- Number of Warrants : Up to 565,151,580 free detachable warrants in registered form to be issued and allotted together with the Rights Shares subscribed for (assuming that up to 1,130,303,160 Rights Shares are issued and allotted).
- Basis of provisional allotment : One (1) free Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded.
- Forms and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, every one (1) Warrant shall entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) Warrant Share at the Exercise Price in force on the relevant exercise date.

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Detachability and trading : The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on the Catalist under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants on the Catalist, subject to, *inter alia*, an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

Exercise Price : S\$0.005 for each Warrant Share on the exercise of each Warrant, payable in full upon exercise of the Warrant (subject to adjustments under certain circumstances as set out in the Deed Poll).

Exercise Period : The Warrants may be exercised at any time during the Exercise Period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary from the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or the Register of Warranholders is closed or is not a Market Day, in which case the Exercise Period shall end on the Market Day prior to the closure of the Register of Members and/or the Register of Warranholders or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warranholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

The Warrants which have not been exercised after expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Company shall, not less than one (1) month before the expiry of the Exercise Period, release an announcement in relation to the expiration date of the Warrants, and shall take reasonable steps to notify the Warranholders in writing of the expiration date of the Warrants and such notice shall be delivered by post to the address of the Warranholders as recorded in the Register of Warranholders or, in the case of Warranholders whose Warrants are registered in the name of CDP, their addresses as shown in the records of CDP.

Without prejudice to the generality of the foregoing, Warranholders who acquire Warrants after the notice of the expiry of the Exercise Period has been given in accordance with the aforementioned shall be deemed to have notice of the expiry of the Exercise Period so long as such notice has been given in accordance with the terms and conditions to be set out in the Deed Poll.

Status of the Warrant Shares : The Warrant Shares, arising from the exercise of the Warrants, will, upon full payment, issue and allotment, rank *pari passu* in all respects with the then existing Shares in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of exercise of the Warrants.

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Listing of the Warrants and Warrants Shares : As announced by the Company on 25 July 2017, the SGX-ST has granted the LQN for the dealing in, listing of and quotation for, *inter alia*, the Warrants and Warrant Shares, subject to certain conditions. Please refer to section 1.3 of this Circular for further details.

Adjustment to Exercise Price and/or number of Warrants : The Exercise Price and/or number of Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. Any additional Warrants issued shall rank *pari passu* with the Warrants issued under the Proposed Rights cum Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the Catalist Rules from time to time) be announced by the Company to the SGX-ST via an announcement on SGXNET.

Please refer to [Appendix B](#) of this Circular for details of the adjustment provisions.

Modification of rights of Warrantholders : The Company may, without the consent of the Warrantholders but in accordance with the terms of the Deed Poll, effect any modification to the terms of the Deed Poll, including the terms and conditions of the Warrants which, in the opinion of the Company is:

- (a) not materially prejudicial to the interests of the holders of Warrants;
- (b) of a formal, technical or minor nature;
- (c) to correct a manifest error or to comply with mandatory provisions of Singapore law;
- (d) to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Warrant Shares arising from the exercise thereof or meetings of the holders of Warrants in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST; or
- (e) to facilitate scripless settlement of trades of the Warrants or the Shares on Catalist in accordance with the requirements of the SGX-ST or CDP from time to time.

Any such modification shall be binding on the Warrantholders and all persons having an interest in the Warrants. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the holders of Warrants in accordance with the terms and conditions of the Warrants as set out in the Deed Poll as soon as practicable thereafter.

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Without prejudice to any provision of the Deed Poll, any material alteration of the terms and conditions of the Warrants after the issue thereof to the advantage of the Warrantheolders and/or prejudicial to the Shareholders must be approved by the Shareholders in a general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

- Transfer and transmission : The Warrants may only be transferred in lots, such that the subscription of the Warrant Shares by Warrantheolders may only be effected in whole numbers. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants to be set out in the Deed Poll including the following:
- (a) *Warrants not registered in the name of CDP* – a Warrantheolder whose Warrants are not registered in the name of CDP (“**Transferor**”) shall lodge, during normal business hours on any business day at the specified office of the Warrant Agent, the Transferor’s warrant certificate(s) together with a transfer form as prescribed by the Company from time to time (“**Transfer Form**”) duly completed and signed by or on behalf of the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided that the Company and the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP. A Transferor shall be deemed to remain a Warrantheolder until the name of the transferee is entered in the Register of Warrantheolders by the Warrant Agent;
 - (b) *Deceased Warrantheolder* – (a) the executors or administrators of (i) a deceased Warrantheolder whose Warrants are not registered in the name of CDP (not being one of several joint holders) or, (ii) if the registered Warrantheolder is CDP, of a deceased Depositor and, (b) in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders, shall be the only persons recognised by the Company as having any title to the Warrants registered in the name of the deceased Warrantheolder. Such persons shall be entitled to be registered as Warrantheolders and/or to make such transfer(s) as the deceased Warrantheolder is entitled to make, upon the production by such persons to the Company and the Warrant Agent of such evidence as may be reasonably required by the Company and the Warrant Agent to prove their title and on payment of the fees and expenses to be set out in the Deed Poll; and
 - (c) *Warrants registered in the name of CDP* – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book entry. A Depositor shall be deemed to remain a Warrantheolder until the name of the transferee is entered in the Depository Register by CDP in respect of those Warrants.

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Winding-up : Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warrantholders in accordance with the provisions contained in the Deed Poll), the Warrantholders may elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantholders in accordance with the provisions of the Deed Poll of the passing of any such resolution within seven (7) Market Days after the passing thereof. Where a Warrantholder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Exercise Price in relation to such exercise.

Subject to the foregoing, if the Company is wound up for any other reason, all the Warrants which have not been exercised at the date of commencement of the winding up of the Company shall lapse and cease to be valid for any purpose.

Further issues : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warrantholders shall not have any participation rights in any such issue of Shares by the Company unless otherwise resolved by the Company in a general meeting.

Warrant Agent : To be appointed, at the discretion of the Directors, in connection with the exercise of the Warrants in accordance with the terms and subject to the conditions of the warrant agency agreement to be executed by the Company.

Governing law : Laws of the Republic of Singapore.

The above terms and conditions for the Proposed Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the approval of Shareholders for the Proposed Rights cum Warrants Issue at the EGM.

4.4 Potential subscribers and potential transfer of controlling interests

Subsequent to release of the Announcement on 25 May 2017, the Company had obtained Indications of Interest from certain Directors, Substantial Shareholders and former Substantial Shareholders of the Company, who had indicated their intention to participate in the Proposed Rights cum Warrants Issue to subscribe for such number of Rights Shares with Warrants and/or apply for such number of Excess Rights Shares with Warrants which are not subscribed or otherwise taken up and/or applied for by the other Entitled Shareholders as the case may be in support of the Proposed Rights cum Warrants Issue:

- (a) CKLY, the Executive Director of the Company, as at the Latest Practicable Date, is deemed interested in:
 - (i) 182,950,000 Shares held by Mission Well Limited (as he is the sole shareholder and director of Mission Well Limited); and

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- (ii) 75,000,000 Shares held by Go Best Holdings Limited (HSBC International Trustee Limited (acting as trustee of the CKLY Family Trust which the beneficiaries are family members of CKLY) is the holding company of Focus Square Limited, which is the holding company of Aberly Development Limited, which is the holding company of Go Best Holdings Limited),

and accordingly, CKLY is deemed interested in approximately 24.53% of the Existing Share Capital;

- (b) Zhou, a Substantial Shareholder of the Company, as at the Latest Practicable Date, holds 160,000,000 Shares or approximately 15.22% of the Existing Share Capital; and
- (c) Champley, a Shareholder and former Substantial Shareholder of the Company who had participated in the Company's placement exercise in February 2016 and rights issue exercise in 2016, wanted to subscribe for excess rights shares offered under the rights issue exercise in 2016 but was unsuccessful. As at the Latest Practicable Date, Champley holds 37,599,704 Shares or approximately 3.58% of the Existing Share Capital

(CKLY, Zhou, and Champley collectively, the "**Potential Subscribers**").

Shareholders should note that no firm undertaking has been executed in connection with the above Indications of Interest and each of the Potential Subscribers is not obliged to subscribe for the Rights Shares with Warrants and/or apply for Excess Rights Shares with Warrants in accordance with their respective Indications of Interest as stated out above. Accordingly, there is no assurance that any of the Potential Subscribers will subscribe for any Rights Shares with Warrants and/or apply for any Excess Rights Shares with Warrants.

Rule 803 of the Catalist Rule provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting. Assuming that none of the Entitled Shareholders subscribes for their *pro rata* entitlements of Rights Shares with Warrants (other than the Potential Subscribers who subscribe and pay for their respective *pro rata* entitlements of Rights Shares with Warrants and/or apply for the Excess Rights Shares with Warrants not subscribed by the Entitled Shareholders in accordance with their Indications of Interest), this could result in a transfer of controlling interest in the Company to both Zhou and Champley. Whilst Zhou is already a Controlling Shareholder as at the Latest Practicable Date, her shareholding in the Company would be diluted to approximately 14.16% after completion of the Proposed Debt Conversion. Accordingly, the Company intends to seek the approval of Shareholders for the potential transfer of controlling interest to both Zhou and Champley at the EGM.

For the avoidance of doubt, Shareholders' approval is not required in the event CKLY subscribes for the Rights Shares with Warrants and/or apply for Excess Rights Shares with Warrants in accordance with his Indication of Interest stated above as he is already a Controlling Shareholder of the Company.

The subscription for Rights Shares with Warrants and/or application for Excess Rights Shares with Warrants by CKLY, Zhou and Champley are subject to the Scaling Provisions.

Notwithstanding the above, there may be situations, depending on the actual subscriptions for the Rights Shares with Warrants and applications for Excess Rights Shares with Warrants by the Entitled Shareholders (other than the Potential Subscribers) as well as the final subscriptions for the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants by the Potential Subscribers, where the number of Shares held directly or indirectly by each of the Potential Subscribers may after the completion of the Proposed Rights cum Warrants Issue be more or equal than 15% of the then enlarged Share capital of the Company after the Proposed Rights cum Warrants Issue (based on the Existing Share Capital and assuming (a) completion of the Proposed Debt Conversion and issuance and allotment of the Debt Conversion Shares; (b) completion of the Proposed Share Consolidation; and (c) issuance and allotment of such number

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of Rights Shares with Warrants pursuant to completion of the Proposed Rights cum Warrants Issue). Accordingly in such circumstances, the number and identity of the Controlling Shareholders may change and there may accordingly be a potential change in Controlling Interest and Controlling Shareholder.

Pursuant to Rule 803 of the Catalist Rules, the Company will not make any allotment and issuance of any Rights Shares with Warrants or Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

4.5 Approvals and conditions for the Proposed Rights cum Warrants Issue

Shareholders should note that the Proposed Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (a) the LQN issued by SGX-ST for the dealing in, listing of and quotation for the Rights Shares, Warrants and Warrant Shares on the Catalist (and such LQN not having been withdrawn or revoked on or prior to the Closing Date), and if such LQN is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (b) the approval of Shareholders for the Proposed Rights cum Warrants Issue, including the potential transfer of controlling interest to Zhou and Champley, being obtained at the EGM to be convened;
- (c) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) in connection with the Proposed Rights cum Warrants Issue pursuant to the SFA with the SGX-ST acting as agent on behalf of the Authority;
- (d) the completion of the Proposed Share Consolidation; and
- (e) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights cum Warrants Issue and to give effect to the Proposed Rights cum Warrants Issue, being obtained and not having been withdrawn or revoked before the completion of the Proposed Rights cum Warrants Issue.

As announced by the Company on 25 July 2017, the SGX-ST has granted the LQN for the dealing in, listing of and quotation for, *inter alia*, the Rights Shares, Warrants and Warrant Shares subject to certain conditions, details of which are set out in section 1.3 of this Circular.

Issue of the LQN by the SGX-ST is not an indication of the merits of the Proposed Debt Conversion, Proposed Share Consolidation, Proposed Rights cum Warrants Issue, Debt Conversion Shares, Consolidated Shares, Rights Shares, Warrants, Warrant Shares, the Company, its subsidiaries and/or their securities.

4.6 Size of the Proposed Rights cum Warrants Issue

As at the Latest Practicable Date, the Existing Share Capital comprises 1,051,385,163 Shares and the Company has no outstanding convertible securities. Upon (a) the completion of the Proposed Debt Conversion and issue and allotment of 78,917,999 Debt Conversion Shares and (b) the Proposed Share Consolidation, the Post-Consolidation Share Capital of the Company will comprise approximately 113,030,316 Consolidated Shares.

The Maximum Subscription Scenario is the scenario for the acceptance and/or application for the Proposed Rights cum Warrants Issue via the allotment and issue of up to 1,130,303,160 Rights Shares with up to 565,151,580 Warrants, based on the assumption that all Entitled Shareholders accept in full their *pro rata* Rights Shares with Warrants entitlements based on the Post-Consolidation Share Capital.

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For illustration purposes only, based on the Post-Consolidation Share Capital and assuming that the Proposed Rights cum Warrants Issue is fully subscribed under the Maximum Subscription Scenario, an aggregate of up to 1,130,303,160 Rights Shares with up to 565,151,580 Warrants will be issued pursuant to the Proposed Rights cum Warrants Issue.

4.7 Eligibility of Shareholders to participate in the Proposed Rights cum Warrants Issue

4.7.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Proposed Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and its accompanying documents at their respective registered addresses in Singapore. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue on the basis of their shareholdings as at the Rights Books Closure Date. They are at liberty to accept, decline, renounce (in full or in part) or in the case of Entitled Depositors only, trade on the Catalist (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares with Warrants and are eligible to apply for Excess Rights Shares with Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue. Entitled Depositors who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants may only do so through CDP or by way of an Electronic Application (as may be applicable). Full details of the Proposed Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

For Entitled Shareholders who hold Shares through finance companies or Depository Agents, acceptances of the Rights Shares with Warrants provisionally allotted to them and (if applicable) applications for Excess Rights Shares with Warrants must be done through these intermediaries. Any acceptance and/or excess applications by such Entitled Shareholders directly to CDP or through Electronic Application will be rejected.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their new share certificates with CDP prior to the Rights Books Closure Date so as to enable CDP to credit their Securities Accounts with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th Market Day from the date of lodgement of the new share certificates with CDP or such later date as CDP may determine.

Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Rights Books Closure Date. Entitled Scripholders should note that all notices and documents will be sent to their last registered addresses in the Register of Members.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

Provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, will be aggregated as Excess Rights Shares with Warrants to satisfy applications for such Excess Rights Shares with Warrants or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. In the allotment of Excess Rights Shares with Warrants,

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preference will be given to the rounding of odd lots. Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants. The Company will not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

All dealings in and transactions of the provisional allotments of the Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs if any to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the Catalist.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update its records or to effect any change in address must reach CDP at least three (3) Market Days before the Rights Books Closure Date. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

Full details of the Proposed Rights cum Warrants Issue, including an indicative timetable of key events will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course and in the event that the Proposed Rights cum Warrants Issue is approved by Shareholders.

4.7.2 Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Proposed Rights cum Warrants Issue will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Proposed Rights cum Warrants Issue is only made in Singapore and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders or into any jurisdictions outside Singapore.

Accordingly, Foreign Shareholders will not be entitled to participate in the Proposed Rights cum Warrants Issue. No provisional allotments of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance of the provisional allotments of Rights Shares with Warrants or application for Excess Rights Shares with Warrants by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents relating to the Proposed Rights cum Warrants Issue will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore (“**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited by CDP to their Securities Accounts should make the necessary arrangements with their depository agents or stockbrokers in Singapore. Further, any renounee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares with Warrants renounced to him.

The Company reserves the right to reject any acceptances of the provisional allotments of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in

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any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares with Warrants or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

Foreign Shareholders who wish to be eligible to participate in the Proposed Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, or (ii) the Company's Share Registrar, KCK CorpServe Pte. Ltd. at 333 North Bridge Road #08-00 KH KEA Building Singapore 188721, not later than three (3) Market Days before the Rights Books Closure Date.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Rights Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the CPF Board, the Share Registrar or CDP or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP, the CPF Board, or the Share Registrar or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotments. If such provisional allotments of Rights Shares with Warrants cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be used to satisfy applications for Excess Rights Shares with Warrants or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, CDP, the CPF Board or the Share Registrar or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in those territories.

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The procedures for, and the terms and conditions applicable to the acceptance, renunciation and/or sale of the provisional allotments of Rights Shares with Warrants and for application for Excess Rights Shares with Warrants pursuant to the Proposed Rights cum Warrants Issue will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course and in the event that the Proposed Rights cum Warrants Issue is approved at the EGM.

4.8 No underwriting

The Directors believe that barring unforeseen circumstances and after taking into account the NTA per Share of the Group after the Proposed Debt Conversion and Proposed Share Consolidation of approximately 4.30 Singapore cents (please refer to Appendix C) and the requirements for the Group's operations, the Issue Price (which represents a discount of approximately (i) 75.0% from the closing price of S\$0.02 per Share, being the closing price of S\$0.002 per Share on 24 May 2017, being the last trading day prior to the Announcement Date and after adjusting for the Proposed Share Consolidation; and (ii) 21.4% from the theoretical ex-rights price of approximately S\$0.0064 per Share, based on the closing price of S\$0.002 per Share on 24 May 2017, being the last trading day prior to the Announcement Date and after adjusting for the Proposed Share Consolidation) is reasonably priced to encourage or facilitate subscriptions for the Rights Shares with Warrants and participation by Shareholders. Barring unforeseen circumstances, as at the Latest Practicable Date, Directors are of the reasonable opinion that there is no minimum amount, which must be raised from the Proposed Rights cum Warrants Issue.

In view of the above, the Company has decided to proceed with the Proposed Rights cum Warrants Issue on a non-underwritten basis.

4.9 Rationale and use of Net Proceeds and Exercise Proceeds

4.9.1 Rationale

The Company is undertaking the Proposed Rights cum Warrants Issue to strengthen the financial position and cash position of the Group, and to provide working capital for the Group. In addition, the Group intends to utilize the Net Proceeds from the Proposed Rights cum Warrants Issue to fund the Proposed Business Diversification and for working capital requirements.

The Proposed Rights cum Warrants Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding for general corporate activities including, but not limited to, the Proposed Business Diversification, new business developments, acquisitions, joint ventures and/or strategic alliances.

In the event that the Proposed Share Consolidation is not approved by the Shareholders, the Company will not proceed with the Proposed Rights cum Warrants Issue and the Board will evaluate alternative fund raising exercises. This may delay the implementation of the Proposed Business Diversification or may result in a relatively "slower" implementation of the Proposed Business Diversification.

As at the Latest Practicable Date, the Board is of the view that alternative fund raising exercises available to the Company such as convertible loans and external debt may not be in the best interest of the Company and its Shareholders. Whilst convertible loans that may be available to the Group may have extremely dilutive impacts for Shareholders, both convertible loans (in the event of non-conversion) and external borrowings requires repayment and prompt servicing of interest payments. Thus, it may be in the best interest of the Company and its shareholders to undertake the Proposed Rights cum Warrants Issue in view of the Company's weak financial performance with declining revenue and losses for the past five (5) financial years.

Shareholders should note that in the event that the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue is not approved in the upcoming EGM, the Directors will contemplate alternative fund raising exercises for financing its business, operations and Proposed Business Diversification.

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4.9.2 Use of Net Proceeds and Exercise Proceeds

For illustrative purposes only, under the Maximum Subscription Scenario where the Proposed Rights cum Warrants Issue is fully subscribed and up to 1,130,303,160 Rights Shares with up to 565,151,580 Warrants are issued, the estimated net proceeds from the subscription of the Rights Shares (without taking into account the proceeds from the exercise of the Warrants) ("**Net Proceeds**") will be approximately S\$5.3 million, after deducting estimated expenses of approximately S\$0.35 million.

The Company intends to utilise the Net Proceeds in the following proportions:

Use of Net Proceeds	Proportion (%)	Approximate amount under the Maximum Subscription Scenario (\$ million)
General working capital	24.5	1.3
Investments in new businesses (including the Proposed Business Diversification)	75.5	4.0
Total	100.0	5.3

On the basis of the foregoing and assuming that all the 565,151,580 Warrants are exercised at the Exercise Price, the estimated additional gross proceeds from the exercise of the Warrants ("**Exercise Proceeds**") will be approximately S\$2.8 million.

As and when the Warrants are exercised, the Exercise Proceeds, at the discretion of the Directors, will be used to fund general corporate activities including, but not limited to, investments in new business developments (including the Proposed Business Diversification), acquisitions, joint ventures and/or strategic alliances.

Pending disbursement of the Net Proceeds and/or Exercise Proceeds, such proceeds may be placed as deposits with financial institutions in short term money markets or debt instruments or marketable securities or for any other purposes on a short term basis as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the Net Proceeds and Exercise Proceeds, as and when such proceeds are materially disbursed or utilised and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the Offer Information Statement or the announcement, and provide a status report on the utilisation of the Net Proceeds and Exercise Proceeds in the interim and full year financial statements (issued under Rule 705 of the Catalist Rules) and the Company's annual report. Where there is a material deviation in the use of Net Proceeds and Exercise Proceeds, the Company will announce the reasons for such deviation. Where the Net Proceeds and Exercise Proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on its use for working capital in the Company's announcements and in the annual report.

For the purposes of Rule 814(1)(e) of the Catalist Rules, as at the Latest Practicable Date, and barring unforeseen circumstances, the Directors are of the opinion that:

- (a) after taking into consideration the present bank facilities and the cash resources available to the Group (including *inter alia* fixed deposit of approximately S\$2.6 million and current account of approximately S\$0.7 million with CIMB Niaga which are free, unencumbered, available for payment of all operating expenses/liabilities/obligations of the Group and not earmarked for any specific investment or acquisition purpose as at the Latest Practicable Date), the current working capital available to the Group is sufficient to meet its present requirements; and

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- (b) after taking into consideration the present bank facilities, the cash resources available to the Group (including *inter alia* fixed deposit of approximately S\$2.6 million and current account of approximately S\$0.7 million with CIMB Niaga which are free, unencumbered, available for payment of all operating expenses/liabilities/obligations of the Group and not earmarked for any specific investment or acquisition purpose as at the Latest Practicable Date) and the potential Net Proceeds and Exercise Proceeds from the Proposed Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

As mentioned above, the Net Proceeds and Exercise Proceeds from the Proposed Rights cum Warrants Issue will provide the Group with financial flexibility and augment its cash buffer for its existing and future operations in the event that the Proposed Business Diversification proceeds.

4.9.3 Rights Books Closure Date

Subject to Shareholders' approval for the Proposed Rights cum Warrants Issue being obtained at the EGM, the Rights Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Proposed Rights cum Warrants Issue will be announced at a later date.

4.10 FINANCIAL EFFECTS OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

An illustration of the financial effects of, *inter alia*, the Proposed Rights cum Warrants Issue, on the Share Capital, NTA per Share, LPS and gearing of the Group are set out in Appendix C of this Circular. Please refer to Appendix C of this Circular for further details.

4.11 OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Entitled Shareholders, subject to, *inter alia*, the approval of Shareholders for the Proposed Rights cum Warrants Issue being obtained at the EGM. Acceptances and/or applications under the Proposed Rights cum Warrants Issue can only be made in the manner as prescribed in the Offer Information Statement.

5. PROPOSED BUSINESS DIVERSIFICATION

5.1 Existing business of the Group

As at the Latest Practicable Date, the Group's existing business is organised into the following business segments:

- (a) distribution of specialty chemical products and consumable material for electronic industry ("**Distribution Business**"); and
- (b) switchgear design and assembly ("**Switchgear Business**").

As at the Latest Practicable Date, the Company's subsidiaries and their principal activities are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Company as at the Latest Practicable Date
<u>Held by the Company</u>			
Hi-Tech Distribution Pte Ltd	Distributor of equipment and consumable materials for the electronic industry	Singapore	100%

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Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Company as at the Latest Practicable Date
Switech Systems & Marketing Pte Ltd	Designer, assembler, supplier and installer of electrical switch boxes	Singapore	100%
Vashion Group (H.K.) Limited	Investment holding company	Hong Kong	100%
Vashion Group (H.K.) Holdings Ltd ⁽¹⁾	Trading of garments and cosmetics products	Hong Kong	100%
PT. Louis Gianni ⁽¹⁾	Wholesale and retail of garments	Indonesia	100%
<u>Held by Hi-Tech Distribution Pte Ltd</u>			
Chemitec Industrial Private Limited	Distributor of specialty chemical products and consumable materials for the electronic industry	Singapore	100%
<u>Held by Vashion Group (H.K.) Holdings Ltd</u>			
Sansim Cosmetics (H.K.) Ltd ⁽¹⁾	Trading of cosmetics products	Hong Kong	100%
FBT HK Limited ⁽¹⁾	Trading of body slimming products	Hong Kong	100%
Vashion Assets Management Limited ⁽¹⁾	Provision of consultancy service and investment holding	Hong Kong	100%
L&G Global Company Ltd	Dormant	Cayman	100%
Vashion Holdings Limited	Dormant	British Virgin Islands	100%
<u>Held by L&G Global Company Ltd</u>			
Louis Gianni Asia Limited	Dormant	British Virgin Islands	100%

Note:

- (1) The following subsidiaries of the Company, namely Vashion Group (H.K.) Holdings Ltd, PT. Louis Gianni, Sansim Cosmetics (H.K.) Ltd, FBT HK Limited and Vashion Assets Management Limited, were engaged in trading or wholesale of garments and cosmetics products or provision of consultancy services. However, these subsidiaries have either ceased operations or remained inactive since prior years. On 1 December 2016, the Board resolved to discontinue the wholesale/retail and consultancy businesses of the Group. Consequently, the foregoing subsidiaries will continue to be dormant until new business opportunities arise or the Company decides to dispose of them in the future.

5.2 Information regarding the Proposed Business Diversification

The Company announced on 25 May 2017, *inter alia*, that the Company is proposing to diversify its existing business comprising of the Distribution Business and the Switchgear Business into the New Businesses comprising of the Financing Business and the Luxury Goods Business.

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Subject to the approval of Shareholders being obtained at the EGM, the Company intends to carry on the following business, as and when appropriate opportunities arise:

- (a) the Financing Business which comprises of the provision of individual and corporate loans in Hong Kong; and
- (b) the Luxury Goods Business which comprises of the retail and trading of new and used luxury consumer goods.

5.3 Rationale for the Proposed Business Diversification

The Company proposes to diversify into the New Businesses for the following reasons:

- (a) The Proposed Business Diversification is part of the corporate strategy of the Group with diversified returns and long term growth. Whilst the Board is of the view that the outlook for its existing Distribution Business will remain constant and stable for the next 12 months based on feedback from customers and business dealings with four (4) long term customers, the existing Switchgear Business has been facing increased competition that could materially reduce revenue from this business segment. As such, the Board believes that the Proposed Business Diversification can provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholder's value for the Company;
- (b) The Board believes that the Proposed Diversification may enhance Shareholders' value in the long run as it will enable the Group to participate in the long-term growth prospects from the improving business and market conditions for the Financing Business in Hong Kong as well as the Luxury Goods Business in Hong Kong and Singapore. The Board believes that the current economic conditions in Hong Kong and Singapore are favourable for the Proposed Business Diversification. Further, the Group has established extensive business networks in Hong Kong and Singapore which can be tapped to source for potential borrowers for the Financing Business and/or potential customers for the Luxury Goods Business. Having assessed and taken into consideration the market and business conditions as well as the Group's business networks, the Board is of the view that the Proposed Diversification is in the best interest of the Company and its Shareholders.
- (c) Once the Shareholders approve the Proposed Business Diversification, the Group may enter into transactions relating to the New Businesses without having to seek Shareholders' approval for the sole reason of such transactions having constituted a change of risk profile of the Company. This will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval, allowing the Group greater flexibility to pursue business opportunities which may be time sensitive in nature. A further benefit would be to substantially reduce the costs associated with the convening of general meetings from time to time.

5.4 Proposed business activities of the New Businesses

5.4.1 Financing Business

The Group intends to operate as a licensed lender in Hong Kong which is subject to the Money Lenders Ordinance. This may be done either via acquisition of an existing licensed lender or organically. The Financing Business will mainly provide loans to individuals as well as corporate clients.

- (a) Individual loans

The Group will provide secured and unsecured personal loans to individuals with aims to achieve diversified secured and unsecured personal loans which typically involve relatively smaller amounts as compared to corporate loans but bearing higher interest rates. Typically, the security for the secured personal loans is the first or second mortgage charge on the properties provided by the borrower.

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(b) Corporate loans

The Group will also be providing loans to corporate borrowers for the following purposes:

- (i) short-term loans for working capital requirements in the form of revolving credit lines, overdraft loans, bridging loans and term loans with fixed instalment payment terms; and
- (ii) expansion and/or acquisition financing in the form of mezzanine loans. Mezzanine loans are a hybrid of debt and equity financing and it provides the Group the right to convert or acquire a minority stake in the borrower in addition to interest income.

The corporate loans described above may be secured by a floating or fixed charge over certain assets of the borrower or, in the case of mezzanine loans, by the shares of the borrower. In addition, personal guarantees from major shareholders or directors of the borrower may also be required. Such corporate loans usually have maturities ranging between six (6) to 24 months.

The primary source of revenue for the Financing Business is generated from interest received from loans provided to both individuals and corporate borrowers. It is envisaged that the Financing Business will be operated and/or marketed via different channels such as advertisement in well-known search engine web sites, walk-in customers, referral by existing customers and referral by peer money lenders. Interest rates for each borrower are determined on a case-by-case basis, in accordance with the internal credit guidelines and consideration of various factors including, *inter alia*, funding costs and risk assessment (including but not limited to the overall credit history and profile of the applicant, the underlying assets as security, and market conditions).

The Board understands that whilst the authorised institutions regulated by the Hong Kong Monetary Authority (“HKMA”) and governed under the Banking Ordinance, Chapter 155 of Hong Kong, such as banks accounted for the majority of the loans and advances in Hong Kong, licensed lenders have greater autonomy in operational options such as loan amount, loan to value ratio, type of security/collateral and income proof. It is generally accepted that as compared to banks, these licensed lenders can offer a more attractive loan to value ratios and faster approval process, but with shorter terms and higher interest rates. Licensed lenders are deemed as alternative sources of funding for those individuals and corporates that are unable to meet credit requirements of banks, such as newly established corporation or borrowers with lack of established financial records.

Since corporate and individual loans granted by the licensed lenders may provide more flexibility to borrowers with shorter approval periods and fewer restrictions, they may be preferred by corporations and individuals who are unable to fully meet the loan requirements of banks.

In relation to the regulatory approvals and licenses required for the Financing Business, the operation of a licensed lender in Hong Kong is subject to the Money Lenders Ordinance and a money lenders license must be obtained for companies engaged in the business of provision of loans, or which advertises or announces itself or holds itself out in any way as carrying on that business. As highlighted previously, the Company may carry out the Financing Business by way of acquisition of an existing licensed lender with money lenders license or organically. The Board understands that there is no minimum capital requirement for licensed lenders in Hong Kong.

5.4.2 Luxury Goods Business

The Group also intends to operate wholesale sourcing, wholesale sales as well as retail sales in Hong Kong and Singapore for new and second hand luxury goods such as watches, jewelry and handbags. The Group would be able to tap into the thriving luxury goods market in Hong Kong and Singapore where they are able to widen their source of revenue by extending these products to young individuals and professionals. In the change in urban lifestyle, such as increase in frequency of changing branded and styles through trade-ins and growing environmental consciousness, this

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operation makes luxury goods more accessible and available. It is noted that the demand for these products are strong in Hong Kong and Singapore as they are developed societies, thus they are able to increase their source of revenue. Whilst Hong Kong and Singapore would be the main markets, the Group does not rule out possibilities of operating the Luxury Goods Business in other geographical areas as it deems fit.

It is noted that for the Luxury Goods Business, the Company may purchase pre-owned jewellery, watches and handbags from walk-in customers, independent dealers and/or traders of pre-owned goods.

5.5 Organisation of the New Businesses

Even though the New Businesses are different from the current business, the Board recognises that the relevant experience and expertise required in relation to the New Businesses can be acquired and developed by the Group over time as it progresses in the New Businesses. The Board and senior management of the Group comprise individuals with varied qualifications and experience who will provide the strategic vision and policy on the New Businesses.

In making decisions, the Board and senior management of the Group will seek advice of external consultants and experts where necessary and appropriate. The Group intends to engage in the New Businesses incrementally; it will monitor developments and progress in the New Businesses and take the necessary steps to identify suitable candidates both from within the Group as well as externally to manage the New Businesses to take it forward as and when required. In addition, the Group will evaluate the manpower and expertise required for the New Businesses and will, as and when required, hire suitably qualified personnel, external consultants, external industry experts and professionals for the New Businesses.

The Group may foster partnerships with various third parties in the relevant industries to assist it in undertaking the New Businesses more effectively and efficiently as the Group seeks to build its expertise and capabilities in this field. Such partnerships may be done either on a case by case basis or on a term basis. Where necessary, work may be outsourced to reputable third parties who have expertise in the relevant area in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the party concerned.

5.6 Funding for the New Businesses

The Company will fund the New Businesses through proceeds from the Proposed Rights cum Warrants Issue. In addition, the Company may consider bank borrowings, loans from independent third party private lenders and/or tapping into funds from the equity market as and when more funds are required to support the growth and expansion of the New Businesses.

5.7 Requirements under the Catalist Rules

Pursuant to Practice Note 10A of the Catalist Rules, Shareholders' approval is not required if an acquisition will result in an expansion of an issuer's existing core business, unless such acquisition changes the issuer's risk profile.

As the Proposed Business Diversification will result in an expansion of the Group's business to new business sector(s) and may also result in an expansion to new geographical market(s), it is envisaged that the Proposed Business Diversification may change the Group's risk profile. Accordingly, the Board proposes to convene an EGM to seek Shareholders' approval for the Proposed Business Diversification. Upon approval by Shareholders of the Proposed Business Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the New Businesses that will not change the Group's risk profile.

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds (i) for an acquisition, 75% but less than 100%, or (ii) for a disposal, 50% ("**Major Transaction**"). A Major Transaction must be made conditional upon approval by Shareholders. Please refer to Rules 1006 and 1014 of the Catalist Rules for further details.

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A Major Transaction does not include an acquisition or disposal which is, or in connection with, the ordinary course of an issuer's business or of a revenue nature. In addition, pursuant to Practice Note 10A of the Catalist Rules, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10A of the Catalist Rules further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders' approval.

Thus, upon approval by the Shareholders of the Proposed Business Diversification, any acquisition or disposal which is in, or in connection with, the Proposed New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed New Business which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when potential transactions relating to the Proposed New Business arise, even where they cross the thresholds of a "Major Transaction" under Rule 1014 of the Catalist Rules. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

However, in accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding approval by the Shareholders of the Proposed Business Diversification, where:

- (i) the First Major Transaction or the last of the Aggregated Transactions exceeds 75%;
- (ii) a transaction falls within the definition of Rules 1002(1), 1010, 1013 and 1014 of the Catalist Rules (read with Practice Note 10A of the Catalist Rules);
- (iii) in respect of an acquisition of assets, any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or such acquisition will result in a change in control of the issuer, Chapter 10 of the Catalist Rules (including Rule 1015) will continue to apply to any such acquisition, which must be made conditional upon the approval of, inter alia, Shareholders;
- (iv) a transaction constitutes an interested person transaction (as defined under the Catalist Rules), Chapter 9 of the Catalist Rules will continue to apply to any such transaction; and
- (v) in light of Practice Note 10A of the Catalist Rules, if a transaction changes the risk profile of the Company,

Shareholders' approval may be required for such a transaction.

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5.8 Risk factors

Shareholders should note that the Proposed Business Diversification may change the risk profile of the Group. Shareholders should carefully consider and evaluate each of the following considerations and all of the other information set out in this Circular in relation to the Proposed Business Diversification. Some of the following considerations relate principally to only certain and not all of the industries pertaining to the New Businesses. Other considerations relate principally to general economic and political considerations.

If any of the following considerations and uncertainties develops into actual events, the business, financial condition, results of operations or prospects of the New Businesses could be materially and adversely affected. The risks discussed below also includes forward-looking statements and actual results of the Group and of the Company that may differ substantially from those discussed in these forward-looking statements.

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Business Diversification have been set out below.

Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

The following considerations are not exhaustive and not intended to be exhaustive.

5.8.1 Risks relating to the Proposed Business Diversification and the Proposed New Businesses

(a) The Group has no prior track record and operating history in the New Businesses

The Group does not have a prior track record in carrying out or the implementation of the New Businesses. Hence, there is no assurance that the Group's foray into the New Businesses will be commercially successful and that the Group will be able to derive sufficient revenue to offset the capital and start-up costs as well as operating costs arising from the New Businesses. The New Businesses may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Group's future plans with regard to the New Businesses may not be profitable, may not achieve profitability that justify the investments made and may take a long period of time before the Group can realise any returns. Further, such future plans and new initiatives could result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group.

The New Businesses also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the New Businesses effectively, the overall financial position and profitability of the Group may be adversely affected.

(b) The Group may not have the ability or sufficient expertise to execute the Proposed Business Diversification

The Group's ability to successfully diversify into the New Businesses is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the New Businesses. There is no assurance that the Group will be able to hire and subsequently retain employees with the relevant experience and knowledge as the Group may have to depend on the expertise of certain individuals to provide guidance and/or its investment partners to undertake the projects coming within the New Businesses. The Group may also appoint third party professionals and/or foster partnerships with various third parties to assist

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in undertaking the New Businesses more effectively and efficiently. However, there is no assurance that these third parties will be able to deliver and/or that these partnerships will be successful. Accordingly, the Group may not be able to successfully implement the New Businesses and this may adversely affect the Group's financial performance and profitability.

(c) The Group is subject to various government regulations in the New Businesses

The New Businesses is exposed to the risks posed by current and potential future regulations and legislation that apply to the country or industry in which the Group operates and the countries or industries its clients operate. The New Businesses may require certain statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals or assurances that the relevant authorities will issue any such licences, permits, consents and approvals in time or at all. Failure by the Group to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the New Businesses and/or in the interruption of its operations and may have a material adverse effect on its businesses. The Group must also comply with the applicable laws and regulations in the New Businesses, failing which the Group may be subject to penalties, have its licences or approvals revoked, or lose its right to own or manage its properties which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. Further, any changes in applicable laws and regulations could result in higher compliance costs and adversely affect the operations of the Group and the financial performance of the Group.

5.8.2 Risks relating to the Financing Business

(a) The Group may not be able to effectively manage the credit risk and the quality of the loans portfolio under the Financing Business

As a licensed lender, the Group may face the risk of impairment loss in view of non-performing loans and contingent liabilities including credit commitments, credit support and financial guarantees issued. In order to effectively manage the risk of non-performing loans, the Group intends to implement credit risk management measures to assess the creditworthiness of borrowers (including inter alia, establishment of approval policy and credit risk committee). There is no assurance that the credit risk management measures to be established by the Company will result in effective credit risk management. Failure of the Group's credit risk management measures may result in an increase in the level of non-performing loans and thus, adversely affect the quality of loans portfolio. In addition, the quality of the Group's loans portfolio may also deteriorate due to other external factors, such as decline in property and stock market prices, weak business environment and other general economic factors.

(b) The Financing Business is dependent on Hong Kong as its only market

The Financing Business will operate solely in Hong Kong and as at the Latest Practicable Date, the Company has no plans to expand the Financing Business outside of Hong Kong. As a result, the Financing Business is entirely dependent on the business environment, macroeconomic, political and industry factors of Hong Kong. Such undiversified country risk may adversely and materially affect the financial performance of the Financing Business. A slowdown in the Hong Kong economy and any changes in laws, regulations and policies may have a direct adverse impact on the Financing Business.

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(c) The Hong Kong financial services industry is highly competitive and the Group may not be able to keep up with the competition

The Hong Kong financial services industry is highly competitive. Many competitors in the financial services industry may have greater financial and marketing resources than the Group. An increase in competition and the Group's failure to keep up with the intense competition may have a material and adverse effect on the financial condition and results of the Financing Business.

(d) The Group may not have adequate financing for its Financing Business and may require additional funding for its future growth

The Financing Business is capital-intensive in nature and the Group may require a substantial amount of capital for operations and for future expansion. As the Group establishes and grows its Financing Business, its working capital requirements may increase. To the extent that the proceeds from the Proposed Rights cum Warrants Issue and funds generated from operations have been exhausted, the Group may have to raise additional funds to meet new financial requirements. These additional funds may be raised by way of a placement or by further rights offering (which would be subject to Shareholders' approval if necessary) or by way of borrowings. In the event that new Shares are issued, Shareholders who are unable or unwilling to participate in such fund-raising will suffer a dilution in his investment. Further, if the Group fails to utilise the new equity to generate a commensurate increase in earnings, the Group's earnings per Share will be diluted, and this could lead to a decline in the Share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters. If the Group is unable to procure the additional funding that may be required, its growth or financial performance will be adversely affected.

(e) The Group's risk management systems and policies may not be effective in mitigating the Group's risk exposure, and the Group may be exposed to unidentified or unanticipated risks, which may materially and adversely affect its results of operations and financial condition

The Group's risk management systems, policies and other risk management techniques may not be effective in mitigating the Group's risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Any failure of the Group's risk management procedures or any failure to identify any applicable risks may have a material adverse effect on the Group's results of operations and financial condition.

(f) The value of the security provided by borrowers may not be sufficient to pay off loans

The loans advanced to corporate and individual borrowers may, from time to time, be secured by a mortgage, charge or lien on the assets provided by borrowers. The value of such security may be adversely affected by conditions such as damage, loss, devaluation or over-supply of the underlying assets. If the value of the asset or the residual value of the mortgaged assets declines, the safety margin of the loan will be reduced and the Group risks not being able to recover the full amount of their loans in the event of default. If the full amount of loans is not recoverable, the Group's financial condition and results of operations may be materially and adversely affected.

(g) Changes in market interest rates may adversely affect demand for the Group's services and its results of operations and financial condition may be materially and adversely affected

The Group intends to closely monitor its pricing to stay responsive to changing market interest rates. However, increases in market interest rates, or the perception that an increase may occur, could adversely affect the Group's ability to originate new finance receivables and the ability of the Financing Business to grow.

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- (h) The Group may be subject to claims arising from disputes over the interpretation or enforceability of loan or investment documentation and the Group may not be able to successfully enforce its rights to the underlying contract**

In respect of the Financing Business, the Group may enter into loan contracts or investment agreements with borrowers from time to time. In this regard, the Group will face risks of disputes over interpretation or enforceability of the documentation and may be subject to claims arising from disputes by borrowers or other counterparts. If the claims are successful, the Group may be required to compensate the claimant. Furthermore, even though the Group may from time to time take security over assets under its financing contracts, there is no absolute assurance that upon default under the terms of the contract, the Group would be entitled to the security in the event of a dispute. In the event of successful claims against the Group or if the Group is unable to bring an enforcement action on the security, the Group's financial condition and results of operations may be adversely affected.

- (i) There is no assurance that the Group will be able to obtain or renew the Money Lender License and other relevant permits or approvals necessary for the Financing Business**

As mentioned earlier, the Financing Business may be done either organically or by acquisition of an existing licensed lender with a money lender license. In the event that the Financing Business is done organically, the Company will apply for the money lender license and it will be subject to annual renewal. In the event that the Financing Business is done via acquisition of an existing licensed lender, there will be a need to renew the money lender license annually. There is however no absolute assurance that the Company will be successful in its application or subsequent renewal for such money lender license and in obtaining or renewing any other relevant permits or approvals for its Financing Business. In the event that the Company fails to obtain or renew the necessary licence, permit or approval, the Group may be restricted in its scope and scale of the Financing Business and in such an event, the Group will not be able to fully capitalise on the opportunities available. In case of non-compliance with the Money Lenders Ordinance, the Company may be subject to penalty charges and breaches, which may constitute a criminal offence, and thereafter may lead to suspension or revocation of the money lender license, resulting in a termination of the Financing Business.

5.8.3 Risks relating to the Luxury Goods Businesses

- (a) The Luxury Goods Business is subject to regulatory requirements**

The Luxury Goods Business is subject to several laws and regulations in both Hong Kong and Singapore, including but not limited to the Secondhand Goods Dealers Act, Chapter 288A of Singapore (for Singapore).

In the event that there are any changes in applicable laws, regulations or policies governing the retailing and trading of new and pre-owned jewellery, watches and hand bags industries, the Company may be required to comply with further and/or stricter requirements, which may restrict or hamper business or operations of the Luxury Goods Business, or result in higher operating costs. In the event that the Company is unable to pass on any increased operating costs to its customers, it will have to absorb these cost increments. The occurrence of any of these events may materially and adversely affect business, financial performance and results of operations of the Luxury Goods Business.

The Luxury Goods Business may also require regulatory licences and/or exemptions to operate the outlets. Certain regulatory licences and/or exemptions may be granted for fixed periods of time and need to be renewed from time to time. Any failure to renew, maintain or obtain such regulatory licences and/or exemptions, or any cancellation, suspension or revocation of any such regulatory licences and/or exemptions may result in the interruption of operations and/or materially and adversely affect business, financial performance and results of operations.

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(b) The Luxury Goods Business may require significant capital outlay

The Luxury Goods Business require significant capital outlay for, *inter alia*, the purchase of inventory for retail and trading business, and rental payments for network of retail outlets in Hong Kong and Singapore. To finance its capital requirements, the Company may rely on bank facilities, cash generated from its operations, and advances from its Shareholders. In the event that the Company is unable to obtain requisite financing on terms that are acceptable to it, or at all, it may have to, *inter alia*, reduce the inventory for the retail and trading business, and/or delay expansion of network of outlets. This may materially and adversely affect the Company's business, prospects, financial performance and results of operations.

(c) The Luxury Goods Business faces intense competition

The retail and trading of new and pre-owned jewellery, watches and hand bags industry, is highly competitive. It faces competition from local pawnshops and retail chains and retail outlets dealing in new and pre-owned jewellery, watches and hand bags. In order to maintain competitiveness in these industries, the Company may have to offer more competitive rates or prices. If the Company needs to lower rates or prices despite high operating costs, the Company's profit margins may be materially and adversely affected. In the event that the Company is not able to compete successfully against its competitors or adapt to market conditions, its business and financial performance may be materially and adversely affected.

(d) The Luxury Goods Business may be affected by macroeconomic factors and other factors

The Luxury Goods Business may be affected by adverse macroeconomic conditions, such as general economic conditions, market sentiment and consumer confidence, particularly in Hong Kong and Singapore. Various factors may influence these macroeconomic conditions, including without limitation, unemployment rates and real disposable income, inflation, recession, stock market sentiment, the interest rate environment and the availability of consumer credit and regulatory (including fiscal and other governmental policies), social or political changes, all of which are beyond the Company's control.

The Company's business and operations may also be materially and adversely affected by unforeseeable circumstances and other factors such as (i) power outages, labour disputes, severe weather conditions and natural or other catastrophes, which may disrupt the Company's operations and cause loss and damage to its outlets; (ii) outbreaks of infectious diseases in Hong Kong or Singapore or the region, which may affect personnel and consumer sentiment; and (iii) terrorist attacks or other acts of violence, which may materially and adversely affect the global financial markets and business confidence. If any of these events occur, the Company's business, operations and financial performance may be materially and adversely affected.

6. PROPOSED VASHION PERFORMANCE SHARE PLAN

6.1 Background and rationale

The Company has undertaken a comprehensive review of employee remuneration and benefits and wishes to introduce a new compensation scheme that will increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance. In line with this, the Company believes that the Vashion PSP will strengthen the overall effectiveness of performance based compensation schemes.

The Vashion PSP allows the Company to target specific performance objectives and to provide an incentive for Participants to achieve these targets, which ultimately, will create and enhance economic value for Shareholders. The Directors believe that the new plan will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Vashion PSP, the Company will be able to recognise and reward past contributions and services and motivate Participants to continue to strive for the Group's long term prosperity. In addition, the Vashion PSP aims to foster an ownership culture within the Group and to align the interests of Participants with the interests of the Shareholders.

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The Company believes that attracting and retaining outstanding individuals as employees is paramount to the Group's long term objective of achieving continuous growth, expansion and profitability in its business and operations. It is hoped that through the implementation of the Vashion PSP, the Company will be able to remain an attractive and competitive employer and be better positioned to manage its fixed overhead costs without compromising on performance standards and efficiency.

Through the Vashion PSP, the award of fully paid Shares, free of charge, to the Participants is intended to be a more attractive form of bonus from the Company to the Participants. In addition, the Company believes that the Vashion PSP will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies.

The Awards granted under the Vashion PSP will be determined at the sole discretion of the Remuneration Committee which will oversee and administer the Vashion PSP. In considering the grant of an Award to a Participant, the Remuneration Committee shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of service and potential for future development of the Participant.

The Vashion PSP, which is subject to the approval of Shareholders who are not interested in the Vashion PSP, will serve as an additional and flexible incentive tool. With the Vashion PSP, the Company would be able to tailor share based incentives according to the objectives to be achieved.

An application will be made to SGX-ST for the listing and quotation of the new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the Vashion PSP before the grant of the Awards. An appropriate announcement on receipt of such listing and quotation notice will be announced.

Where new Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares on the SGX-ST. Shareholders are advised that the listing and quotation notice, when given, for the listing of and quotation for the new Shares to be issued under the Vashion PSP on the Catalist is not to be taken as an indication of the merits of the Vashion PSP, Awards, new Shares to be issued under the Vashion PSP, the Company, its subsidiaries and/or securities.

The Vashion PSP is subject to the approval of the Shareholders, which is being sought at the EGM, notice of which is set out at pages 94 to 99 of this Circular.

6.2 Summary of the rules of the Vashion PSP

The following terms of the Vashion PSP are only a summary. For further details of the Vashion PSP, please refer to the rules of the Vashion PSP as set out in [Appendix D](#) of this Circular.

6.2.1 Eligibility

The following persons shall be eligible to participate in the Vashion PSP at the absolute discretion of the Remuneration Committee (collectively, the "**Participants**"):

- (a) Group Employees (including any Executive Director) who, as of the Award Date, have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months (or in the case of any Executive Director, such shorter period as the Remuneration Committee may determine), provided that none shall be an undischarged bankrupt as at the Award Date.

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- (b) Non-Executive Directors (including Independent Directors) who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group.
- (c) persons who are qualified under (a) and (b) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

Directors and employees of the Company's associated company and the Company's parent company and its Subsidiaries (other than the Company and the Company's subsidiaries) are not entitled to participate in the Vashion PSP.

Controlling Shareholders and Associates of Controlling Shareholders are eligible to participate in the Vashion PSP provided that the participation of and the actual number of Shares to be issued and the terms of any Award to be granted to each of them shall be approved by independent Shareholders in separate resolutions for each such person (provided always that it shall not be necessary to obtain the approval of the independent Shareholders of the Company for the participation in the Vashion PSP of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant) subject to the following:

- (a) the aggregate number of Shares available to Controlling Shareholders and Associates of Controlling Shareholders shall not exceed 25% of the total number of Shares which may be granted under the Vashion PSP; and
- (b) the number of Shares available to each Controlling Shareholder or Associate of Controlling Shareholder shall not exceed 10% of the total number of Shares which may be granted under the Vashion PSP.

Save as prescribed by Rule 853 of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company and/or its subsidiaries.

Subject to the prevailing legislation and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Vashion PSP may be amended from time to time at the absolute discretion of the Remuneration Committee.

As at the Latest Practicable Date, the Group does not have any parent company or associated company and accordingly, the Participants of the Vashion PSP shall not include any directors and employees of the Company's (i) parent company and its subsidiaries and (ii) associated company.

6.2.2 Size of the Vashion PSP

The Directors believe that the size of the Vashion PSP is reasonable, taking into account the nature of the business in the industry, the contributions of the Participants, and the share capital of the Company. The Directors believe that the size of the Vashion PSP will give the Company sufficient flexibility to decide the number of Shares to be awarded under the Vashion PSP. However, it does not indicate that the Remuneration Committee will definitely issue Shares up to the prescribed limit. The Remuneration Committee will exercise its discretion in deciding the number of Shares to be awarded to each Participant under the Vashion PSP. This, in turn, will depend on and be commensurate with the performance and value of each Participant to the Group.

The number of Shares to be awarded to each Participant in accordance with the Vashion PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as the rank and responsibilities, performance, years of service, potential for future development of the Participant, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

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The aggregate amount of new Shares which may be issued pursuant to the vesting of the Awards on any date, when aggregated with the number of Shares issued and issuable in respect of all Awards granted under the Vashion PSP and any other share based incentive scheme of the Company, shall not exceed 15% of the issued and paid up share capital (excluding treasury shares) of the Company on the day preceding that date.

By way of illustration, as at the Latest Practicable Date, the Existing Share Capital comprises 1,051,385,163 Shares and the Company does not have any other share based incentive scheme. Based on this, the maximum number of Shares that the Company may make available under the Vashion PSP is 157,707,774 Shares, i.e. 15% of 1,051,385,163 Shares. Assuming completion of the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue (but before conversion of any Warrant), the maximum number of Shares that the Company may make available under the Vashion PSP is 186,500,021 Shares, i.e. 15% of 1,243,333,476 Shares.

The following limits shall be applicable in respect of the number of Shares available to Controlling Shareholders and Associates of Controlling Shareholders:

- (a) the aggregate number of Shares available to Controlling Shareholders and Associates of Controlling Shareholders shall not exceed 25% of the total number of Shares which may be granted under the Vashion PSP; and
- (b) the number of Shares available to each Controlling Shareholder or Associates of Controlling Shareholder shall not exceed 10% of the total number of Shares which may be granted under the Vashion PSP.

6.2.3 Duration

The Vashion PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Vashion PSP is adopted by the Company in a general meeting, provided always that the Vashion PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The Vashion PSP may be terminated at any time at the discretion of the Remuneration Committee or, by resolution of the Company in a general meeting, subject to all relevant approvals which may be required and if the Vashion PSP is so terminated, no further Awards shall be granted by the Remuneration Committee hereunder.

Notwithstanding the expiry or termination of the Vashion PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid whether such Awards have been released (whether fully or partially) or not.

6.2.4 Awards

Awards granted under the Vashion PSP represent the right of a Participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met prior to the expiry of the prescribed performance period.

The Company believes that the ability to offer Awards free of charge will operate as a means to recognise and acknowledge the Participant for their outstanding performance and as a reward for their valuable and dedicated service to the Company, as well as to motivate and encourage greater dedication and loyalty to the Company. It will also help to place the Company in a more competitive position in the recruitment and retention of staff in an intensely competitive environment by enhancing the competitiveness of remuneration packages offered to existing and prospective employees.

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Shares which are allotted and issued or transferred to a Participant are not subject to any restrictions against disposal or sale or any other dealings by the Participant. Notwithstanding this, any Award granted by the Company will have to be made in accordance with, and in the manner prescribed by the Companies Act and such other laws and regulations as may for the time being be applicable.

6.2.5 Entitlement to Awards

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Vashion PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period.

6.2.6 Details of Awards

The Remuneration Committee shall decide, *inter alia*, at its sole discretion, the following:

- (a) the Participant;
- (b) the Award Date;
- (c) the performance period;
- (d) the number of Shares which are the subject of the Award;
- (e) the performance target(s) which shall be set according to the specific roles of each Participant, and which may differ from Participant to Participant;
- (f) the released schedule; and
- (g) any other condition which the Remuneration Committee may determine in relation to that Award.

6.2.7 Operation of the Vashion PSP

Subject to prevailing legislation and the Catalist Rules, the Company, in its sole and absolute discretion, will deliver Shares to Participants upon vesting of their Awards by way of either:

- (a) an issue of New Shares; or
- (b) the transfer of Shares held as Treasury Shares.

In determining whether to issue New Shares or transfer of Shares held as Treasury Shares to the Participants to satisfy the Awards, the Remuneration Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares, and the financial effect on the Company of either issuing New Shares or transferring Shares held as Treasury Shares.

New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award shall:

- (a) be subject to all the provisions of the Constitution; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or before the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

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Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee being satisfied that the Participant has achieved the performance target(s) set forth by the Remuneration Committee, and the Remuneration Committee shall have the absolute discretion to determine the extent to which the Shares under that Award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period and in making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Remuneration Committee decides that a changed performance target(s) would be a fairer measure of performance.

6.2.8 Adjustments and alterations under the Vashion PSP

If a variation in the Share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-subdivision, consolidation of Shares, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Vashion PSP,

shall be adjusted in such manner as the Remuneration Committee to give such Participant the same proportion of the equity capital of the Company as that to which he was previously entitled, in such manner as the Remuneration Committee may determine at its own discretion to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder of the Company does not receive.

Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) issue of securities as consideration for an acquisition or a private placement of securities;
- (b) cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees including Directors or employees of the Company pursuant to purchase or option scheme approved by Shareholders in general meeting, including the Vashion PSP;
- (d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

Notwithstanding the provisions of the rules of the Vashion PSP:

- (a) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and

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- (b) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

Upon any adjustment required to be made pursuant to rules of the Vashion PSP, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given.

Subject to the rules of the Vashion PSP, the Vashion PSP may be modified and/or altered at any time and from time to time by a resolution of the Remuneration Committee provided that:

- (a) no modification or alteration shall be made which would adversely affect the rights attaching to any Awards granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or delivered, as the case may be, upon the release of in full of all outstanding Awards;
- (b) any modifications or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting; and
- (c) no modification or alteration shall be made except in compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

6.2.9 Disclosures in annual reports

In accordance with the Catalist Rules, the following shall be disclosed by the Company in its annual report as long as the Vashion PSP continues in operation:

- (a) the names of the Remuneration Committee administering the Vashion PSP;
- (b) in respect of the following Participants:
 - (i) Directors;
 - (ii) Participants who are Controlling Shareholders and Associates of Controlling Shareholders;
 - (iii) Participants other than those referred to in (b)(i) and (b)(ii) above, who have received Shares pursuant to the vesting of Awards granted under the Vashion PSP which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the Vashion PSP,

the following information must be disclosed:

- (1) the name of the Participant;
- (2) aggregate number of Shares comprised in Awards granted to such Participant during the financial year under review (including terms);
- (3) aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Vashion PSP to the end of the financial year under review;
- (4) aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the Vashion PSP since commencement of the Vashion PSP to the end of financial year under review; and

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- (5) aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (c) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above disclosure is not applicable, an appropriate negative statement will be included.

6.3 Basis for participation in the Vashion PSP

6.3.1 Participation by Group Employees (including any Group Executive Director)

The Vashion PSP allows the Group to have a fair and equitable system to reward the Group Employees (including any Group Executive Director) who have made and who continue to make contributions to the long term growth of the Group. The success of the Group's business is dependent on the Group's ability to attract and retain good employees and the Company believes that the Vashion PSP will enable the Group to attract, retain and provide incentives to the Group Employees (including any Group Executive Director) to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services as well as motivating Participants generally to contribute towards the long-term growth of the Group.

6.3.2 Participation by Non-Executive Directors (including Independent Directors)

Although the non-executive Directors (including the independent Directors) are not involved in the day to day management of the Group, these directors serving in a non-executive capacity bring to the Group their wealth of knowledge, business expertise and contacts in the business community. They play a crucial role in helping the Group shape the business strategy and further the business interest of the Group by allowing the Group to draw on their different backgrounds and diverse working experiences. The non-executive Directors (including the independent Directors) also sit on the Audit Committee, Remuneration Committee and Nominating Committee of the Company. As non-executive Directors and committee members, these Directors serve an important function in ensuring good corporate governance of the Group.

Currently, the non-executive Directors (including the independent Directors) are remunerated for their services by way of Directors' fees paid in the form of cash. Extending the Vashion PSP to the non-executive Directors will provide an alternative to remunerate them by cash as it may not always be possible to compensate such persons fully or appropriately by way of extra Directors' fees. For example, a specific non-executive Director may contribute more than just by fulfilling his duties as an non-executive Director. He may bring strategic and other values to the Group, which may be difficult to quantify in monetary terms. The grant of Awards to non-executive Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company and to motivate existing Directors to take extra efforts to promote the interests of the Company and/or the Group.

The selection of non-executive Directors (including independent Directors) to participate in the Vashion PSP and the number of Awards to be offered (in accordance with the Vashion PSP) will be made by the Remuneration Committee taking into consideration among other things, the services and contributions made by such Directors to the growth, development and success of the Group. The Remuneration Committee may, where it considers it relevant, take into account other factors such as the economic conditions and the Company's performance. Although the non-executive Directors (including the independent Directors) may be appointed as members of the Remuneration Committee, the rules of the Vashion PSP provide that a member of the Remuneration Committee shall not be involved in the deliberations of the Remuneration Committee in respect of the grant of Awards to him. In order to minimise the potential conflicts of interest and so as not to compromise the independence of the independent Directors, it is intended that the grant of Awards to the non-executive Directors (including the independent Directors) will not be of significance.

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6.3.3 Participation by Controlling Shareholders and Associates of Controlling Shareholders

An employee who is a Controlling Shareholder of the Company or an Associate of a Controlling Shareholder shall be eligible to participate in the Vashion PSP if (a) his participation in the Vashion PSP and (b) the actual number and terms of the Awards to be granted to him have been approved by independent Shareholders of the Company in separate resolutions for each such person. The relevant employee is required to abstain from voting on, and (in the case of employees who are Directors) refrain from making any recommendation on, the resolutions in relation to the Vashion PSP. The grant of Awards to the Controlling Shareholders and Associates of the Controlling Shareholders will, where applicable, be within the terms and framework of their respective service agreements or employment contracts as well as the Vashion PSP.

The objectives of the Vashion PSP are to motivate the Group Employees (including any Group Executive Director) to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. In addition, the objectives of the Vashion PSP apply equally to the employees who are Controlling Shareholders or their respective Associates. The Company's view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or their respective Associates. It is in the Company's interest to incentivise outstanding employees who have contributed to the growth of the Group and to continue to remain with the Group. Although the Controlling Shareholders and their respective Associates have or may already have shareholding interests in the Company, the extension of the Vashion PSP to allow Controlling Shareholders and their respective Associates the opportunity to participate in the Vashion PSP will ensure that they are equally entitled, with the other Group Employees, to participate in and benefit from this system of remuneration. The Vashion PSP are intended to be part of the Company's system of employee remuneration and the Company is of the view that employees who are Controlling Shareholders and their respective Associates should not be unduly discriminated against by virtue only of their shareholding in the Company.

Currently, it is proposed that the Vashion PSP be extended to CKLY, the Executive Director and a Controlling Shareholder.

As a safeguard against abuse, all members of the Board who are not Controlling Shareholders or Associates of Controlling Shareholders will be involved in deliberations in respect of Awards to be granted to or held by Controlling Shareholders and Associates of Controlling Shareholders and the terms and conditions including the performance targets and vesting periods attached to such Awards. Specific approval of the independent Shareholders is required for the grant of Awards to Controlling Shareholders and Associates of Controlling Shareholders as well as the actual number of and terms of such Awards. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of new Shares and terms of the Awards to be granted to the Controlling Shareholders and Associates of Controlling Shareholders will need to be provided. The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and Associates of Controlling Shareholders in the Vashion PSP.

6.4 Role and composition of the Remuneration Committee

The Remuneration Committee will be designated as the committee responsible for the administration of the Vashion PSP. As at the date of this Circular, the Remuneration Committee comprises Mr Chan Siew Wei (Independent and Non-Executive Chairman), Mr Tan Chin Lee (Independent Director) and Ms Zhou Jia Lin (Non-Executive Non-Independent Director).

In compliance with the requirements of the Catalist Rules, a Participant of the Vashion PSP who is a member of the Remuneration Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associates.

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6.5 Financial effects of the Vashion PSP

Details of the costs to the Company of granting the Awards under the Vashion PSP and the financial effects of the allotment and issue of new and/or transfer of existing Shares to Participants would be as follows:

6.5.1 Cost of Awards

The Vashion PSP is considered a share-based payment that falls under the scope of FRS102, Share based payment. Participants will receive Shares and the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as an expense in the income statement with a corresponding increase in a reserve account over the vesting period. The total expense to be recognised over the vesting period is determined by reference to the fair value of each Award granted on the date of the grant. As at the end of each financial year, the Company will revise its estimated number of new Shares under the Awards that are expected to become exercisable on the vesting date recognising the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining vesting period.

The expense recognised in the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a “market condition”. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

However, if the performance target is not a market condition, the fair value per share of the Awards granted at the grant date is used to compute the expense to be recognised in the income statement at each financial year ended, based on an assessment at that date as to whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative expense recognised in the income statement if the Awards do not ultimately vest.

6.5.2 Share capital

The Vashion PSP will result in an increase in the Company’s issued Shares where new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the Vashion PSP. In any case, the Vashion PSP provides that the aggregate number of Shares to be issued under it, when aggregated with the aggregate number of Shares of any other share based schemes of the Company, will be subject to the maximum limit of 15% of the Company’s total issued Shares (excluding treasury shares) on the day preceding the date of Award.

If instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the Vashion PSP will have no impact on the Company’s Share capital.

6.5.3 NTA

As explained in section 6.5.4 of this Circular, the Vashion PSP will result in a charge to the Company’s profit and loss statement equal to the market value at which the existing Shares are purchased or the market value on the date at which new Shares are issued under the Awards. If new Shares are issued to Participants pursuant to the vesting of the Awards, there will be no effect on the NTA. If existing Shares are purchased for delivery to Participants, the NTA would decrease by the cost of the Shares purchased.

However, it should be noted that the delivery of Shares to Participants of the Vashion PSP is contingent upon the Participants meeting prescribed performance targets and conditions.

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6.5.4 EPS

The Vashion PSP will have a dilutive effect on the Company's consolidated EPS following the increase in the Company's Share capital to the extent that new Shares are issued pursuant to the Vashion PSP and a charge in the Company's profit and loss account over the period from the Award Date to the vesting date. The amount of the charge will be computed in accordance with the grant date method under FRS 102.

Although the Vashion PSP will have a dilutive impact (to the extent that new Shares are issued pursuant to the Vashion PSP) on the EPS, it should again be noted that the delivery of Shares to Participants in respect of Awards will generally be contingent upon the Participants meeting the prescribed performance targets and conditions.

6.5.5 Dilutive impact

It is expected that the dilutive impact of the Vashion PSP on the NTA per Share and EPS will not be significant as the Vashion PSP provides that the aggregate number of Shares to be issued under it, when aggregated with the aggregate number of Shares of any other share based schemes of the Company, will be subject to the maximum limit of 15% of the Company's total issued Shares (excluding treasury shares) from time to time.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as below:

LETTER TO SHAREHOLDERS

	As at the Latest Practicable Date ⁽¹⁾		After the Proposed Debt Conversion and before the Proposed Share Consolidation ⁽¹⁾		After the Proposed Debt Conversion and Proposed Share Consolidation but before the Proposed Rights cum Warrants Issue ⁽¹⁾		After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue ⁽¹⁾⁽²⁾ (but before any exercise of the Warrants)	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Christian Kwok-Leun Yau Heilesen ⁽³⁾	-	-	257,950,000	24.53	-	-	257,950,000	22.82
Zhou Jia Lin	-	-	-	-	-	-	-	-
Chan Siew Wei	-	-	62,254,666	5.51	6,225,466	5.51	68,480,126	5.51
Tan Chin Lee	-	-	16,663,333	1.47	1,666,333	1.47	18,329,663	1.47
Leung Kwok Kuen Jacob	-	-	-	-	-	-	-	-
Substantial Shareholders								
Wong Siu Hung	75,000,000	7.13	-	-	75,000,000	6.64	-	-
Zhou Qilin	160,000,000	15.22	-	-	160,000,000	14.16	-	-
Mission Well Limited ⁽³⁾	182,950,000	17.40	-	-	182,950,000	16.19	-	-
Go Best Holdings Limited	75,000,000	7.13	-	-	75,000,000	6.64	-	-
Abery Development Limited ⁽⁴⁾	-	-	75,000,000	7.13	-	-	75,000,000	6.64
Focus Square Limited ⁽⁵⁾	-	-	75,000,000	7.13	-	-	75,000,000	6.64
HSBC International Trustee Limited ⁽⁶⁾	-	-	75,000,000	7.13	-	-	75,000,000	6.64
Public float	558,435,163	53.11	558,435,163	49.41	55,843,517	49.41	614,278,687	49.41
Total Shares	1,051,385,163	100.00	1,130,303,162	100.00	113,030,316	100.00	1,243,333,476	100.00

Notes:

- (1) Figures and computation are subject to rounding.
- (2) Based on the Maximum Subscription Scenario.
- (3) CKLY is deemed interested in the 182,950,000 shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in the 75,000,000 shares held by Go Best Holdings Limited, HSBC International Trustee Limited (acting as trustee of the CKLY Family Trust which the beneficiaries are family members of CKLY) is the holding company of Focus Square Limited, which is the holding company of Abery Development Limited, which is the holding company of Go Best Holdings Limited.
- (4) Abery Development Limited is the holding company of Go Best Holdings Limited. As such, Abery Development Limited is deemed to have an interest in the shares of Vashion Group Ltd. held by Go Best Holding Limited.
- (5) Focus Square Limited is the holding company of Abery Development Limited, which is the holding company of Go Best Holdings Limited. As such, Focus Square Limited is deemed to have an interest in the shares of Vashion Group Ltd. held by Go Best Holding Limited.
- (6) HSBC International Trustee Limited (acting as trustee of the CKLY Family Trust which the beneficiaries are family members of CKLY) is the holding company of Focus Square Limited, which is the holding company of Abery Development Limited, which is the holding company of Go Best Holdings Limited. As such, HSBC International Trustee Limited is deemed to have an interest in the shares of Vashion Group Ltd. held by Go Best Holding Limited.

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8. MATERIAL LITIGATION

As at the Latest Practicable Date, save for disclosures made via SGXNET, the Directors are not aware of any litigation or arbitration proceedings to which the Group is a party to or which is pending or known to be contemplated that may have or would have had in the last 12 months immediately preceding the date of this Circular, a material effect on the Group's financial position or profitability.

9. DIRECTORS' RECOMMENDATIONS

9.1 Proposed Debt Conversion

Mr Chan Siew Wei and Mr Tan Chin Lee are interested in the Proposed Debt Conversion as they are entitled to the Debt Conversion Shares. Accordingly, Mr Chan Siew Wei and Mr Tan Chin Lee have abstained from making any recommendations to Shareholders in respect of the Proposed Debt Conversion for the aforesaid reason.

Having considered the rationale and the terms of the Proposed Debt Conversion, the Directors (save for Mr Chan Siew Wei and Mr Tan Chin Lee) are of the opinion that the Proposed Debt Conversion is in the best interests of the Company. Accordingly, the Directors (save for Mr Chan Siew Wei and Mr Tan Chin Lee) recommend that Shareholders vote in favour of Ordinary Resolution 1 in respect of the Proposed Debt Conversion.

9.2 Proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons

Mr Chan Siew Wei and Mr Tan Chin Lee are interested in the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons as they are entitled to the Debt Conversion Shares. Accordingly, Mr Chan Siew Wei and Mr Tan Chin Lee have abstained from making any recommendations to Shareholders in respect of the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons for the aforesaid reason.

Having considered the rationale and the terms of the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons, the Directors (save for Mr Chan Siew Wei and Mr Tan Chin Lee) are of the opinion that the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons is in the best interests of the Company. Accordingly, the Directors (save for Mr Chan Siew Wei and Mr Tan Chin Lee) recommend that Shareholders vote in favour of Ordinary Resolution 2 in respect of the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons.

Shareholders should note that Ordinary Resolution 2 is conditional upon the approval of Ordinary Resolution 1.

9.3 Proposed Share Consolidation

Having considered the rationale and the terms of the Proposed Share Consolidation, the Directors are of the opinion that the Proposed Share Consolidation is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 3 in respect of the Proposed Share Consolidation.

9.4 Proposed Rights cum Warrants Issue

Having considered the rationale and the terms of the Proposed Rights cum Warrants Issue, the Directors are of the opinion that the Proposed Rights cum Warrants Issue is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 4 in respect of the Proposed Rights cum Warrants Issue.

Shareholders should note that Ordinary Resolution 4 is conditional upon the approval of Ordinary Resolution 3.

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9.5 Potential transfer of controlling interest to Zhou and Champley

Having considered the rationale and the terms of the potential transfer of controlling interest to Zhou and Champley, the Directors are of the opinion that the potential transfer of controlling interest to Zhou and Champley is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 5 in respect of the potential transfer of controlling interest to Zhou and Champley.

Shareholders should note that Ordinary Resolution 5 is conditional upon the approval of Ordinary Resolution 4.

9.6 Proposed Business Diversification

Having considered the rationale and the terms of the Proposed Business Diversification, the Directors are of the opinion that the Proposed Business Diversification is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 6 in respect of the Proposed Business Diversification.

9.7 Vashion PSP

All Directors are interested in the Vashion PSP by virtue of their eligibility to participate in the Vashion PSP. Accordingly, they have abstained from making any recommendation to Shareholders on the Proposed Vashion PSP.

9.8 Proposed Participation by Controlling Shareholders and their Associates in the Vashion PSP

Having considered the rationale and the terms of the proposed Participation by Controlling Shareholders and their Associates in the Vashion PSP, the Directors (save for CKLY) are of the opinion that the proposed Participation by Controlling Shareholders and their Associates in the Vashion PSP is in the best interests of the Company. Accordingly, the Directors (save for CKLY) recommend that Shareholders vote in favour of Ordinary Resolution 8 in respect of the proposed Participation by Controlling Shareholders and their Associates in the Vashion PSP.

Shareholders should note that Ordinary Resolution 8 is conditional upon the approval of Ordinary Resolution 7.

10. EXTRAORDINARY GENERAL MEETING

The Directors propose to convene the EGM to seek the approval of the Shareholders for the Propose Transactions.

The EGM, notice of which is set out on pages 94 and 99 of this Circular, will be held at Hotel Re! @ Pearl's Hill, Rejoice Ballroom at Ground Floor, 175A Chin Swee Road, Singapore 169879 on 6 September 2017 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

11. ABSTENTION FROM VOTING

11.1 Proposed Debt Conversion

Mr Chan Siew Wei and Mr Tan Chin Lee will abstain (if applicable), and has undertaken to ensure each of their respective Associates will abstain (if any) from voting on Ordinary Resolution 1 in respect of the Proposed Debt Conversion at the EGM, and shall not accept nominations as proxy, corporate representative or attorney, unless specific instructions have been given in the proxy instruments by the Shareholders appointing them on how they wish their votes to be cast.

The Company will, in accordance with Rule 1203(5) of the Catalist Rules, disregard any votes cast on Ordinary Resolution 1 by Mr Chan Siew Wei and Mr Tan Chin Lee and/or their respective Associates.

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11.2 Proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons

Mr Chan Siew Wei and Mr Tan Chin Lee will abstain (if applicable), and has undertaken to ensure each of their respective Associates will abstain (if any) from voting on Ordinary Resolution 2 in respect of the proposed issuance and allotment of the Debt Conversion Shares to the Restricted Persons at the EGM, and shall not accept nominations as proxy, corporate representative or attorney, unless specific instructions have been given in the proxy instruments by the Shareholders appointing them on how they wish their votes to be cast.

The Company will, in accordance with Rule 1203(5) of the Catalist Rules, disregard any votes cast on Ordinary Resolution 2 by Mr Chan Siew Wei and Mr Tan Chin Lee and/or their respective Associates.

11.3 Potential transfer of Controlling Interest to Zhou and Champley

Zhou and Champley will abstain, and have each undertaken to ensure that their respective Associates (if any) will abstain from voting on Ordinary Resolution 5 in respect of the potential transfer of Controlling Interest to Zhou and Champley at the EGM, and shall not accept nominations as proxy, corporate representative or attorney, unless specific instructions have been given in the proxy instruments by the Shareholders appointing them on how they wish their votes to be cast.

The Company will, in accordance with Rule 1203(5) of the Catalist Rules, disregard any votes cast on Ordinary Resolution 5 by Zhou and Champley and/or their respective Associates (if any).

11.4 Proposed Vashion PSP

Shareholders (including Group Employees and Directors who are also Shareholders) who are/ will be eligible to participate in the Vashion PSP will abstain from voting on Ordinary Resolution 7 in respect of the Proposed Vashion PSP, and shall not accept nominations as proxy, corporate representative or attorney, unless specific instructions have been given in the proxy instruments by the Shareholders appointing them on how they wish their votes to be cast.

The Company will, in accordance with Rule 1203(5) of the Catalist Rules, disregard any votes cast on Ordinary Resolution 7 by Shareholders (including Group Employees and Directors who are also Shareholders) who are/ will be eligible to participate in the Vashion PSP and/or their respective Associates.

11.5 Proposed Participation by Controlling Shareholders and their Associates in the Vashion PSP

CKLY will abstain (if applicable), and has undertaken to ensure his Associates will abstain from voting on Ordinary Resolution 8 in respect of the proposed participation by Controlling Shareholders and their Associates in the Vashion PSP at the EGM, and shall not accept nominations as proxy, corporate representative or attorney, unless specific instructions have been given in the proxy instruments by the Shareholders appointing them on how they wish their votes to be cast.

The Company will, in accordance with Rule 1203(5) of the Catalist Rules, disregard any votes cast on Ordinary Resolution 8 by CKLY and/or his Associates.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

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A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears in the Depository Register, as certified by CDP as at 72 hours before the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. STATEMENT BY THE MANAGER

To the best of the Manager's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Rights cum Warrants Issue, the Company and its subsidiaries, and the Manager is not aware of any facts the omission of which would make any statement in this Circular misleading. Where information relating to the Company and its subsidiaries has been extracted from published and publicly available sources or otherwise based on information provided by the Company, the sole responsibility of Asian Corporate Advisors Pte. Ltd. has been to ensure through reasonable enquires that such information has been accurately and correctly extracted or computed (as the case may be) from these sources or as the case may be, reflected or reproduced in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal office hours from the date of the Circular up to the date of the EGM:

- (a) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (b) the Constitution of the Company;
- (c) the Debt Conversion Agreement; and
- (d) the Rules of the Vashion PSP.

Yours faithfully

Christian Kwok-Leun Yau Heilesen
Executive Director

For and on behalf of the Board of Directors of
Vashion Group Ltd.
18 August 2017

APPENDIX A – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Shareholders should read the following selected financial information and the relevant commentaries in conjunction with the full text of the annual reports and/or relevant financial result announcements for the financial years as figures presented herein in Appendix A are subject to rounding.

1. Summary of the consolidated statement of comprehensive income and analysis

The summary of the audited consolidated income statements of the Group for FY2016, FY2015 and FY2014 and unaudited HY2017 and HY2016 are set out below:

	Unaudited HY2017 S\$'000	Unaudited HY2016 (Restated) S\$'000	Audited FY2016 S\$'000	Audited FY2015 (Restated) S\$'000	Audited FY2014 S\$'000
Continuing operations					
Revenue	1,646	1,564	3,096	3,478	5,242
Cost of sales	(1,316)	(1,256)	(2,492)	(2,703)	(3,779)
Gross profit	330	308	603	776	1,463
Other operating income	8	169	337	336	4,236
Selling and distribution expenses	(18)	(23)	(235)	(233)	(609)
Administrative expenses	(897)	(1,219)	(2,304)	(2,070)	(3,457)
Other operating expenses	(122)	(8)	(52)	(2)	(654)
Finance costs	(1)	(4)	(199)	(4)	(438)
Profit/(Loss) before income tax	(699)	(777)	(1,850)	(1,198)	541
Income tax	–	–	–	–	(49)
Profit/(Loss) for the year from continuing operations	(699)	(777)	(1,850)	(1,198)	492
Discontinued operations					
Loss for the year from discontinued operations	19	1	(326)	(1,609)	–
Total (loss)/profit for the year	(680)	(776)	(2,176)	(2,806)	492

HY2017 vs HY2016

The Group's revenue increased by approximately S\$82 thousand or 5.24% from S\$1.56 million in HY2016 to S\$1.65 million in HY2017 and was mainly due to (i) growth in revenue in distribution business unit from S\$1.46 million in HY2016 to S\$1.63 million in HY2017. Despite the increase of revenue in distribution business unit, there was a decline of revenue in switchgear assembly business from S\$100 thousand in HY2016 to S\$20 thousand in HY2017. The gross profit margin of the Group slightly raised from 19.7% for HY2016 to 20.0% for HY2017 result from decrease in cost of material. As a result of the increase in revenue and decrease in material cost in distribution business unit in HY2017, the Group's gross profit increased by approximately S\$22 thousand or 7.14% to approximately S\$330 thousand for HY2017.

APPENDIX A – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

In continuing operations, the Group's other operating income declined in from S\$169 thousand in HY2016 to S\$8 thousand in HY2017. This was mainly contributed by (i) an absence of exchange gain result from foreign currency translation and (ii) a decline of agency fee income by S\$45 thousand from S\$49 thousand in HY2016 to S\$4 thousand in HY2017. 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.

The selling and distribution expenses decreased by 21.74% from S\$23 thousand in HY2016 to S\$18 thousand in HY2017 resulting from a decrease in transportation cost.

The decrease in administrative expenses from approximately S\$1.2 million in HY2016 to approximately S\$0.9 million in HY2017 was mainly due to (i) decrease in legal and professional fee amounting to S\$230 thousand result from various corporate actions such as issuance and allotment of placement and performance shares and share consolidation carried out by the Company in HY2016 but no corporate exercised in HY2017; (ii) decrease in rental and building management fee by S\$92 thousand; (iii) decreased in travelling and entertainment expenses by S\$45 thousand; (iv) decline in printing and stationery expenses by S\$16 thousand and others. Despite the decrease abovementioned, there was increase in directors' remuneration and salaries/wages for staffs by S\$101 thousand in HY2017. The administrative expenses of S\$0.9 million are mainly attributable to wages and salaries and directors' remuneration (S\$622 thousand), professionals and audit fees (S\$134 thousand), rental and building management fee (S\$32 thousand), travelling and entertainment expenses (S\$19 thousand), printing expenses (S\$18 thousand), listing fee (S\$14 thousand) and others (S\$58 thousand).

The other operating expenses increased significantly solely due to exchange loss result from foreign currency translation.

The finance expenses decrease from S\$4 thousand in HY2016 to S\$1 thousand in HY2017.

During the HY2017, no provision for income tax was made for loss making companies.

The loss after tax decreased by approximately S\$78 thousand resulting from increase in revenue contribution from distribution business unit and decrease in administrative expenses in HY2017.

The profit from discontinued operations increased from S\$1 thousand in HY2016 to S\$19 thousand in HY2017 mainly due to decrease in administrative expenses. The income from discontinued operations solely benefit from the interest income (S\$79 thousand) from fixed deposit in Indonesia. Administrative expenses from discontinued operations included rental and building management fee (S\$33 thousand); withholding tax of interest income in Indonesia (S\$16 thousand) and others (S\$11 thousand).

Overall, the loss in HY2017 was main attributable to administrative expenses. Although it has decreased by S\$322 thousand, it was offset by the increase in other operating expenses of S\$114 thousand.

FY2016 vs FY2015

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 compared 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 decreased from 22.3% in FY2015 to 19.49% in FY2016 mainly due to decline in gross profit margin in distribution of consumable material from 21.66% in FY2015 to 17.77% in FY2016. Apart from this, the gross profit margin in switchgear design and assembly increased significantly from 27.87% in FY2015 to 54.23% in FY2016 result from decrease of direct material in FY2016. The gross profit of the Group dropped from S\$776,000 in FY2015 to S\$603,000 in FY2016.

APPENDIX A – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

In continuing operations, the Group's other operating income in FY2016 recorded about the same as FY2015 of around S\$337,000 and S\$336,000 respectively. The other operating income in FY2016 comprised mainly foreign exchange gain of approximately S\$221,000 arose from elimination of intercompany balance, agency fee income of S\$83,000, gain on disposal of plant and equipment for S\$13,000 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.

The Group have managed to maintain stable selling and distribution expenses recording approximately S\$235,000 in FY2016. The Group's administrative expenses in continuing operations increased by 11.28% from S\$2.1 million in FY2015 to S\$2.3 million in FY2016. The increase was mainly due to (i) increase in director remuneration and fee of S\$341,000 and (ii) increase in professional fee of S\$56,000. Apart from these increment in administrative expenses, the Company also carried out a cost cut in FY2016 which result in decrease of rent and building management fee by S\$114,000 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.

According to the record in continuing operations, there was S\$53,000 other operating expenses recorded in FY2016 while compared to FY2015 of approximately S\$2,000. The other operating expenses in FY2016 was mainly due to the recorded of (i) impairment of other receivables of S\$39,000; (ii) allowance for inventory obsolescence of S\$5,000 and (iii) fixed assets written off of S\$9,000 due to damage.

The discontinued operations registered a loss after tax attributable to equity holders of \$326,000, compared to a loss of S\$1.6 million in FY2015.

In terms of 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.

Overall, the loss in FY2016 was mainly due to increase in administrative expenses as well as increase in finance expenses as a result of interest charged on loan.

FY2015 vs FY2014

The Group's revenue decreased from S\$5.2 million in FY2014 to S\$3.5 million in FY2015. The decrease was mainly due to no revenue recognised in relation compared to retail business and wholesale business of garments which contributed revenues of S\$0.6 million and S\$0.7 million respectively in FY2014. In addition, no revenue recognized from sales under Vashion Group (H.K.) Limited for the trading of apparel materials in the Hong Kong SAR which contributed S\$0.4 million in FY2014.

Despite the Group not recording any further revenue from its retail business since completing the disposal of Louis Gianni Company Limited ("**LGC**") on 4 December 2015, the Group actually recorded revenue from the distribution segment around S\$3.1 million and S\$357,000 from switchgear design and assembly segment.

The gross profit of the Group dropped from S\$1.5 million in FY2014 to S\$0.8 million in FY2015.

The Group also saw a significant decrease in other operating income from S\$4.2 million in FY2014 to S\$332,000 in FY2015 was mainly due to gains from disposal of Shenzhen Louis Gianni Costume Co. Ltd ("**SZLG**") of approximately S\$3.5 million was recognised by the Group in FY2014. The Group's other operating income in FY2015, which comprised mainly exchange gain of S\$228,000, management fee income of S\$43,000, agency fee income of S\$36,000 and others.

APPENDIX A – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Following the disposal of SZLG which resulted in lesser commission being paid to shopping centres, lesser promotions cost and decrease in depreciation in apparel business, the Group manage to achieve a significant decrease in selling and distribution expenses from approximately S\$0.6 million in FY2014 to approximately S\$0.2 million in FY2015.

Administrative expenses decreased from S\$3.5 million in FY2014 to S\$2.1 million in FY2015. This crucial reduction was driven by cost control which bought about a decrease of S\$0.7 million in legal and professional fee, S\$0.4 million in wages and salaries, S\$0.08 million in rental expenses, S\$0.08 million in printing and S\$114,000 in travelling expenses and entertainment expenses.

In contrast to the S\$0.7 million in FY2014, the other operating expenses for FY2015 were recorded as S\$2,000.

In terms of finance expenses, the reduction in finance expenses in FY2015 due to no interest expenses incurred after disposal of SZLG as well as repayment of all borrowing in Hong Kong in FY2014. The finance expenses of S\$4,000 in FY2015 is mainly incurred from interest expenses on overdraft.

Overall, the loss in FY2015 was mainly due to increase in impairment loss of intangible assets, as well as other receivables and trade receivables and decrease in other operating income, as well as no revenue in retailed business and wholesales business in PRC and Hong Kong.

2. Summary of consolidated statement of financial position and analysis

The summary of the audited consolidated balance sheets of the Group for, FY2016, FY2015 and FY2014 and unaudited HY2017 are set out below:

	Unaudited HY2017 S\$'000	Audited FY2016 S\$'000	Audited FY2015 S\$'000	Audited FY2014 S\$'000
ASSETS				
Non-current assets				
Plant and equipment	26	35	74	159
Membership rights	24	24	24	24
Trademark	–	1	90	1,841
Total non-current assets	50	60	188	2,024
Current assets				
Inventories	506	258	180	677
Trade receivables	1,149	1,100	1,198	1,440
Other receivables, deposits and prepayments	76	518	720	4,431
Fixed deposits	2,594	3,219	3,096	85
Cash and cash equivalents	1,010	1,248	1,499	2,631
Total current assets	5,335	6,343	6,692	9,264
TOTAL ASSETS	5,385	6,403	6,880	11,288

APPENDIX A – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	Unaudited HY2017 S\$'000	Audited FY2016 S\$'000	Audited FY2015 S\$'000	Audited FY2014 S\$'000
EQUITY				
Share capital	33,503	33,503	28,120	28,120
Statutory reserve fund	–	–	–	–
Performance bonus share reserve	–	–	1,404	1,404
Translation reserve	(2,424)	(2,373)	(2,285)	(1,609)
Accumulated profits	(27,162)	(26,482)	(24,307)	(21,499)
Total equity	3,917	4,648	2,933	6,416
Non-current liabilities				
Lease obligations	–	–	–	7
Total non-current liabilities	–	–	–	7
Current liabilities				
Trade payables	190	210	229	680
Other payables and accruals	1,220	1,447	3,651	3,250
Borrowings	–	37	–	–
Lease obligations	–	–	7	7
Income tax payable	58	61	60	928
Total current liabilities	1,468	1,755	3,947	4,865
Total Liabilities	1,468	1,755	3,947	4,872
TOTAL EQUITY AND LIABILITIES	5,385	6,403	6,880	11,288

HY2017 vs FY2016

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.

The current assets of the Group decreased by approximately S\$1 million or 15.89% from S\$6.3 million as at 31 December 2016 to S\$5.3 million as at 30 June 2017. The decreased in other receivables, deposits and prepayments by approximately S\$0.44 million was mainly due to (i) stocks in transit have been fully delivered to our warehouse in early 2017 amounting S\$0.31 million; (ii) accrued interest income as at 31 December 2016 has been received from CIMB in Indonesia as at 30 June 2017 amounting to S\$121 thousand and (iii) the remaining fund under the escrow account has been transferred to Indonesia subsidiary amounted S\$43 thousand. Apart from the majority decrease abovementioned, there was increase in prepayment paid to professionals amounting S\$44 thousand.

The increase of inventories by approximately S\$0.25 million from S\$0.26 million as at 31 December 2016 to S\$0.51 million as at 30 June 2017 resulted from purchase stock near end of June 2017.

The slightly increase in trade receivables by S\$49 thousand as at 30 June 2017 resulted from increase in sales. As at 30 June 2017, all trade receivables are within their credit terms.

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The fixed deposit decreased by S\$0.6 million as at 30 June 2017 as a result of withdrawal and transferred to Indonesia subsidiary's CIMB bank account.

The decrease in current liabilities by approximately S\$0.3 million was mainly due to (i) the repayment of trade payables of S\$21 thousand; (ii) repayment of other payable and accruals of S\$227 thousand; (iii) repayment of borrowing of S\$37 thousand and (iv) decrease in income tax payable by S\$3 thousand due to foreign exchange translation. As at 30 June 2017, other payable and accruals consists of directors' remuneration for past years (S\$710 thousand), audit fee for FY2016 & HY2017 (S\$127 thousand), professional fee for FY2016 & HY2017 (S\$67 thousand), service allowance due to Indonesia subsidiary's director (S\$240 thousand) and others approximately (S\$76 thousand).

No non-current liabilities was recorded as at 30 June 2017.

FY2016 vs FY2015

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 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.

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\$3.8 million in total. The Company utilised the net proceeds from these corporate exercise to repay the loan to Industronics Berhad and Industrial Electronics (S) Pte Ltd respectively.

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 resulted from settlement from customers. Most of the trade receivables under these two segments are within their credit terms and current. 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 a subsidiary in Hong Kong.

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.

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FY2015 vs FY2014

The non-current assets of the Group decrease significantly mainly due to impairment loss of intangible assets of approximately S\$1.8 million 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 as well as the non-collectability of the annual franchise fees. The decrease in property, plant, and equipment as a result of depreciation.

The current assets of the Group decreased by approximately S\$2.6 million or 27.3% from S\$9.3 million as at 31 December 2014 to S\$6.7 million as at 31 December 2015. However, this drop in balance was mainly due to decrease in inventories by S\$0.5 million as a result of impairment for stock obsolescence in Indonesia for S\$118,000 and reclassification of faulty goods under other receivable in Hi-Tech Distribution Pte Ltd.

During the period, there was also a decrease in other receivables from escrow account in Indonesia by S\$3.2 million as a result of transfer of fund held by escrow account after opening a bank account in Indonesia. The Group’s other receivable remains S\$0.7 million as at 31 December 2015 after impairment of remaining purchase consideration in relation to disposal of SZLG and after taking into account the currency translation. Trade receivables decreased to S\$1.2 million as compared to S\$1.4 million for the same period last year. This was mainly due to due to impairment of the franchise fee income for FY2014.

Due to the transfer of fund from escrow account to fixed deposit account in Indonesia, the Group’s fixed deposits rose to S\$3.1 million from S\$85,000 during the financial year. The cash and bank balance drop to S\$1.5 million from S\$2.6 million during the financial year. The Group has utilized S\$1.38 million from conditional deposit as at 31 December 2015. Please refer to announcement dated 18 January 2016 for details.

Current liabilities which declined by approximately S\$1 million were mainly due to several factors. These included the disposal of Louis Gianni Company Limited on 4 December 2015 result from a decrease of income tax payable of approximately S\$0.9 million and the repayment of trade payable of S\$0.23 million. In contrast to this, the decrease of the Group’s noncurrent liabilities was contributed from the payment of lease obligation.

Due to a decrease in current assets from S\$9.3 million to S\$6.7 million, as well as a decrease in current liabilities from S\$4.9 million to S\$3.9 million, the Group suffered a slight loss in working capital of approximately S\$1.6 million from S\$4.4 million in FY2014 to S\$2.8 million in FY2015.

3. Summary of consolidated statement of cash flow and analysis

The audited consolidated statements of cash flow for FY2016 and FY2015, FY2014 and unaudited HY2017 and HY2016 are set out below:

	Unaudited HY2017 S\$’000	Unaudited HY2016 S\$’000	Audited FY2016 S\$’000	Audited FY2015 S\$’000	Audited FY2014 S\$’000
Net cash (used in)/ generated from operating activities	(730)	(2,440)	(1,709)	(1,393)	(1,717)
Net cash from/(used in) investing activities	598	90	245	(3,081)	4,463
Net cash from/(used in) by financing activities	(37)	1,197	1,214	(7)	918
Cash and cash equivalents at end of the financial period	1,010	438	1,248	1,499	5,954

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HY2017 vs HY2016

Net cash used in operating activities decreased by approximately S\$1.7 million in HY2017 mainly due to (i) repayment of S\$1.5 million to Industriatics Berhad in HY2016; (ii) increase of S\$110 thousand in receivable & inventories and (iii) recorded S\$0.6 million in operating loss before working capital changes. The Group has a negative cash flows before working capital changes of S\$0.6 million as at 30 June 2017 mainly due to loss of approximately S\$0.7 million and adjusted by non-cash items of (i) unrealised exchange loss of S\$122,000; (ii) depreciation of S\$9,000; (iii) interest expenses of S\$1,000 and (iv) interest income of S\$79,000. Net cash used in operating activities of approximately S\$0.73 million was mainly due to (i) increase in inventories of S\$247,000; (ii) decrease in trade receivables of S\$392,000 and (iii) decrease in payables of S\$247,000. Net cash of S\$0.6 million was generated from investing activities as at 30 June 2017 mainly because of (i) withdrawal from fixed deposit of S\$0.5 million into Indonesia subsidiary CIMB bank account and (ii) interest received of S\$79,000 in fixed deposit in Indonesia. Net cash used in financing activities of S\$37,000 resulted from repayment of borrowing as at 30 June 2017.

FY2016 vs FY2015

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\$240,000 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.

FY2015 vs FY2014

The Group's net cash used for operating activities amounted to approximately S\$1.4 million for FY2015 which was less than the net cash used for operating activities of approximately S\$1.7 million for FY2014. Net cash used in investing activities in FY2015 of S\$3.1 million was mainly attributable to fixed deposit in Indonesia. The net cash used for financing activities in FY2015 of S\$7,000 was mainly due to repayment of lease obligations. As a result of increase in net cash used in operating and investing activities, the Group's cash and cash equivalent position had decreased approximately by S\$4.5 million compared to FY2014.

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4. Working capital

The total current assets, total current liabilities and working capital of the Group for FY2016, FY2015 and FY2014 and unaudited HY2017 are as follows:

	Unaudited as at 30 June 2017 S\$'000	Audited as at 31 December 2016 S\$'000	Audited as at 31 December 2015 S\$'000	Audited as at 31 December 2014 S\$'000
Current assets				
Inventories	506	258	180	677
Trade receivables	1,149	1,100	1,198	1,440
Other receivables, deposits and prepayments	76	518	720	4,431
Fixed deposits	2,594	3,219	3,096	85
Cash and cash equivalents	1,010	1,248	1,499	2,631
Total current assets	5,335	6,343	6,692	9,264
Current liabilities				
Trade payables	190	211	230	680
Other payables and accruals	1,220	1,447	3,652	3,250
Borrowings	–	37	–	–
Lease obligations	–	–	7	7
Income tax payable	58	61	60	928
Total current liabilities	1,468	1,756	3,947	4,865
Net working capital	3,867	4,587	2,745	4,399

HY2017 vs FY2016

The net working capital reduced from S\$4.6 million as at 31 December 2016 as compared to S\$3.9 million as at 30 June 2017 resulted from (i) decline in current assets by S\$1.0 million from S\$6.3 million as at 31 December 2016 to S\$5.3 million as at 30 June 2017 and (ii) decrease in current liabilities by S\$0.3 million from S\$1.8 million as at 31 December 2016 to S\$1.5 million as at 30 June 2017.

FY2016 vs FY2015

The Group reported a significant increase in net working capital in FY2016 as compared to FY2015 of approximately S\$1.8 million. The increase in net working capital in FY2016 was mainly due to a decrease in other payables and accruals from approximately S\$3.7 million in FY2015 to approximately S\$1.5 million in FY2016 offset by a decrease in other receivables, deposits and prepayments of approximately S\$0.2 million.

FY2015 vs FY2014

The Group reported a significant decline in net working capital in FY2015 as compared to FY2014 of approximately S\$1.7 million. The decrease in the working capital in FY2015 was mainly due to the decrease in total current assets from approximately S\$9.3 million in FY2014 to approximately S\$6.7 million in FY2015 coupled with a decrease in total current liabilities from approximately S\$4.4 million in FY2014 to approximately S\$3.9 million in FY2015.

APPENDIX B – ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF WARRANTS

ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF WARRANTS

- (a) The Exercise Price and the number of Warrants held by each holder of Warrants shall from time to time be adjusted by the Directors in consultation with a CMS Licence Holder and certified to be in accordance with Paragraph (b) below by the Auditors. The Exercise Price and the number of Warrants held by each holder of Warrants shall from time to time be adjusted as provided in the terms and conditions of the Warrants (“**Conditions**”) and the Deed Poll in all or any of the following cases:
- (i) any consolidation, subdivision or conversion of the Shares; or
 - (ii) an issue by the Company of Shares credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash as dividend); or
 - (iii) a Capital Distribution (as defined in (b)(iii) below) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (iv) an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
 - (v) an issue (otherwise than pursuant to an offer or invitation made by the Company to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights, requiring an adjustment under paragraph (b)(iv) below, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares, if the Total Effective Consideration (as defined in (b)(vi) below) for each Share is less than ninety per cent. (90%) of the Current Market Price for each Share (calculated as provided below), Provided That a share buy-back shall not require an adjustment to be made.
- (b) Subject to the Conditions and the Deed Poll, the Exercise Price and the number of Warrants held by each holder of Warrants shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two (2) or more of Paragraphs (a)(i) to (a)(v) above or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the CMS Licence Holder shall determine):

- (i) If, and whenever, consolidation or subdivision or conversion of the Shares occurs, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{B} \times X$$

and the number of Warrants shall be adjusted in the following manner:

$$\text{Adjusted number of Warrants} = \frac{B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation or subdivision;

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B = the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision;

X = existing Exercise Price; and

W = existing number of Warrants held.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective.

- (ii) If and whenever the Company shall make any issue of Shares to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid-up, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{A}{A + B} \times X$$

$$\text{Adjusted number of Warrants} = \frac{A + B}{A} \times W$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders (other than an allotment of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature);

X = existing Exercise Price; and

W = existing number of Warrants held.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such issue.

For the purpose of paragraph (a) to (o), “**record date**” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which Shareholders must be registered as such to participate therein.

- (iii) If and whenever the Company shall make a Capital Distribution (as defined below) to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{C - D}{C} \times X$$

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where:

C = the Current Market Price on the Market Day immediately preceding the date on which the Capital Distribution is publicly announced to the SGX-ST or (failing any such announcement), immediately preceding the date of the Capital Distribution;

D = the fair market value, as determined by an CMS Licence Holder, of that portion of the Capital Distribution or of the nil-paid rights attributable to one Share; and

X= existing Exercise Price.

For the purposes of Paragraphs (a)(iii) and (b)(iii), “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under Paragraph (b)(ii) above) or other securities (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividends) credited as fully or partly paid-up by way of capitalisation of profits or reserves. Any distribution out of profits or reserves shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before the date of such distribution and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution. Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the record date for such transactions.

- (iv) If and whenever the Company shall make any offer or invitation to its Shareholders whereunder they may acquire or subscribe for Shares by way of rights, the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{E - F}{E} \times X$$

$$\text{Adjusted number of Warrants} = \frac{E}{E - F} \times W$$

where:

E = the Current Market Price on the Market Day immediately preceding the date on which the offer or invitation referred to in this Paragraph (b)(iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

W = existing number of Warrants held;

X = existing Exercise Price; and

F = the value of rights attributable to one Share, which shall be calculated in accordance with the formula:

$$\frac{E - G}{H + 1}$$

APPENDIX B – ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF WARRANTS

where:

E = the Current Market Price on the Market Day immediately preceding the date on which the offer or invitation referred to in this Paragraph (b)(iv) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

G = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;

H = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional Share by way of rights; and

1 = one

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this Paragraph (b), “**closing date**” shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

- (v) If and whenever the Company makes any allotment to its Shareholders as provided in Paragraph (b)(ii) above and also makes any offer or invitation to its Shareholders as provided in Paragraph (b)(iv) and the Record Date for the purpose of the allotment is also the Record Date for the purpose of the offer or invitation, the Exercise Price and the number of Warrants shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{(I \times E) + (J \times G)}{(I + J + B2) \times E} \quad \times \quad X$$

$$\text{Adjusted number of Warrants} = \frac{(I + J + B2) \times E}{(I \times E) + (J \times G)} \quad \times \quad W$$

where:

B2 = the aggregate number of Shares to be issued pursuant to any allotment to Shareholders (other than an allotment of Shares to Shareholder who elect to receive Shares in lieu of cash or other dividend) credited as fully paid-up by way of capitalisation of profits or reserves;

E = the Current Market Price on the Market Day immediately preceding the date on which the offer or invitation referred to in this Paragraph (b)(v) is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the offer or invitation;

G = the subscription price of one additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights;

I = the aggregate number of issued and fully paid-up Shares on the Record Date;

J = the aggregate number of new Shares to be issued under an offer or invitation to acquire or subscribe for Shares by way of rights;

W = existing number of Warrants held; and

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X = existing Exercise Price.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

For the purpose of this Paragraph (b), “**closing date**” shall mean the date by which acceptance of and payment for the Shares is to be made under the terms of such offer or invitation.

- (vi) If and whenever (otherwise than pursuant to a rights issue available to all Shareholders alike and requiring an adjustment under Paragraphs (b)(iv) or (b)(v) above and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash as dividend), the Company shall issue any Shares and the Total Effective Consideration for each Share (as defined below) is less than 90% of the Current Market Price for each Share on the SGX-ST on the date on which the issue price of such Shares is determined or, if such price is determined either before the close of business on the SGX-ST for that day or on a day which is not a Market Day, on the immediately preceding Market Day, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = \frac{K + L}{K + M} \times X$$

where:

K = the number of Shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Current Market Price (exclusive of expenses);

M = the aggregate number of Shares so issued; and

X = existing Exercise Price.

Each such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such Shares.

For the purposes of Paragraphs (a)(v) and (b)(vi), the “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an CMS Licence Holder and shall be the aggregate consideration receivable by the Company on payment in full for such Shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration for each Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid.

- (c) Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Exercise Price and the number of Warrants will be required in respect of:
- (i) an issue by the Company of Shares, or other securities convertible into or right to acquire or subscribe for Shares, to officers, including directors, or employees of the Company or any of its subsidiaries, related corporations and/or associated companies pursuant to any purchase or option scheme or share award scheme approved by the Shareholders in general meeting; or

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- (ii) an issue by the Company of Shares or other securities convertible into or right to acquire or subscribe for Shares in consideration or part consideration for or in connection with the acquisition of any other securities, assets or business; or
 - (iii) any issue by the Company of Warrant Shares pursuant to the exercise of any of the Warrants; or
 - (iv) any issue by the Company of securities convertible into Shares or rights to acquire or subscribe for Shares and the issue of Shares arising from the conversion or exercise of such securities or rights; or
 - (v) any purchase by the Company of Shares.
- (d) Any adjustment to the Exercise Price will be rounded up to the nearest half cent (S\$0.005). No adjustments to the Exercise Price shall be made unless it has been certified to be in accordance with Paragraph (b) above by the Auditors. No adjustment will be made to the Exercise Price in any case in which the amount by which the same would be reduced would be less than one half of one (1) cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- (e) Any adjustment to the number of Warrants held by each holder of Warrants will be rounded down to the nearest whole Warrant. No adjustment to the number of Warrants shall be made unless (i) it has been certified to be in accordance with the formulae stated in Paragraph (b) above by the Auditors and (ii) if the Warrants are listed and quoted on the SGX-ST on the Market Day immediately before such adjustment, approval in-principle has been granted by the SGX-ST for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional Warrant Shares as may be issued on the exercise of any of such Warrants.
- (f) Notwithstanding the provisions referred to in these provisions, in any circumstances where the Directors consider that any adjustments to the Exercise Price and/or the number of Warrants provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date, the Company may appoint an CMS Licence Holder to consider whether for any reason whatsoever the adjustment to be made or the adjustment to be made in accordance with these provisions is appropriate or inappropriate, as the case may be, and, if such CMS Licence Holder shall consider the adjustment to be inappropriate or the adjustment shall be modified or nullified in such manner as shall be considered by such CMS Licence Holder to be in its opinion appropriate. Any material alteration to the Exercise Price and/or the number of Warrants to the advantage of holders of Warrants shall be approved by the Shareholders in a general meeting, except where the alterations are made pursuant to the Conditions.
- (g) Whenever there is an adjustment as herein provided, the Company shall give notice to holders of Warrants in accordance with the Deed Poll that the Exercise Price and/or the number of Warrants has/have been adjusted and setting forth the event giving rise to the adjustment, the Exercise Price and/or the number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall at all times thereafter so long as any of the Warrants remains exercisable make available for inspection at the Warrant Agent's registered office a signed copy of the certificate of the Auditors certifying the adjustment to the Exercise Price and/or the number of Warrants and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Exercise Price and/or number of Warrants in effect prior to such adjustment, the adjusted Exercise Price and/or number of Warrants and the effective date of such adjustment and shall, on request, send a copy thereof to any holder of Warrants. Whenever there is an adjustment to the number of Warrants, the Company will, as soon as practicable but not later than five (5) Market Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each holder of Warrants, at the risk and expense of that holder of Warrants, to his address appearing in the Register of holders of Warrants or, in respect of Warrants registered in the name of CDP, to CDP Provided That if additional Warrants are issued to each Warrantholder as a result of an adjustment which is cancelled, revoked or not completed and the number of Warrants held by each Warrantholder is readjusted pursuant to the Conditions, such additional Warrants shall be deemed to be cancelled with effect from such date and in such manner as an CMS Licence Holder may consider appropriate.

APPENDIX B – ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF WARRANTS

- (h) If the Directors, the CMS Licence Holder and the Auditors are unable to agree upon any adjustment required under these provisions, the Directors shall refer the adjustment to the decision of another CMS Licence Holder acting as expert and not as arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.
- (i) If the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for Shares, the Company shall appoint an CMS Licence Holder to consider whether any adjustment is appropriate and if such CMS Licence Holder and the Directors shall determine that any adjustment is appropriate, the Exercise Price and/or the number of Warrants shall be adjusted accordingly.
- (j) If the Company shall purchase or otherwise acquire Shares issued by it pursuant to the provisions of the Companies Act, the Company shall, if so required by the holders of Warrants by way of a resolution passed at a meeting of the holders of Warrants duly convened, appoint a CMS Licence Holder to consider whether any adjustment is appropriate and if such CMS Licence Holder shall determine that any adjustment is appropriate the Exercise Price and/or the number of Warrants held by each holder of Warrants shall be adjusted accordingly.
- (k) Any new Warrants which may be issued by the Company under these provisions shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit of the Deed Poll and on such terms and conditions as the Directors may from time to time think fit including but not limited to the terms and conditions as set out in the Deed Poll for the Warrants.
- (l) In giving any certificate or making any adjustment hereunder, the Auditors and the CMS Licence Holder shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Warrants.
- (m) Notwithstanding anything herein contained, any adjustment to the Exercise Price and/or the number of Warrants other than in accordance with these provisions, shall be subject to the approval of the SGX-ST and Shareholders and agreed to by the Company, the Auditors and the CMS Licence Holder.
- (n) In the event of any adjustment to the Exercise Price and/or the number of Warrants held by each holder of Warrants is proposed or required to be made pursuant to the Deed Poll, the relevant party or parties, in exercising or making any discretion, consideration or determination (if applicable) shall, subject to any changes to, supplements, modifications and/or amendments of the accounting standards applicable to the Company from time to time, take into account or have reference to the general principle and intent, which is based on accounting standards applicable to the Company as at the date of execution of the Deed Poll, that such adjustment shall, to the extent possible or permitted, be made in such manner such that the per share value of such adjustment cannot exceed the per share value of the dilution to the interest of the holders of Warrants in the equity of the Company (based on the Shares comprised in the unexercised Warrants held by such holders of Warrants) which would otherwise result from the relevant transaction or event (as contemplated under the relevant Condition) giving rise to such adjustment
- (o) Nothing shall prevent or restrict the buy-back of any class of shares in the Company pursuant to applicable law and the requirements of the SGX-ST. No approval or consent of the Warrantholders shall be required for such share buy-back. There shall be no adjustments to the Exercise Price and number of Warrants by reason of such share buy-back.

APPENDIX C– ILLUSTRATION OF FINANCIAL EFFECTS OF THE PROPOSED DEBT CONVERSION, PROPOSED SHARE CONSOLIDATION AND PROPOSED RIGHTS CUM WARRANTS ISSUE

The pro forma financial effects of the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue are purely for illustration purposes only and do not purport to be indicative or a projection or an estimate of the future results and financial positions of the Company and/or the Group immediately following the completion of the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue.

The financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2016 and the unaudited consolidated financial statements of the Group for HY2017 and the following assumptions apply:

- (a) all Shareholders subscribe for their respective entitlements of Rights Shares with Warrants under the Proposed Rights cum Warrants Issue;
- (b) all the Rights Shares with Warrants have been issued;
- (c) all the Warrants are exercised immediately after completion of the Proposed Rights cum Warrants Issue;
- (d) for the purpose of computing the financial effects of the Proposed Debt Conversion, the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue on the NTA per Share of the Group:
 - (i) the Proposed Debt Conversion, the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue are assumed to have been completed on 31 December 2016 and 30 June 2017; and
 - (ii) the issuance of Warrant Shares pursuant to the exercise of 565,151,580 Warrants are assumed to be completed on 31 December 2016 and 30 June 2017.
- (e) for the purpose of computing the financial effects of the Proposed Debt Conversion, Proposed Share Consolidation and the Proposed Rights cum Warrants Issue on the LPS of the Group:
 - (i) the Proposed Debt Conversion, the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue are assumed to have been completed on 1 January 2016 and 1 January 2017 and disregarding any interest, revenue and/or returns that may arise from the deployment of the Net Proceeds and Exercise Proceeds; and
 - (ii) the issuance of Warrant Shares pursuant to the exercise of 565,151,580 Warrants are assumed to be completed on 1 January 2016 and 1 January 2017.

(a) Share Capital

	Number of Shares	S\$
Share Capital as at 31 December 2016 and 30 June 2017	1,051,385,163	33,502,693
Existing Share Capital as at the Latest Practicable Date	1,051,385,163	33,502,693
Add: Debt Conversion Shares	78,917,999	236,754
Share capital after Proposed Debt Conversion	1,130,303,162	33,739,447
Share capital after Proposed Debt Conversion and Proposed Share Consolidation	113,030,316	33,739,447

**APPENDIX C– ILLUSTRATION OF FINANCIAL EFFECTS OF THE PROPOSED
DEBT CONVERSION, PROPOSED SHARE CONSOLIDATION AND
PROPOSED RIGHTS CUM WARRANTS ISSUE**

	Number of Shares	S\$
Add: Issuance of all of the Rights Shares with Warrants	1,130,303,160	5,651,516
Add: Exercise of all of the Warrants	565,151,580	2,825,758
Share capital after completion of the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue	1,808,485,056	42,216,721

(b) NTA

FY2016	NTA (S\$)	Number of Shares	NTA per Share (Singapore cents)
As at 31 December 2016	4,622,518	1,051,385,163	0.440
After the Proposed Debt Conversion	4,859,272	1,130,303,162	0.430
After the Proposed Debt Conversion and Proposed Share Consolidation	4,859,272	113,030,316	4.299
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue but before exercise of the Warrants	10,510,788	1,243,333,476	0.845
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue and after exercise of the Warrants	13,336,546	1,808,485,056	0.737
HY2017	NTA (S\$)	Number of Shares	NTA per Share (Singapore cents)
As at 30 June 2017	3,893,000	1,051,385,163	0.370
After the Proposed Debt Conversion	4,129,754	1,130,303,162	0.365
After the Proposed Debt Conversion and Proposed Share Consolidation	4,129,754	113,030,316	3.654
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue but before exercise of the Warrants	9,781,270	1,243,333,476	0.787
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue and after exercise of the Warrants	12,607,028	1,808,485,056	0.697

**APPENDIX C– ILLUSTRATION OF FINANCIAL EFFECTS OF THE PROPOSED
DEBT CONVERSION, PROPOSED SHARE CONSOLIDATION AND
PROPOSED RIGHTS CUM WARRANTS ISSUE**

(c) LPS

FY2016	Loss attributable to Shareholders (S\$)	Weighted average number of Shares	Loss per Share (Singapore cents)
As at 31 December 2016	(2,175,688)	1,051,385,163	(0.207)
After the Proposed Debt Conversion	(2,175,688)	1,130,303,162	(0.192)
After the Proposed Debt Conversion and Proposed Share Consolidation	(2,175,688)	113,030,316	(1.925)
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue but before exercise of the Warrants	(2,175,688)	1,243,333,476	(0.175)
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue and after exercise of the Warrants	(2,175,688)	1,808,485,056	(0.120)
HY2017	Loss attributable to Shareholders (S\$)	Weighted average number of Shares	Loss per Share (Singapore cents)
As at 30 June 2017	(680,000)	1,051,385,163	(0.065)
After the Proposed Debt Conversion	(680,000)	1,130,303,162	(0.060)
After the Proposed Debt Conversion and Proposed Share Consolidation	(680,000)	113,030,316	(0.602)
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue but before exercise of the Warrants	(680,000)	1,243,333,476	(0.055)
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue and after exercise of the Warrants	(680,000)	1,808,485,056	(0.038)

**APPENDIX C– ILLUSTRATION OF FINANCIAL EFFECTS OF THE PROPOSED
DEBT CONVERSION, PROPOSED SHARE CONSOLIDATION AND
PROPOSED RIGHTS CUM WARRANTS ISSUE**

(d) **Gearing**

FY2016	Total borrowings (S\$)	Shareholders' equity (S\$)	Gearing (%)
As at 31 December 2016	37,343	4,647,352	0.8
After the Proposed Debt Conversion	37,343	4,884,106	0.8
After the Proposed Debt Conversion and Proposed Share Consolidation	37,343	4,884,106	0.8
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue but before exercise of the Warrants	37,343	10,535,622	0.4
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue and after exercise of the Warrants	37,343	13,361,380	0.3
HY2017	Total borrowings (S\$)	Shareholders' equity (S\$)	Gearing (%)
As at 30 June 2017	No borrowing	3,917,000	Not meaningful
After the Proposed Debt Conversion	No borrowing	4,153,754	Not meaningful
After the Proposed Debt Conversion and Proposed Share Consolidation	No borrowing	4,153,754	Not meaningful
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue but before exercise of the Warrants	No borrowing	9,805,270	Not meaningful
After the Proposed Debt Conversion, Proposed Share Consolidation and Proposed Rights cum Warrants Issue and after exercise of the Warrants	No borrowing	12,631,028	Not meaningful

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

1. VASHION PERFORMANCE SHARE PLAN

The Vashion Performance Share Plan shall mean the share performance plan herein, as modified or altered from time to time and shall be referred to as Vashion PSP.

2. DEFINITIONS

In this Vashion PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “Act” or “Companies Act”** : Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
- “Associate”** : (a) in relation to any Director, Chief Executive Officer of the Company, a Substantial Shareholder or a Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Auditors”** : The auditors of the Company for the time being
- “Award”** : A contingent award of Shares granted under the Vashion PSP
- “Award Date”** : In relation to an Award, the date on which the Award is granted
- “Board” or “Directors”** : The board of directors or directors of the Company, including alternate directors of the Company (if any) for the time being
- “Catalist”** : Catalist, a market regulated by the SGX-ST, formerly known as the SGX-ST Dealing and Automated Quotation System
- “Catalist Rules”** : SGX-ST Listing Manual Section B: Rules of Catalist, as from time to time amended, modified or supplemented
- “CDP”** : The Central Depository (Pte) Limited

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

“Chief Executive Officer”	: The most senior executive officer who is responsible under the immediate authority of the Board for the conduct of the business of the Company
“Company”	: Vashion Group Ltd.
“Constitution”	: The articles of association of the Company
“Control”	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	: A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or (b) in fact exercises Control over the Company
“CPF”	: Central Provident Fund
“Employee”	: A confirmed employee of the Group selected by the Remuneration Committee to participate in the Vashion PSP, in accordance with the terms and conditions set out herein
“Executive Director”	: A Director who is an Employee of the Group and performs an executive function
“Group”	: The Company and its Subsidiaries, collectively
“Group Employee”	: An employee of the Group (including any Group Executive Director who meet the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Vashion PSP) selected by the Remuneration Committee to participate in the Vashion PSP in accordance with Rule 4 .1 of the Vashion PSP
“Immediate Family”	: In relation to a person means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Director”	: An independent director of the Company
“Listing Manual”	: The Catalist Rules, or the Listing Manual for mainboard companies if the listing of the Company is transferred to the mainboard
“New Shares”	: New Shares issued to the Participants pursuant to the Vashion PSP
“Non-Executive Director”	: A non-executive director of the Company
“Participant”	: The person(s) who has been granted an Award pursuant to the Vashion PSP
“Record Date”	: In relation to any dividends, rights allotment or other distributions, the date as at the close of business (or such

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
- “Released Award”** : An Award which has been released in accordance with Rule 7
- “Released Schedule”** : In relation to an Award, a schedule in such form as the Remuneration Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be released on the performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period
- “Remuneration Committee”** : The remuneration committee of the Company for the time being
- “Rules”** : Rules of the Vashion PSP
- “Securities Account”** : A securities account maintained by a Depositor with CDP but does not include a securities sub-account
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Shareholders”** : Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors in the Depository Register maintained by the CDP and whose Securities Accounts are credited with those Shares. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
- “Shares”** : Ordinary shares in the capital of the Company
- “Subsidiary”** : Has the meaning ascribed to it in Section 5 of the Act
- “Substantial Shareholder”** : A person who has an interest (directly or indirectly) of 5% or more of the total issued share capital of the Company
- “Vashion PSP”** : The proposed share performance plan of Vashion Group Ltd., as modified or altered from time to time
- “Vesting Date”** : In relation to Shares which are the subject of a Released Award, the date (as determined by the Remuneration Committee and notified to the relevant Participant) on which those Shares have vested pursuant to Rule 7

Currencies, Units and Others

- “S\$” and “cents” or “¢”** : Singapore dollars and cents, respectively
- “%” or “per cent.”** : Percentage or per centum

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in section 81SF of the Securities and Futures Act Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Vashion PSP to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Act, the Listing Manual or any modification thereof and used in this Vashion PSP shall have the same meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Vashion PSP shall be a reference to Singapore time unless otherwise stated.

The headings in this Vashion PSP are inserted for convenience only and shall be ignored in construing this Circular.

3. OBJECTIVES OF THE VASHION PSP

The Vashion PSP is a share incentive scheme which will allow the Company, *inter alia*, to target specific performance objectives and to provide an incentive for Participants to achieve these targets. The Directors believe that the new plan will incentivise Participants to excel in their performance and encourage greater dedication and loyalty to the Company and also help to achieve the following positive objectives:

- (a) incentivise Employees to excel in their performance and encourage greater dedication and loyalty to the Company;
- (b) retain Employees whose contributions are important to the long-term growth and profitability of the Group;
- (c) recognise and reward past contributions and services and motivate Employees to continue to strive for the Group’s long-term prosperity;
- (d) attract potential Employees with relevant skills to contribute to the Group and to create value for the Shareholders;
- (e) to align the interests of Participants with the interests of the Shareholders; and
- (f) develop a participatory style of management which instills loyalty and a stronger sense of identification with the long-term goals of the Group.

4. ELIGIBILITY

4.1 Persons who are eligible to participate in the Vashion PSP must be:

- (a) Group Employees (including any Executive Director) who, as of the Award Date, have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months (or in the case of any Executive Director, such shorter period as the Remuneration Committee may determine), provided that none shall be an undischarged bankrupt as at the Award Date.
- (b) Non-Executive Directors (including Independent Directors) who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group.

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- (c) subject to Rule 4.2, persons who are qualified under Rule 4.1(a) and (b) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

Directors and employees of the Company's associated company and the Company's parent company and its Subsidiaries (other than the Company and the Company's Subsidiaries) are not entitled to participate in the Vashion PSP.

- 4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the Plan provided that:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Awards to be granted to them,

have been approved by independent Shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Vashion PSP of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant.

- 4.3 Save as prescribed by Rule 853 of the Catalist Rules, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or another company within the Group.
- 4.4 Subject to the Act and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Vashion PSP may be amended from time to time at the absolute discretion of the Remuneration Committee.

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Remuneration Committee may grant Awards to Employees, as the Remuneration Committee may select, in its absolute discretion, at any time during the period when the Vashion PSP is in force.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Vashion PSP shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, as the rank and responsibilities, performance, years of service, potential for future development of the Participant, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period. The performance targets will be set by the Remuneration Committee depending on each individual Participant's job scope and responsibilities.
- 5.3 The Remuneration Committee shall decide, *inter alia*, at its sole discretion in relation to an Award:
 - (a) the Participant;
 - (b) the Award Date;
 - (c) the performance period;
 - (d) the number of Shares which are the subject of the Award;
 - (e) the performance target(s) which shall be set according to the specific roles of each Participant, and which may differ from Participant to Participant;

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- (f) the Released Schedule; and
- (g) any other condition which the Remuneration Committee may determine in relation to that Award, including any restrictions against the disposal of sale of and/or other dealings in the Shares by the Participant.

5.4 The Remuneration Committee may amend or waive the performance period, the performance target(s) and/or the Released Schedule in respect of any Award:

- (a) in the event of a take-over offer being made for the Shares or if Shareholders or under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
- (b) if anything happens which causes the Remuneration Committee to conclude that:
 - (i) a changed performance target(s) and/or Released Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the performance target(s) and/or Released Schedule should be waived,and shall notify the Participants of such change or waiver.

5.5 As soon as reasonably practicable after making an Award the Remuneration Committee shall send to each Participant an award letter confirming the Award and specifying in relation to the Award:

- (a) the Award Date;
- (b) the performance period;
- (c) the number of Shares which are the subject of the Award;
- (d) the performance target(s);
- (e) the Released Schedule; and
- (f) any other condition which the Remuneration Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Remuneration Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING PERIOD

6.1 An Award shall, to the extent not yet released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Remuneration Committee in its discretion;

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- (b) subject to Rule 6.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever;
- (c) the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of an Award; or
- (d) in the event of an order being made or a resolution passed for the winding up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. Further, for the purpose of determining eligibility to participate in the Vashion PSP, the secondment of an employee of the Group to another company within the Group shall not be regarded as a break in his employment with or his having ceased by reason only of such secondment to be a full-time employee of the Group (as applicable).

6.2 In any of the following events, namely:

- (a) where the Participant, ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Remuneration Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Remuneration Committee; or
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company of the Group;
- (b) the death of a Participant; or
- (c) any other event approved by the Remuneration Committee,

then the Remuneration Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the performance period and subject to the provisions of the Vashion PSP. In exercising its discretion, the Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the performance target(s) has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the applicable courts under applicable legislation; or
- (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(d) or for amalgamation or reconstruction),

LETTER TO APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE

the Remuneration Committee will consider, at its discretion, and subject to any legal or regulatory requirements, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Remuneration Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Remuneration Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the performance target(s) has been satisfied and any legal or regulatory requirements, provided that any Awards not released prior to commencement of the winding up of the Company (whether voluntary or by order of court) shall, upon commencement of such winding up be null and void. Subject to the foregoing, where Awards are released, the Remuneration Committee will, as soon as practicable after the Awards have been released, procure the allotment to each Participant of the number of Shares so determined, such allotment to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1 As soon as reasonably practicable after the end of each performance period, the Remuneration Committee shall review the performance target(s) specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.

Awards may only be released and consequently any Shares comprised in such Awards shall only be delivered upon the Committee being satisfied that the Participant has achieved or fulfilled the relevant performance target(s), performance conditions, the Released Schedule and/or vesting period(s) applicable for the release of the Award and/or all or any of the Shares to which that Award relates and/or such other conditions as the Remuneration Committee may determine at its own sole discretion.

- 7.2 If the Remuneration Committee determines in its sole discretion that the performance target(s) has not been satisfied or if the relevant Participant has not continued to be an employee of the Group from the Award Date up to the end of the relevant performance period that Award (subject to Rule 6) shall lapse and be of no value and the provisions of Rules 7.2 to 7.10 shall be of no effect.
- 7.3 The Remuneration Committee shall have the discretion to determine whether the performance target(s) has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Remuneration Committee shall have the right to make reference to the audited results of the Group or the Company, as the case may be, to take into account such factors as the Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the Remuneration Committee decides that a changed performance target would be a fairer measure of performance.
- 7.4 Subject to the prevailing legislation and the provisions of the Listing Manual, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of Shares held as Treasury Shares to the Participant.
- 7.5 In determining whether to issue New Shares or to transfer Shares held as treasury shares to satisfy the Award, the Company will have the right to take into account factors such as but not limited to the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or transferring Shares held as Treasury Shares.
- 7.6 The Remuneration Committee will procure, upon the Board's approval therefore, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 5. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders' approval under the Act for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- 7.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review by the Remuneration Committee referred to in Rule 7.1 . On the Vesting Date, the Remuneration Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- 7.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares on the SGX-ST.
- 7.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:
- (a) the Securities Account of that Participant maintained with CDP; or
 - (b) the securities sub-account of that Participant maintained with a Depository Agent ; or
 - (c) the CPF investment account maintained with a CPF agent bank,
- in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.
- 7.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award shall:
- (a) be subject to all the provisions of the Constitution; and
 - (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.
- 7.11 Moratorium
- Shares which are allotted and issued or transferred to a Participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the retention period, except to the extent set out in the letter of Award or with the prior approval of the Remuneration Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the letter of Award the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.
- 8. LIMITATION ON THE SIZE OF THE VASHION PSP**
- 8.1 The total number of New Shares which may be issued pursuant to Awards granted under the Vashion PSP, when aggregated with the aggregate number of Shares, over which options are granted under any other share option schemes of the Company, shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding any Shares held in treasury) on the day preceding the Award Date.
- 8.2 The following additional limits must not be exceeded:-
- (a) The aggregate number of Shares available to Controlling Shareholders and their Associates must not exceed 25% of the Shares available under the Vashion PSP; and
 - (b) The number of Shares available to each Controlling Shareholder or his Associate must not exceed 10% of the Shares available under the Vashion PSP.

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- 8.3 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Remuneration Committee under the Vashion PSP.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued ordinary Share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, subdivision, consolidation of Shares, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of Awards to the extent not yet vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Vashion PSP,

shall be adjusted by the Remuneration Committee to give such Participant the same proportion of the equity capital of the Company as that to which he was previously entitled, in such manner as the Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder of the Company does not receive.

- 9.2 Unless the Remuneration Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (a) issue of securities as consideration for an acquisition or a private placement of securities;
- (b) cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) an issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares, to its employees, including Directors or Employees of the Company pursuant to a purchase or option scheme approved by Shareholders in general meeting, including the Vashion PSP;
- (d) an issue of Shares or securities convertible into or with rights to acquire or subscribe for Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business; and
- (e) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

- 9.3 Notwithstanding the provisions of Rule 9.1:

- (a) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable; and
- (b) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

- 9.4 Upon any adjustment made, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- 9.5 Subject to the Rules, the Vashion PSP may be modified and/or altered at any time and from time to time by a resolution of the Remuneration Committee provided that:
- (a) no modification or alteration shall be made which would adversely affect the rights attaching to any Awards granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them in full, would become entitled to not less than three-quarters in number of all the Shares which would be issued or delivered, as the case may be, upon the release in full of all outstanding Awards;
 - (b) any modifications or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made except in compliance with the Listing Manual or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

10. ADMINISTRATION OF THE VASHION PSP

- 10.1 The Vashion PSP shall be administered by the Remuneration Committee in its absolute discretion with such powers and duties as are conferred on it by the Board provided that a member of the Remuneration Committee who is a Participant shall not be involved in the deliberations of the Remuneration Committee in respect of the Awards to be granted to or held by him or his Associates in compliance with the requirements of the Listing Manual.
- 10.2 The Remuneration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Vashion PSP) for the implementation and administration of the Vashion PSP, to give effect to the provisions of the Vashion PSP and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as they may, in their absolute discretion, think fit. Any matter pertaining or pursuant to the Vashion PSP and any dispute and uncertainty as to the interpretation of the Vashion PSP, any rule, regulation or procedure thereunder or any rights under the Vashion PSP shall be determined by the Remuneration Committee.
- 10.3 Neither the Vashion PSP nor the grant of Awards under the Vashion PSP shall impose on the Company or the Remuneration Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Vashion PSP;
 - (b) the failure or refusal by the Remuneration Committee to exercise, or the exercise by the Remuneration Committee of, any discretion under the Vashion PSP; and/or
 - (c) any decision or determination of the Remuneration Committee made pursuant to any provision of the Vashion PSP.
- 10.4 Any decision or determination of the Remuneration Committee made pursuant to any provision of the Vashion PSP (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Vashion PSP or any rule, regulation or procedure hereunder or as to any rights under the Vashion PSP). The Remuneration Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 10.5 The Remuneration Committee shall ensure that the rules of the Vashion PSP are in compliance with the Act and the applicable laws and regulations in Singapore, including but not limited to, the Listing Manual.

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses or facsimile number, and marked for the attention of the Remuneration Committee, as may be notified by the Company to the Participant in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Remuneration Committee (or such person or persons as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE VASHION PSP

- 12.1 Any or all the provisions of the Vashion PSP may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were released to them upon the performance target(s) for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards upon the performance target(s) for all outstanding Awards being satisfied in full;
 - (b) any modifications or alteration which would be to the advantage of Participants shall not be made except with the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made except in compliance with the Listing Manual or such other stock exchange on which the Shares are quoted or listed and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a) and (b), the opinion of the Remuneration Committee as to whether any modification or alteration would adversely affect the rights attached to any Award or which would be to the advantage of Participants (as the case may be) shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Remuneration Committee under any other provision of the Vashion PSP or to amend or adjust any Award and without due compliance with the Listing Manual and such other laws and regulations as may be applicable.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Remuneration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Vashion PSP in any way to the extent necessary or desirable, in the opinion of the Remuneration Committee, to cause the Vashion PSP to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST or such other stock exchange on which the Shares are quoted or listed).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

13. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Vashion PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. DURATION OF THE VASHION PSP

14.1 The Vashion PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Vashion PSP is adopted by the Company in general meeting, provided always that the Vashion PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting, and of any relevant authorities which may then be required.

14.2 The Vashion PSP may be terminated at any time at the discretion of the Remuneration Committee, or by an ordinary resolution passed by the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Vashion PSP is so terminated, no further Awards shall be offered by the Company hereunder.

14.3 The expiry or termination of the Vashion PSP shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been released (whether fully or partially) or not.

15. TAXES

All taxes (including income tax) arising from the grant or release of any Awards to any Participants under the Vashion PSP shall be borne by the Participants.

16. COSTS AND EXPENSES OF THE VASHION PSP

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the release of any Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Vashion PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Vashion PSP including, but not limited to, the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the release of any Award shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Remuneration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or procuring the transfer of, the Shares or New Shares or applying for or procuring the listing of New Shares on the Catalist in accordance with Rule 7.8 or any other stock exchange on which the Shares are listed or quoted.

18. DISCLOSURES IN ANNUAL REPORT

18.1 In accordance with the rules of the Listing Manual, the following shall be disclosed by the Company in its annual report as long as the Vashion PSP continues in operation:

- (a) The names of the Remuneration Committee administering the Vashion PSP;

APPENDIX D – PROPOSED RULES OF THE VASHION PERFORMANCE SHARE PLAN

- (b) In respect of the following Participants of the Vashion PSP:
- (i) Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates;
 - (iii) Participants other than those referred to in Rule 18.1(b)(i) and 18.1(b)(ii) above, who have received Shares pursuant to the vesting of Awards granted under the Vashion PSP which, in aggregate, represent five per cent. (5%) or more of the total number of Shares available under the Vashion PSP, the following information will be disclosed:
 - (A) the name of the Participant;
 - (B) aggregate number of Shares comprised in Awards granted to such Participant during the financial year under review (including terms);
 - (C) aggregate number of Shares comprised in Awards granted to such Participant since the commencement of the Vashion PSP to the end of the financial year under review;
 - (D) aggregate number of Shares comprised in Awards which have been issued and/or transferred to such Participant pursuant to the vesting of Awards under the Vashion PSP since commencement of the Vashion PSP to the end of financial year under review.; and
 - (E) aggregate number of Shares comprised in Awards which have not been vested as at the end of the financial year under review; and
- (c) such other information as may be required by the Listing Manual or the Act.

If any of the above disclosure is not applicable, an appropriate negative statement will be included.

19. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Remuneration Committee and its decision shall be final and binding in all respects.

20. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Vashion PSP must abstain from voting on any resolution relating to the Vashion PSP.

21. ISSUE CONTRARY TO LAW

Every Award shall be subject to the condition that no Shares shall be vested pursuant to an Award under the Vashion PSP if such vesting would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

22. GOVERNING LAW

The Vashion PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the Vashion PSP, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, (CHAPTER 53B)

No person other than the Company or a Participant shall have any right to enforce any provision of the Vashion PSP or any Award by the virtue of the Contracts (Rights of Third Parties) Act, (Chapter 53B) of Singapore.

NOTICE OF EXTRAORDINARY GENERAL MEETING

VASHION GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199906220H)

NOTICE OF EXTRAORDINARY GENERAL MEETING

The terms and expressions not defined herein have the same meanings as ascribed to them in the Company's circular dated 18 August 2017 (the "Circular").

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of **VASHION GROUP LTD.** (the "**Company**") will be held at Hotel Re! @ Pearl's Hill, Rejoice Ballroom at Ground Floor, 175A Chin Swee Road, Singapore 169879 on 6 September 2017 at 3.00 p.m. for the purpose of considering, and if thought fit, passing, with or without modifications:

ORDINARY RESOLUTION 1: PROPOSED DEBT CONVERSION

THAT:

- (a) the Proposed Debt Conversion be and is hereby approved;
- (b) approval be and is hereby given to the directors of the Company to allot and issue 78,917,999 new ordinary shares in the capital of the Company to the Creditors at the Debt Conversion Price of S\$0.003 per Debt Conversion Share pursuant to the terms and subject to the conditions set out in the Debt Conversion Agreement where such Debt Conversion Shares when allotted and issued shall rank *pari passu* in all respects with the then existing Shares of the Company; and
- (c) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

ORDINARY RESOLUTION 2: PROPOSED ISSUANCE AND ALLOTMENT OF DEBT CONVERSION SHARES TO THE RESTRICTED PERSONS

THAT subject to and conditional upon the passing of Ordinary Resolution 1:

- (a) approval be and is hereby given to the directors of the Company to allot and issue the Debt Conversion Shares as set out below to the following Restricted Persons pursuant to Rule 812(2) of the Catalist Rules:
 - (i) 62,254,666 Debt Conversion Shares to Mr Chan Siew Wei; and
 - (ii) 16,663,333 Debt Conversion Shares to Mr Tan Chin Lee; and
- (b) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

Shareholders should note that Ordinary Resolution 2 is conditional on the approval of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed, then Ordinary Resolution 2 will not be passed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3: PROPOSED SHARE CONSOLIDATION

THAT approval be and is hereby given for:

- (a) the proposed consolidation of every 10 existing Shares held by Shareholders as at the Share Consolidation Books Closure Date into one (1) Consolidated Share in the manner set out in the Circular;
- (b) the Directors to disregard any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above, and for all fractions of Consolidated Shares to which holders of the existing Shares would otherwise be entitled to, be aggregated and dealt with in such manner (including the cancellation thereof) as the Directors may, in their absolute discretion, deem fit in the interest of the Company;
- (c) the Directors to fix the Share Consolidation Books Closure Date and the date on which the Consolidated Shares will trade on the Catalist of the SGX-ST in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and
- (d) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

ORDINARY RESOLUTION 4: PROPOSED RIGHTS CUM WARRANTS ISSUE

THAT subject to and conditional upon the passing of Ordinary Resolution 3:

- (a) proposed renounceable non-underwritten rights issue of up to 1,130,303,160 Rights Shares at an issue price of S\$0.005 for each Rights Share, with up to 565,151,580 Warrants, with each Warrant carrying the right to subscribe for one (1) Warrant Share at an Exercise Price of S\$0.005, on the basis of 10 Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Rights Books Closure Date and one (1) Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded;
- (b) allot and issue up to 1,130,303,160 Rights Shares at the Issue Price of S\$0.005 for each Rights Share;
- (c) allot and issue up to 565,151,580 Warrants to be issued together with the Rights Shares, each Warrant carry the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.005 during the Exercise Period and, subject to the terms and conditions of the Warrants as set out in the Deed Poll;
- (d) such additional Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such additional Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (e) effect the Proposed Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may, in their absolute discretion, deem fit:
 - (i) the provisional allotments of Rights Shares with Warrants under the Proposed Rights cum Warrants Issue shall be made on a renounceable non-underwritten basis to Shareholders whose names appear in the Register of Members of the Company or the records of CDP as at the Rights Books Closure Date with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Rights Books Closure Date, provided to the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of 10 Rights Shares for every one (1) existing Share;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) no provisional allotment of Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Entitled Shareholders with registered addresses outside Singapore as at the Rights Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”);
 - (iii) the entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on SGX-ST and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Rights Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (iv) provisional allotments of Rights Shares with Warrants not taken up or cannot be sold or are not sold on the SGX-ST for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Proposed Rights cum Warrants Issue, shall be used to satisfy applications for Excess Rights Shares with Warrants or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (v) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares;
- (f) issue and allot, notwithstanding that the issue thereof will take place after the next or any ensuing annual or other general meeting of the Company:
- (i) up to 565,151,580 Warrant Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such Warrant Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the relevant exercise date of the Warrants; and
 - (ii) on the same basis as paragraph (i) above, such further Warrants Shares as may be required to be allotted and issued on the exercise of any of the additional Warrants referred to in paragraph (d) above; and
- (g) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

Shareholders should note that Ordinary Resolution 4 is conditional on the approval of Ordinary Resolution 3. If Ordinary Resolution 3 is not passed, then Ordinary Resolution 4 will not be passed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 5: THE POTENTIAL TRANSFER OF CONTROLLING INTEREST TO MS ZHOU QILIN AND MR REILL EDWARD CHAMPLEY

THAT subject to and conditional upon the passing of Ordinary Resolution 4:

- (a) approval be and is hereby given to allot and issue such number of Rights Shares with Warrants (including Excess Rights Shares with Warrants) to Ms Zhou Qilin and Mr Reill Edward Champley, subject to and otherwise in accordance with the terms and conditions of the Proposed Rights cum Warrants Issue, to the extent that the allotment and issue of such Rights Shares with Warrants (including excess Rights Shares with Warrants) constitutes a transfer of controlling interest in the Company to Ms Zhou Qilin and Mr Reill Edward Champley pursuant to Rule 803 of the Catalyst Rules; and
- (b) any of the Directors of the Company be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (a) of this Resolution as he shall think fit and in the interests of the Company.

Shareholders should note that Ordinary Resolution 5 is conditional upon the approval of Ordinary Resolution 4. If Ordinary Resolution 4 is not passed, then Ordinary Resolution 5 will not be passed.

ORDINARY RESOLUTION 6: THE PROPOSED BUSINESS DIVERSIFICATION TO INCLUDE THE FINANCING BUSINESS AND THE LUXURY GOODS BUSINESS

THAT approval be and is hereby given to the directors of the Company or any of them for:

- (a) the diversification of the business of the Company to include the New Businesses, as and when appropriate opportunities arise:
 - (i) the provision of individual and corporate loans in Hong Kong;
 - (ii) the retail and trading of new and used luxury consumer goods,(collectively, the “**New Businesses**”);
- (b) the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time, any such assets, investments and shares/interests in any entity that is in the New Businesses on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such absolute discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to any such investment, purchase, acquisition or disposal; and
- (c) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

ORDINARY RESOLUTION 7: THE PROPOSED ADOPTION OF THE VASHION PSP

THAT:

- (a) the performance share plan to be known as the “Vashion Performance Share Plan” (“**Vashion PSP**”) particulars of which are set out in the Circular, under which awards (“**Awards**”) of fully paid up Shares will be granted, free of charge, to Participants, on the terms and conditions and in accordance with such rules as set out in the Circular, be and is hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Directors be and is hereby authorised:
- (i) to establish and administer the Vashion PSP;
 - (ii) to modify and/or amend the Vashion PSP from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Vashion PSP and to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Vashion PSP;
 - (iii) to grant Awards in accordance with the provisions of the Vashion PSP and to allot and issue (pursuant to section 161 of the Companies Act) and/or transfer from time to time such number of fully paid up Shares as may be required to be issued and/or transferred pursuant to the Awards under the Vashion PSP, provided that the aggregate number of new Shares to be issued or existing Shares to be transferred pursuant to the Vashion PSP and all other share based schemes of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the day preceding that date; and
 - (iv) to apply any Share purchased or acquired under any share purchase mandate and to deliver such existing Shares (including any treasury shares) towards the satisfaction of Awards granted under the Vashion PSP; and
- (c) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

ORDINARY RESOLUTION 8: PROPOSED PARTICIPATION BY CONTROLLING SHAREHOLDERS AND ASSOCIATES OF CONTROLLING SHAREHOLDERS IN THE VASHION PSP

THAT:

- (a) subject to and contingent conditional upon the passing of Resolution 7, the participation of Controlling Shareholders and Associates of Controlling Shareholders in the Vashion PSP be and is hereby approved; and
- (a) the directors of the Company and each of them be and are hereby authorised and empowered to do all acts and things as they or he may consider necessary, desirable or expedient to give effect to this resolution, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any document (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby adopted, confirmed and approved.

Shareholders should note that Ordinary Resolution 8 is conditional upon the approval of Ordinary Resolution 7. If Ordinary Resolution 7 is not passed, then Ordinary Resolution 8 will not be passed.

BY ORDER OF THE BOARD

Christian Kwok-Leun Yau Heilesen
Executive Director
18 August 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member who is not a relevant intermediary entitled to attend and vote at an EGM is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in section 181 of the Companies Act.
- (3) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- (4) The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, must be deposited at the Company's registered office at 280 Woodlands Industrial Park E5, #10-50 @ woodlands Singapore 757322 not less than 48 hours before the time appointed for holding the EGM or any postponement or adjournment thereof.
- (5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

This notice 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 notice including the correctness of any of the figures used, statements or opinions made.

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

*The contact person for the Sponsor is Ms Foo Quee Yin
Telephone number: 6221 0271*

Personal Data Privacy:

"Personal data" in this Notice of the EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("PDPA"), which includes your and your proxy's and/or representative's name, address and NRIC/Passport number.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. You and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

VASHION GROUP LTD.

(Company Registration No. 199906220H)
(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in section 181 of the Companies Act may appoint more than two (2) proxies to attend the Extraordinary General Meeting and vote.
2. For investors who have used their CPF monies to buy **VASHION GROUP LTD.'s** shares, the Circular to Shareholders is forwarded to them at the request of their CPF Approved Nominees.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name) _____ (NRIC No.)

of _____ (Address)

being a shareholder/member of **VASHION GROUP LTD.** (the "**Company**") hereby appoint the following person(s):

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Hotel Re! @ Pearl's Hill, Rejoice Ballroom at Ground Floor, 175A Chin Swee Road, Singapore 169879 on 6 September 2017 at 3.00 p.m., and at any adjournment thereof ("**Meeting**"). I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting.

No.	ORDINARY RESOLUTIONS	No. of Votes or Indicate with a Tick*	
		For*	Against*
1.	To approve the Proposed Debt Conversion		
2.	To approve the issuance and allotment of Debt Conversion Shares to the Restricted Persons		
3.	To approve the Proposed Share Consolidation		
4.	To approve the Proposed Rights cum Warrants Issue		
5.	To approve the potential transfer of Controlling Interest to Ms Zhou Qilin and Mr Reill Edward Champley		
6.	To approve the Proposed Business Diversification		
7.	To approve the proposed adoption of the Vashion PSP		
8.	To approve the proposed participation of Controlling Shareholders and Associates of Controlling Shareholders in the Vashion PSP		

**All resolutions put to the vote shall be decided by way of poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided.*

Dated this _____ day of _____ 2017.

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Shareholder(s), or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES BELOW BEFORE COMPLETING THIS PROXY FORM



Notes:

- (1) Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
- (2) A member, who is not a relevant intermediary, entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (3) Where a member who is not a relevant intermediary appoints two (2) proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to the represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
- (4) A member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.
- (5) An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
- (6) Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
- (7) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 280 Woodlands Industrial Park E5, #10-50 Harvest @ Woodlands, Singapore 757322 not less than 48 hours before the time appointed for the Meeting.
- (8) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
- (9) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with the Constitution of the Company and section 179 of the Companies Act.
- (10) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or when the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.
- (11) A Depositor shall not be regarded as a member of the Company entitled to attend the Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Meeting.
- (12) Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Meeting.