

VASHION GROUP LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 19996220H)

UPDATES ON

- 1) THE FINAL TRANCHE PAYMENT OF DISPOSAL OF THE ENTIRE SHARE CAPITAL IN SHENZHEN LOUIS GIANNI COSTUME CO.LTD. ("DISPOSAL")**
 - 2) IMPAIRMENT OF LOUIS GIANNI TRADEMARK**
 - 3) IMPAIRMENT OF FRANCHISEE FEES**
-

Unless otherwise defined, the capitalized words and phrases used herein shall have the same meaning as ascribed to them in the earlier announcement dated 31 July 2015 (the "Earlier Announcement").

As announced, Vashion Group Ltd.'s wholly owned subsidiary, Vashion Group (H.K.) Limited, has entered into a share sale and purchase agreement dated 31 October 2013, as supplemented by a supplementary agreements dated 30 December 2013, 2 April 2014, 30 April 2014 and 31 July 2015, with Seleni Group Limited ("**Purchaser**"), in relation to the Disposal of Shenzhen Louis Gianni Costume Co. Ltd. ("**LGSZ**"). The completion of the Proposed Disposal has taken place on 23 May 2014. As stated in the Earlier Announcement, pursuant to the 4th supplemental agreement, the Final Tranche Payment of S\$500,000 shall be payable in 5 equal installments of S\$100,000. The first payment shall commence in December 2015 and the last payment in April 2016.

The Board wishes to announce that the Company has not received the 1st, 2nd and 3rd installments of a total S\$300,000 from the Purchaser as at the date of this announcement. The Board is in doubt of the collectability of the Final Tranche after further delay of settlement from the Purchaser and the Board is currently assessing the Company's options in relation with the settlement issue and will make the necessary announcements and keep shareholders informed of any developments.

The Company has impaired the full amount of the Final Tranche in FY2015 amounting to S\$485,000 (after taking into account currency translation) as announced on 29 February 2016, as such there will be no further material impact arising from the non-collectability of the Final Tranche on the Group's financial performance and position for FY2016. Please refer to result announcement of FY2015 announced on 29 February 2016.

In addition, the Company has impaired the amount due from the Purchaser in connection with the franchise fees of S\$201,000 for FY2014 which has been long overdue as the Company expects that the amount may not be recoverable as there is material slowdown in apparels business in PRC. Lastly, the Company has also provided an impairment of approximately S\$1.6 million for the "Louis Gianni" trademark in view of 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-recoverability of the annual franchisee fees from Seleni Group Limited.

The Board is currently assessing the Company's options in relation with the outstanding franchisee fees from Seleni Group Limited and will make the necessary announcements and keep shareholders informed of any developments.

The Directors are of the opinion that, barring unforeseen circumstances and the net proceeds from the placement which was completed on 10 February 2016 and the Group's available cash and cash equivalents, the working capital available to the Group is sufficient to meet its present requirements (including where required the refund of the conditional deposit in part or in full) and the Group is able to operate as a going concern as at the date of this announcement.

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

BY ORDER OF THE BOARD

Christian Kwok-Leun Yau Heilesen

Executive Director

29 February 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

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

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