



## VIBRANT GROUP LIMITED

Company Registration Number: 198600061G

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### ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF 49% OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL OF SHENTONCIL PTE. LTD.

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#### 1. INTRODUCTION

- 1.1 The Board of Directors of Vibrant Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's subsidiary, Singapore Enterprises Private Limited (the "**Purchaser**"), has on 23 October 2019, entered into a sale and purchase agreement (the "**SPA**") with Ze Qi Investment Holdings Pte. Ltd. (the "**Seller**") to acquire shares in Shentoncil Pte. Ltd. (the "**Target**"), which comprises 49% of the entire issued and paid-up share capital of the Target (the "**Sale Shares**") on the terms and conditions of the SPA (the "**Proposed Transaction**").
- 1.2 The Seller is an independent third party unrelated to any of the directors and controlling shareholders (as defined in the Listing Manual (the "**Listing Manual**")) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), of the Group.

#### 2. INFORMATION ON THE TARGET

- 2.1 The Target was incorporated in Singapore on 5 May 2014. As at the date of this Announcement, the Purchaser is the legal and beneficial owner of 7,840,332 ordinary shares, representing 51% of the total issued and paid up share capital in the Target. Hence, the Target is a subsidiary of the Company. The Seller is the legal and beneficial owner of 7,532,868 ordinary shares, representing 49% of the total issued and paid up share capital in the Target. The Target is primarily in the business of real estate investment holding and owns 40% of the total issued and paid up capital of Ececil Pte. Ltd., which in turn owns 100% or all of a property located at 139 Cecil Street, Singapore 069539 (the "**Property**"). The latest available unaudited net tangible asset value attributable to the Sale Shares as at 31 July 2019 is S\$36,732,419. No independent valuation was conducted on the Sale Shares.

#### 3. SALIENT INFORMATION OF THE PROPOSED TRANSACTION

- 3.1 Under the Proposed Transaction, the Seller has agreed to sell, and the Purchaser has agreed to purchase 7,532,868 ordinary shares representing 49% of the total issued and paid up share capital in the Target for a consideration sum of S\$10,722,877.23, based on the Target's adjusted accounts as at 31 July 2019 and the calculation of the Consideration with a discount of 40.4% based on the net tangible assets attributable to the Target as at 31 July 2019 (the "**Consideration**"). Upon completion of the Proposed Transaction, the Company shall become the sole shareholder of the Target. The Consideration will be satisfied or paid in the following manner:-
  - 3.1.1 an amount of S\$6,720,000 (the "**Deposit**") upon signing of the SPA; and
  - 3.1.2 the balance amount of the Consideration of S\$4,002,877.23 (the "**Balance**") after the completion of either the sale of the Property or the sale of 100% of the issued and paid-up share capital in Ececil Pte. Ltd. (collectively referred to as the "**Proposed Disposal**"), which shall be subject to a corresponding and proportionate adjustment should and only if the net tangible assets attributable to the Target falls below S\$21,883,422.91 immediately after the Proposed Disposal is completed.

- 3.2 There will be no adjustment to the Balance in the event that the net tangible assets attributable to the Target is higher than S\$21,883,422.91.
- 3.3 In the event that certain condition precedents are not satisfied or met before the long stop date or such other later date to be mutually agreed between the Seller and the Purchaser in writing, the SPA shall cease and determine, and the Seller shall elect to, *inter alia*, (i) return the Deposit to the Purchaser within five (5) Business Days of the long stop date free of interest in accordance with the terms and conditions of the SPA, or (ii) notify the Purchaser that it shall not be returning the Deposit to the Purchaser and that the Purchaser may take possession of the Sale Shares.
- 3.4 After completion of the Proposed Transaction, the Seller and the Purchaser have undertaken to use all reasonable efforts to complete the Proposed Disposal as soon as reasonably practicable.
- 3.5 The Consideration will be satisfied out of the Group's internal cash resources.

#### **4. CONDITION PRECEDENTS**

- 4.1 The condition precedents of the Proposed Transaction include, *inter alia*:-
- 4.1.1 approval of the shareholders of the Company for the transactions contemplated under the SPA, if required; and
- 4.1.2 Written Consent (as defined in the SPA) from the relevant bank.
- 4.2 The Company will make further announcements upon the completion of the Proposed Transaction contemplated above, or any cessation and determination, as the case may be.

#### **5. RATIONALE FOR THE PROPOSED TRANSACTION**

In the event that the Proposed Disposal is completed, the Company believes that the Proposed Disposal will strengthen the overall financial position of the Group. If, pursuant to the Proposed Disposal, the net tangible assets attributable to the Target falls below S\$21,883,422.91, the Consideration will be adjusted and the Balance payable will correspondingly be decreased pursuant to the adjustment mechanism set out in the SPA. The Consideration represents a 40.4% discount to the actual unaudited net tangible assets attributable to Target as at 31 July 2019. However, in the event that the net tangible assets attributable to the Target is higher than S\$21,883,422.91 after the Proposed Disposal, the Balance payable will not increase.

#### **6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION**

- 6.1 **Assumptions:** As these financial effects are based on the Group's audited consolidated accounts for its most recently completed FY2019 and are presented for illustration purposes only, they will not reflect the future financial position of the Group after the completion of the Proposed Transaction has taken place.

6.2 The financial effects of the Proposed Transaction are set out as follows:

(a) **Net Tangible Assets**

For illustrative purposes only and assuming completion of the Proposed Transaction had taken place at the end of FY2019, the estimated financial effects of the Proposed Transaction on the consolidated net tangible assets of the Group are as follows:

	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
NTA (S\$'000)	204,609	211,885
Number of Shares ('000)	692,491	692,491
NTA per Share (cents)	29.55	30.60

(b) **Earnings**

For illustrative purposes only and assuming completion of the Proposed Transaction had taken place at the beginning of FY2019, the estimated financial effects of the Proposed Transaction on the consolidated earnings per share of the Group are as follows:

	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
Profit after tax (S\$'000)	7,690	7,432
Weighted average number of Shares ('000)	692,642	692,642
Earnings per Share (cents)	1.11	1.07

(c) **Others**

The Consideration was arrived at on a willing-buyer and willing-seller basis and on an arm's length basis, taking into account the net tangible assets value attributable to the Target.

6.3 **Effect on Share Capital of the Company**

The Proposed Transaction will not have any effect on the issued and paid up share capital of the Company.

## 7. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

7.1 The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated accounts of the Group for the period ended 31 July 2019 are as set out below:-

Listing Rule	Bases of calculation	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
1006(b)	The net profits <sup>(1)</sup> attributable to the assets acquired of, compared with the Group's net profits	(0.51)%
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	11.73% <sup>(2)</sup>
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:-

(1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. The net loss attributable to the assets acquired under the Proposed Transaction is S\$258,124 for the period ended 31 July 2019 and the net profits of the Group is S\$50,418,000 for the period ended 31 July 2019. The property at 139 Cecil Street is currently undergoing addition and alteration work, and therefore is not in occupation and does not generate any property rental income.

(2) The Company's market capitalization is determined by multiplying the number of ordinary shares in issue (i.e. 692,491,317) excluding treasury shares by volume weighted average price of S\$0.132 per share on 22 October 2019, being the full market day immediately preceding the signing of the SPA.

7.2 As the relative figure under Rule 1006(c) above exceeds five (5) per cent. but is not more than 20 per cent., the Proposed Transaction constitutes a "disclosable transaction" for the Company as defined in Chapter 10 of the Listing Manual. Rule 1007 of the Listing Manual however provides that if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, Chapter 10 of the Listing Manual may be applicable to the transaction at the discretion of the SGX-ST and issuers should consult the SGX-ST. As the relative figure computed on the basis set out in Rule 1006(b) of the Listing Manual is a negative figure, the Company will be consulting SGX-ST on the application of Chapter 10 of the Listing Manual for the Proposed Transaction.

## 8. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Transaction (save through their respective shareholdings in the Company).

**9. SERVICE CONTRACT(S)**

No person will be appointed to the Board of Directors of the Company in connection with the SPA and no service contracts in relation thereto will be entered into by the Company.

**10. DOCUMENTS FOR INSPECTION**

Copies of the SPA will be available for inspection during normal business hours at the registered office of the Company at 51 Penjuru Road #04-00 Singapore 609143 for a period of three (3) months from the date of this Announcement.

**11. RESPONSIBILITY STATEMENT BY THE DIRECTORS**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement 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 Announcement in its proper form and context.

By Order of the Board

**Eric Khua Kian Keong**

Executive Director & CEO

23 October 2019