



VIBRANT GROUP LIMITED

Company Registration Number: 198600061G

ENTRY INTO CONDITIONAL SUBSCRIPTION AGREEMENT

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Vibrant Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company's announcement on 9 December 2021 in relation to the entry into the Non-Binding Term Sheet in relation to a proposed investment in Hiap Seng Engineering Ltd (the “**Previous Announcement**”). Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings in the Company's announcement dated 9 December 2021.
- 1.2 Further to the Previous Announcement, the Board wishes to announce that Vibrant Equities Pte. Ltd. (“**Vibrant Equities**”), an associated company of the Company has on 7 January 2022 entered into a conditional subscription agreement (“**Conditional Subscription Agreement**”) with Mr. Tian Yuan (Vibrant Equities and Mr. Tian Yuan hereinafter collectively referred to as the “**Investors**”), the judicial managers of Hiap Seng Engineering Ltd (Judicial Managers Appointed) (“**Hiap Seng Engineering**”) and Hiap Seng Investment Pte. Ltd. (“**Hiap Seng Investment**”), a newly incorporated entity, in relation to the Investors' conditional subscription and grant of options to subscribe for new ordinary shares in Hiap Seng Engineering or Hiap Seng Investment.
- 1.3 The Conditional Subscription Agreement sets out additional terms from those set out in the Non-Binding Term Sheet, please refer to Paragraph 2 below for the salient terms of the Conditional Subscription Agreement. Please also refer to Paragraph 3 below for the updated relative figures under Chapter 10 of the Listing Manual.
- 1.4 Pursuant to the Proposed Transactions:
- (a) Vibrant Equities and Mr. Tian Yuan shall subscribe for new ordinary shares in Hiap Seng Engineering (if the Transfer Listing is not completed) or Hiap Seng Investment (if the Transfer Listing is completed) (“**Subscription Shares**”) in consideration for investing a sum of S\$6.0 million and S\$2.0 million in Hiap Seng Engineering or Hiap Seng Investment (as the case may be) (“**Subscription**”), of which, S\$2.4 million shall be contributed by the Group via Vibrant Equities; and
 - (b) In consideration of cash consideration of S\$1.00 paid by each of the Investors, Hiap Seng Engineering (if the Transfer Listing is not completed) or Hiap Seng Investment (if the Transfer Listing is completed) shall grant to the Investors S\$8.0 million of options (“**Options**”) to subscribe for new ordinary shares of Hiap Seng Engineering or Hiap Seng Investment (as the case may be) (“**Option Shares**”) (“**Grant of Options**”).
- 1.5 Together with the Proposed Transactions, it is contemplated that Hiap Seng Engineering is intending to pursue several corporate actions, including but not limited to:
- (a) a debt restructuring exercise (the “**Proposed Debt Restructuring**”) to (including a scheme of arrangement) to restructure the following debts and liabilities owing to the following creditors of Hiap Seng Engineering, via partial settlement in cash and partial settlement through the issuance of new ordinary shares in Hiap Seng Engineering (if the Transfer Listing is not completed) or Hiap Seng Investment (if the Transfer Listing is completed) (the “**Settlement Shares**”):

- (i) principal amounts and interests under loans owing to Hiap Seng Engineering's principal banker, United Overseas Bank Limited (“**UOB**”); and
 - (ii) outstanding amounts due to all other unsecured creditors of Hiap Seng Engineering;
- (b) a proposed transfer of listing status of Hiap Seng Engineering to Hiap Seng Investment by way of a scheme of arrangement pursuant to which shareholders of Hiap Seng Engineering (the “Shareholders”) will be issued shares in Hiap Seng Investment in consideration of Hiap Seng Engineering becoming a wholly-owned subsidiary of Hiap Seng Investment (the “**Transfer Listing**”); and
- (c) a rights issue at the Subscription Price (as defined below) for each Rights Share (as defined below) to the Shareholders to raise up to S\$3,300,000 (the “**Proposed Rights Issue**”), where Mr. Richard Tan (an executive director of Hiap Seng Engineering) and/or his family member(s), through an investment vehicle, will undertake to subscribe for their entitlement to new ordinary shares to be issued under the Rights Issue in Hiap Seng Engineering (if the Transfer Listing is not completed) or Hiap Seng Investment (if the Transfer Listing is completed) (the “**Rights Shares**”), and any excess Rights Shares thereunder, amounting to a total of S\$1,000,000.

2 SALIENT TERMS OF THE CONDITIONAL SUBSCRIPTION AGREEMENT

2.1 Earnest Monies and Deposit Amount

As at the date of this announcement and pursuant to the Non-Binding Term Sheet, the Investors had paid the earnest monies totalling S\$200,000 (the “**Earnest Monies**”) to Hiap Seng Engineering, which forms the non-refundable part of the Subscription Amount.

On or before the date of the Subscription Agreement but no later than one (1) week from the date of the Subscription Agreement, the Investors are to make an additional deposit of S\$500,000 (the “**Deposit**”) to Hiap Seng Engineering (which forms part of the Subscription Amount), which will be refunded to the Investors if the Proposed Transactions do not complete in accordance with the Conditional Subscription Agreement by the Longstop Date (as defined below) through no fault of the Subscribers.

2.2 Subscription

Each of the Investors will be issued and allotted the Subscription Shares at the subscription price of S\$0.00543 per Subscription Share (the “**Subscription Price**”) for the full Subscription Amount, with fractional entitlement to be disregarded, in the following proportions on the Completion:

Subscriber	Subscription Amount	Subscription Amount payable on Completion ¹	No. of Subscription Shares to be issued	Percentage of Enlarged Share Capital ²
Vibrant Equities	S\$6,000,000	S\$5,475,000	1,104,972,375	35.3%

¹ Taking into consideration the Earnest Monies and Deposit Amount which have been paid prior to Completion.

² The Enlarged Share Capital means the total share capital of Hiap Seng Engineering (if the Transfer Listing is not completed) or Hiap Seng Investment (if the Transfer Listing is completed) pursuant to Completion and including the issue of the Settlement Shares (but shall exclude any Option Shares and Rights Shares).

Subscriber	Subscription Amount	Subscription Amount payable on Completion ¹	No. of Subscription Shares to be issued	Percentage of Enlarged Share Capital ²
Tian Yuan	S\$2,000,000	S\$1,825,000	368,324,125	11.8%
Total	S\$8,000,000	S\$7,300,000	1,473,296,500	47.1%

2.3 Grant of Options

In connection with the Subscription, the Investors shall be granted Options with an aggregate value of up to S\$8.0 million to further acquire shares in Hiap Seng Engineering or Hiap Seng Investment (as the case may be).

Each of the Subscribers will be granted such number of Options (as determined by dividing the Option Amount by the issue price of S\$0.00543 per Option Share (the “**Option Price**”), with fractional entitlement to be disregarded, in the following proportions on Completion:

Subscriber	Option Amount	No. of Options to be issued	No. of Option Shares if exercised on or before the first (1 st) anniversary of the date of issue of the Options	No. of Option Shares if exercised after the first (1 st) anniversary of the date of issue of the Options and by the second (2 nd) anniversary of the date of issue of the Options	No. of Options expired after the first (1 st) anniversary of the date of issue of the Options
Vibrant Equities	S\$6,000,000	1,104,972,375	1,104,972,375	1,005,025,125	99,947,250
Tian Yuan	S\$2,000,000	368,324,125	368,324,125	335,008,375	33,315,750
Total	S\$8,000,000	1,473,296,500	1,473,296,500	1,340,033,500	133,263,000

The Options will not be listed or quoted on any stock exchange and shall be freely transferable in accordance with the terms and conditions of the Options.

The Options shall be exercisable for a period of two (2) years from completion of the Proposed Transactions (“**Completion**”). The Options will be exercisable at the Option Price for each Option Share for the first 12 months from the completion of the Proposed Transactions and shall be exercisable at S\$0.00597 per Option Share (being a premium of approximately 10.0% to the Option Price) thereafter.

The number of Options that remain unexercised shall be subject to appropriate and equitable adjustments in the event of share splits, share consolidation, recapitalisations and the like, to prevent dilution or enlargement of the benefits attributable to the Options, save that no adjustment shall be made in respect of the Proposed Rights Issue and any other corporate transactions that may be contemplated in relation to or in connection with the Resumption Proposal (as defined below).

It is contemplated that Vibrant Equities will hold (i) approximately 35.30% of the enlarged share capital (assuming the issue of the Subscription Shares and Settlement Shares but excluding any Options being exercised and Rights Shares).

2.4 Conditions Precedent to completion of the Proposed Transactions

Completion of the Proposed Transactions is subject to and conditional upon the following (“**Conditions**”):

- (a) the completion of the legal and financial due diligence on Hiap Seng Engineering and/or Hiap Seng Investment, to the satisfaction of the Investors in their absolute discretion (acting reasonably), with such due diligence to be completed within six (6) weeks from the date of this Agreement, or such other date as may be mutually agreed between the parties;
- (b) as part of the arrangements under the Proposed Debt Restructuring, the entry by Hiap Seng Engineering and/or Hiap Seng Investment (as applicable) into definitive agreements with UOB for the settlement of principal amounts and interests under loans owing to UOB;
- (c) as part of the arrangements under the Proposed Debt Restructuring, the Scheme of Arrangement (which shall include the proposed Transfer Listing) being binding on Hiap Seng Engineering and all the creditors or classes of creditors meant to be bound by the Scheme of the Arrangement, the members of Hiap Seng Engineering and having been approved by the courts pursuant to Part 5 of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (as the case may be) and lodged with the Accounting and Corporate Regulatory Authority of Singapore in accordance with Section 71(10) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018);
- (d) the approval of JTC Corporation to a consultation letter to be submitted by Hiap Seng Engineering confirming with JTC Corporation, amongst others, that it has no objection to the change of control of Hiap Seng Engineering pursuant to the Proposed Transactions and the proposed Transfer Listing;
- (e) the in-principle approval of SGX-ST being obtained for the listing and quotation of the Subscription Shares and the Option Shares;
- (f) the submission of a proposal for the resumption of trading taking into account, amongst others, the Proposed Transactions and the Proposed Debt Restructuring and the proposed Transfer Listing or the resumption of trading of Hiap Seng Engineering's shares on the Mainboard of the SGX-ST if the proposed Transfer Listing is not completed or approved (the “**Resumption Proposal**”) and receipt of a no-objection letter from the SGX-ST indicating that it has no objection to the Resumption Proposal and/or the proposed Transfer Listing;
- (g) the grant by the Securities Industry Council of Singapore (the “**SIC**”) (and the SIC not having revoked or repealed such grant) of the waiver of the obligation of the Investors to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers for the Shares not held by the Investors following the issue of the Subscription Shares pursuant to the Subscription under the Subscription Agreement and the Option Shares pursuant to the exercise of the Options under the Subscription Agreement, subject to (i)

any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Investors (the “**Whitewash Waiver**”); and (ii) the independent Shareholders approving at an extraordinary general meeting (an “**EGM**”) the proposed ordinary resolution of Hiap Seng Engineering which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Investors in connection with the issue of the Subscription Shares and the Option Shares (the “**Whitewash Resolution**”);

- (h) Shareholders’ approval being obtained at an EGM to be duly convened for, *inter alia*, the Proposed Transactions, the allotment and issue of the Subscription Shares and the Option Shares (pursuant to the exercise of the Options), the transfer of controlling interest to Vibrant, the Whitewash Resolution, the Proposed Debt Restructuring (specifically the allotment and issue of the Settlement Shares), the proposed Transfer Listing and the Proposed Rights Issue (the “**Shareholders’ Approval**”);
- (i) in relation to the leases for the certain properties of Hiap Seng Engineering in Tuas Crescent (the “**Tuas Crescent Properties**”), the fulfilment of the JTC Investment Criteria, or Hiap Seng Engineering obtaining the written approval from JTC Corporation for the extension of the deadline for the fulfilment of the JTC Investment Criteria to 13 February 2023, such written approval to be provided to the Investors within seven (7) days from the date of the Subscription Agreement;
- (j) in relation to the foreign companies which Hiap Seng Engineering and/or its subsidiaries has shareholding interests in:
 - (i) the deregistration or conversion to a limited liability company of Hiap Seng Engineering Ltd, Fujairah Branch;
 - (ii) the completion of the legal and financial due diligence on Hiap Seng Manco WLL. to the satisfaction of the Investors in their absolute discretion (acting reasonably), with such due diligence to be completed within six (6) weeks from the date of the Subscription Agreement or such other date as may be mutually agreed between the parties;
 - (iii) the completion of the legal and financial due diligence on Petroleum Maintenance Services Joint Stock Company to the satisfaction of the Investors in their absolute discretion (acting reasonably), with such due diligence to be completed within six (6) weeks from the date of the Subscription Agreement, or such other date as may be mutually agreed between the parties; and
 - (iv) in relation to MHS Integrated Engineering Sdn Bhd (“MHS”), the execution of a deed of termination discharging Hiap Seng Engineering from all guarantees and indemnities provided by MHS;
- (k) the nomination by Vibrant Equities of such number of directors, taking into consideration the board size, to the board of Hiap Seng Engineering (if the proposed Transfer Listing is not completed) or Hiap Seng Investment (if the proposed Transfer Listing is completed), and such director(s) to be a member of the remuneration, audit and/or nominating committee of Hiap Seng Engineering (if the proposed Transfer Listing is not completed) or Hiap Seng Investment (if the proposed Transfer Listing is completed), provided that Hiap Seng Engineering or Hiap Seng Investment (as the case may be) shall always be in compliance with the relevant laws and regulations (including the Listing Manual of the SGX-ST and the Code of Corporate Governance 2018 of Singapore);
- (l) the nomination by Vibrant Equities of the chief executive officer and deputy chief executive officer of Hiap Seng Engineering (if the proposed Transfer Listing is not completed) or Hiap

Seng Investment (if the proposed Transfer Listing is completed), provided that Hiap Seng Engineering or Hiap Seng Investment (as the case may be) shall always be in compliance with the relevant laws and regulations (including the Listing Manual and the Code of Corporate Governance 2018 of Singapore); and

- (m) such consents, approval or waiver as may be required (or deemed necessary by the Parties hereto) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the Parties in respect of the transactions contemplated in the Subscription Agreement and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Parties.

2.5 Completion and Longstop Date

Completion of the Proposed Transactions shall be inter-conditional with the completion of the allotment and issue of the Settlement Shares pursuant to the Debt Restructuring and the Transfer Listing (or if the Transfer Listing is not completed, the resumption of the trading of the Hiap Seng Engineering's shares on the Mainboard of the SGX-ST). Failing which, the Completion will not proceed unless otherwise mutually agreed by the parties.

Completion of the Proposed Transactions shall be within 14 days from the date falling on which all of the Conditions have been satisfied or waived.

The Proposed Transactions shall be completed no later by 31 July 2022, and any extension shall be mutually agreed (the "**Longstop Date**").

2.6 Post-completion corporate action

In relation to the corporate actions of Hiap Seng Engineering set out in Paragraph 1.5 above, the Investors will not have the rights to participate in the Proposed Rights Issue.

3 RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Transactions is as follows:

Rule	Bases	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 ⁽¹⁾
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not meaningful ⁽²⁾
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	7.30 ⁽³⁾
1006(d)	The number of equity shares issued by the Company as consideration for an acquisition, compared with the number of equity shares previously in issue	Not applicable ⁽⁴⁾

Notes:

- (1) Rule 1006(a) is not applicable to an acquisition of assets.
- (2) The net profits attributable to the assets to be acquired are not publicly available to the Group as at the date of this announcement. Hiap Seng Engineering is under judicial management and had sought multiple extensions of time for the release of its financial results, with its most recent financial statements being released on 14 August 2020 for the first quarter ended 30 June 2020 ("**14 August Announcement**"). In view of the above and the fact that Hiap Seng Engineering intends to undertake the Proposed Scheme of Arrangement, it would not be meaningful to compute the relative figure using the numbers in the 14 August Announcement.
- (3) Based on the Consideration of S\$4.8 million and the market capitalisation of the Company being S\$65.8 million, which is calculated based on the weighted average price of S\$0.095 per Share as at 6 January 2022, being the last trading day for the Company's shares preceding the date of execution of the Conditional Subscription Agreement.
- (4) Not applicable, as equity securities are not issued by the Company as consideration for the Proposed Transactions.

Accordingly, the Proposed Transactions are a discloseable transaction pursuant to Chapter 10 of the Listing Manual.

4 DOCUMENT FOR INSPECTION

A copy of the Conditional Subscription Agreement will be available for inspection at the Company's registered office at 51 Penjuru Road #04-00 Freight Links Express Logistcentre, Singapore 609143, during normal business hours for a period of three (3) months from the date hereof.

5 FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Transactions and other matters contemplated in this announcement.

6 CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Conditional Subscription Agreement is subject to the fulfilment of the conditions precedent for the Proposed Transactions. **There is no certainty or assurance that the conditions precedent for the Proposed Transactions can be fulfilled.** As such, shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. In the event of any doubt as to the action they should take, shareholders and potential investors should consult their financial, tax, legal or other professional advisers.

BY ORDER OF THE BOARD

Eric Khua Kian Keong
Executive Director & CEO
7 January 2022