VIBRANT GROUP LIMITED
Company Registration Number: 198600061G

DISPOSAL OF SHARES IN SABANA INVESTMENT PARTNERS PTE. LTD., AND UNITS IN SABANA SHARI'AH COMPLIANT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

1. INTRODUCTION

The Board of Directors (the "**Board**") of Vibrant Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that on 22 May 2019:-

(a) the Company entered into a sale and purchase agreement (the "**SPA (Shares)**") with InfinitySub Pte. Ltd. ("**InfinitySub**") whereby the Company has agreed to sell, and InfinitySub has agreed to purchase, 51.0% of the entire issued and paid-up capital (the "**Sale Shares**") of Sabana Investment Partners Pte. Ltd. ("**SIP**") owned by the Company on the principal terms set out in Section 3.1.1 below and which sale and purchase is subject to certain conditions precedent set out in Section 3.1.2 below (the "**Sale Shares Transaction**");

(b) the Company and the Company's wholly-owned subsidiary, Singapore Enterprises Private Limited ("**SEPL**") (Company Registration Number: 196700289C) (collectively, the "**Vendors**") and e-Shang Infinity Cayman Limited ("**E-Shang Infinity**") entered into a sale and purchase agreement (the "**SPA (Units – Corporations)**") whereby the Vendors have agreed to sell, and E-Shang Infinity has agreed to purchase, 68,596,763 units ("**Sale Units**") in Sabana Shari'ah Compliant Industrial Real Estate Investment Trust ("**Sabana REIT**"), representing approximately 6.51% of the total issued units of Sabana REIT ("**Units**"), on the principal terms set out in Section 3.2.1 below (the "**Sale Units (Corporations) Transaction**"); and

(c) the Company entered into a sale and purchase agreement (the "**SPA (Units – DIS)**") with E-Shang Infinity whereby the Company has agreed to sell, and E-Shang Infinity has agreed to purchase, 15,606,000 units (the "**DIS Sale Units**") representing approximately 1.48% of the total issued Units, on the principal terms set out in Section 3.2.2 below (the "**Sale Units (DIS) Transaction**")**,**

((b) and (c), collectively, the "**Sale Units Transaction**", and (a), (b) and (c) collectively, the "**Transactions**").

2. INFORMATION ON SIP, SABANA REIT, SEPL, INFINITYSUB AND E-SHANG INFINITY

2.1 SIP

SIP was incorporated in Singapore on 1 March 2010 as a special purpose vehicle that owns 100% of Sabana Real Estate Investment Management Pte. Ltd. ("**Sabana Manager**"). The shareholding structure of SIP is as follows:-

(a) 51% of its existing share capital is owned by the Company;

(b) 45% of its existing share capital is owned by Blackwood Investment Pte. Ltd.; and

(c) 4% of its existing share capital is owned by Atrium Asia Capital Partners Pte. Ltd.,

((b) & (c) collectively, the "**Other SIP Shareholders**").

2.2 Sabana REIT

Sabana REIT has a market capitalisation of S$431.76 million as at 21 May 2019. It was listed on the Singapore Exchange in November 2010. Sabana REIT was established principally to invest in income-producing estate and real estate-related assets. The portfolio of properties comprises high-tech industrial park, chemical warehouses, as well as general and logistics warehouse facilities.

2.3 SEPL

SEPL was incorporated in Singapore on 4 September 1967, and is wholly owned by the Company. SEPL is an investment holding company, which main source of income is from dividend yields that it obtains from the investments it makes in different entities. The business objectives of SEPL and SIP are different.

2.4 InfinitySub

InfinitySub is incorporated in the Republic of Singapore and has its registered office at 138 Market Street, #26-03/04 CapitaGreen, Singapore 048946. The principal activities of InfinitySub are those relating to investment holding. InfinitySub is a wholly-owned subsidiary of E-Shang Infinity, which is indirectly wholly owned by ESR Cayman Limited, both of which are incorporated in the Cayman Islands.

2.5 E-Shang Infinity

E-Shang Infinity is incorporated in the Cayman Islands and has its registered office at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

3. SALIENT INFORMATION OF THE TRANSACTIONS

3.1 Sale Shares Transaction

3.1.1 The principal terms of the Sale Shares Transaction include:-

(a) the total consideration for the Sale Shares Transaction is S$20,455,339.00, for 51% of the entire issued and paid-up capital of SIP, and an adjustment sum of approximately S$1,349,371.50. The adjustment sum will be based on 51% of the net cash of SIP and its subsidiaries ("**SIP Group**") (as reflected in the completion accounts), which is subject to a limit of 51% of the amount of

retained earnings of the SIP Group (as reflected in the completion accounts); and

(b) InfinitySub may, in its absolute discretion, terminate the SPA (Shares) by giving written notice to the Company, upon a material breach of any covenant or undertaking in the SPA (Shares) required to be performed or caused to be performed by the Company prior to the completion date of the SPA (Shares).

3.1.2 The conditions precedent of the Sale Shares Transaction include:-

(a) the Units remaining listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and not suspended from trading as at the completion date of the Sale Shares Transaction;

(b) the receipt by InfinitySub of such pre-emption waivers or consents from the Other SIP Shareholders as may be necessary to enable InfinitySub and/or its nominee to be registered as the holder of any and all of the Sale Shares;

(c) as at the completion date of the Sale Shares Transaction, Sabana Manager remaining as the manager of Sabana REIT, no written notice to remove Sabana Manager as a manager of the Sabana REIT has been given by HSBC Institutional Trust Services (Singapore) Limited, Sabana Manager has not exercised its power to retire as the manager of Sabana REIT, and the Monetary Authority of Singapore has not given any notice to Sabana Manager regarding the revocation or suspension of its capital markets services licence; and

(d) the Company procuring the execution of documents in connection with Sabana Manager declaring and paying a dividend in specie of 30,600,000 Units to SIP (the "**DIS Units**"), and SIP declaring and paying a dividend in specie of all of the DIS Units to the Company and the Other SIP Shareholders.

3.2 Sale Units Transactions

3.2.1 The principal terms in the SPA (Units – Corporations) include:-

(a) the total consideration for the Sale Units (Corporations) Transaction is S$32,926,446.24;

(b) E-Shang Infinity may, in its absolute discretion, terminate the SPA (Units – Corporations) in the event of a breach of any covenant or undertaking under the SPA (Units – Corporations) required to be performed or caused to be performed by the Vendors prior to the completion date of the SPA (Units – Corporations); and

(c) E-Shang Infinity shall not be obliged to complete the purchase of any of the Sale Units unless the completion of the sale and purchase of all of the Sale

Units occurs simultaneously with the completion of the transactions contemplated under the sale and purchase agreement referred to in paragraph 8 below.

3.2.2 The principal terms in the SPA (Units – DIS) include:-

(a) the total consideration for the Sale Units (DIS) Transaction is S$7,490,880.00; and

(b) E-Shang Infinity may, in its absolute discretion, terminate the SPA (Units – DIS) in the event of a breach of any covenant or undertaking under the SPA (Units – DIS) required to be performed or caused to be performed by the Company prior to the completion date of the SPA (Units – DIS).

3.3 The Company will make further announcements upon the completion of the Transactions contemplated above.

4. RATIONALE FOR THE TRANSACTIONS AND USE OF PROCEEDS

The Transactions will enable the Group to realise the value of its investments in SIP and Sabana REIT, which will in turn allow the Group to redeploy its capital, reduce debt and to focus on its main business of providing integrated logistics solutions and freight and logistics services, along with the Group's other lines of business in real estate and financial services.

The net proceeds of the Transactions are expected to be S$21.75 million for the sale of 51.0% of the entire issued and paid-up capital of SIP, and S$40.37 million for the sale of approximately 8% of the total issued Units of Sabana REIT. The net proceeds will be used to reduce the Group's existing indebtedness, and enable the Group to consolidate its revenue streams. The Group intends to utilise the net proceeds from the Sale Shares Transaction to conduct a partial redemption of the Series 003 S$66,000,000 7.50 per cent notes due 2020 (ISIN: SG7HH5000008) ("**Series 003 Notes**"), and the net proceeds from the Sale Units Transaction to repay an existing banking facility the Company has obtained from United Overseas Bank Limited thus reducing the Group's indebtedness.

5. FINANCIAL EFFECTS OF THE TRANSACTION

The financial effects of the Transactions on the Group set out below have been calculated using the audited consolidated financial statements of the Group for financial year 2018 ("**FY2018**"). The financial effects are shown for illustrative purposes only and they do not necessarily reflect the exact future financial position and performance of the Group after completion of the Transactions.

5.1 Effects on net tangible assets ("NTA")

	Before the Transactions	After the Transactions
NTA (S$'000)	208,203	231,017
Number of Shares ('000)	692,763	692,763
NTA per share (S$ in cents)	30.05	33.35

5.2 Effects on earnings per Shares ("EPS")

	Before the Transactions	After the Transactions
EPS (S$ in cents)	(13.09)	(9.72)

5.3 Effect on Share Capital of the Company

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

5.4 Others

(a) The gain on disposal of the Sale Shares Transaction is S$17.47 million.

(b) The gain on disposal of the Sale Units Transaction is S$5.35 million.

(c) The gain on the Transactions is S$22.82 million.

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

The relative figures for the Transactions computed on the bases set out in Rule 1006 of the Listing Manual (the "**Listing Manual**") of the SGX-ST and based on the latest announced unaudited consolidated accounts of the Group for the third quarter year ended 31 January 2019 for FY2019 are as follows:-

(a) in respect of the Sale Shares Transaction:-

Listing Rule	Bases of calculation	Relative Figures
1006(a)	The net asset value of the assets to be disposed of [(1)], compared with the Group's net asset value of S$309,551,000 as at 31 January 2019	1.38%
1006(b)	The net profits attributable to the assets disposed of [(2)], compared with the Group's net profits of	6.04%

	S$27,168,000 as at 31 January 2019	
1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares [(3)] of S$0.1242 as at 21 May 2019	25.35%
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	n.a.
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	n.a.

Notes:-

(1) The adjusted unaudited net asset value attributable to the assets disposed of under the Sale Shares Transaction is S$4,286,062 as at 31 January 2019.

(2) The unaudited net profits attributable to the assets disposed of under the Sale Shares Transaction is S$1,639,638 as at 31 January 2019.

(3) The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "**Shares**") in issue (i.e. 692,491,317) excluding treasury shares by volume weighted average price of S$0.1242 per Share on 21 May 2019, being the full market day immediately preceding the signing of the SPA (Shares).

(b) in respect of the Sale Units Transaction:-

Listing Rule	**Bases of calculation**	**Relative Figures**
1006(a)	The net asset value of the assets to be disposed of [(1)], compared with the Group's net asset value of S$309,551,000 as at 31 January 2019	11.31%
1006(b)	The net profits attributable to the assets disposed of [(2)], compared with the Group's net profits of S$27,168,000 as at 31 January 2019	6.24%
1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares [(3)] of S$0.1242 as at 21 May 2019	46.99%
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities	n.a.

	previously in issue	
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	n.a.

Notes:-

(1) The unaudited net asset value attributable to the assets disposed of under the Sale Units Transaction is S$35,022,177 as at 31 January 2019.

(2) The unaudited net profits attributable to the assets disposed of under the Sale Units Transaction is S$1,694,340 as at 31 January 2019.

(3) The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "**Shares**") in issue (i.e. 692,491,317) excluding treasury shares by volume weighted average price of S$0.1242 per Share on 21 May 2019, being the full market day immediately preceding the signing of the SPA (Shares).

(c) in respect of the Transactions:-

Listing Rule	**Bases of calculation**	**Relative Figures**
1006(a)	The net asset value of the assets to be disposed of [(1)], compared with the Group's net asset value of S$309,551,000 as at 31 January 2019	12.69%
1006(b)	The net profits attributable to the assets disposed of [(2)], compared with the Group's net profits of S$27,168,000 as at 31 January 2019	12.28%
1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares [(3)] of S$0.1242 as at 21 May 2019	72.34%
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	n.a.
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	n.a.

Notes:-

(1) The unaudited net asset value attributable to the assets disposed of under the Transactions is S$39,308,239 as at 31 January 2019.

(2) The unaudited net profits attributable to the assets disposed of under the Transactions is S$3,333,978 as at

31 January 2019.

(3) The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "**Shares**") in issue (i.e. 692,491,317) excluding treasury shares by volume weighted average price of S$0.1242 per Share on 21 May 2019, being the full market day immediately preceding the signing of the SPA (Shares).

Having regard to the above, and Rule 1005 of the Listing Manual which allows the SGX-ST to aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction, the Transactions constitute a "major transaction" under Rule 1014 of the Listing Manual and is subject to the approval of shareholders of the Company, unless a waiver is granted by the SGX-ST.

7. WAIVER APPLICATION

7.1 Waiver from Requirement to Comply with Rule 1005 and Rule 1014(2) of the Listing Manual

The Company had prior to the date of this Announcement made an application to the SGX-ST (the "**Waiver Application**") for a waiver of the requirement under (the "**Waiver**"):-

(a) Rule 1005 of the Listing Manual, to aggregate the Sale Shares Transaction and the Sale Units Transaction together; and

(b) Rule 1014(2) of the Listing Manual, for the Company to obtain the approval of shareholders of the Company for the Transactions.

7.2 Grounds for seeking the Waiver

The Company's grounds for seeking the Waiver are as follows:-

(a) **The Transactions do not fall within the policy intent of Rule 1005 of the Listing Manual.**

Rule 1005 of the Listing Manual seeks to address the situation where a listed issuer may "break up" transactions so as to avoid having to announce the transaction and/or to obtain shareholders' approval in respect of the same. The Company has no intention on breaking up the Sale Shares Transaction and the Sale Units Transaction to avoid having to announce the Transactions.

(b) **The Sale Shares Transaction, the Sale Units Transaction, and the Transactions are not substantial when compared to the Group's net asset value.**

This is evidenced by the relative figures under Rule 1006(a) and Rule 1006(b) of the Listing Manual for the Sale Shares Transaction, the Sale Units Transaction, and the Transactions.

(c) **The Sale Shares Transaction, the Sale Units Transaction, and the Transactions are not a disposal of the Group's core business.**

Though the Company owns 51% in SIP, the Group is not involved in the day to day management of the Sabana Manager or Sabana REIT. Moreover the Group has only one board seat out of total four board seats in the Sabana Manager, and is currently represented by Mr Chua Tiong Hock only, a non-executive director, who does not make executive decisions on the day to day operations of the Sabana Manager.

In addition, the main business of the Group is in providing integrated logistics solutions and freight and logistics services, which comprised approximately 46.5% of the Group's revenue based on unaudited third quarter financial statements ended 31 January 2019, 90.2% of the Group's revenue in FY2018, 82.5% of the Group's revenue in financial year 2017 ("**FY2017**"), and 56.6% of the Group's revenue in financial year 2016 ("**FY2016**"). The SIP Group are part of the Group's real estate business, which comprised approximately 50.0% of the Group's revenue based on unaudited financial statements for the nine months period 31 January 2019 ("**9MFY2019**"), approximately 3.0% of the Group's revenue in FY2018, 8.1% of the Group's revenue in FY2017 and 37.2% of the Group's revenue in FY2016. The surge in revenue figures of the Group's real estate business is primarily due to the completion of the first government-approved resettlement housing project and the revenue recognised using the percentage of completion method for the second housing development project in FY2016, and completion of the mixed residential and commercial development project in 9MFY2019. All the completed projects are in Jiangyin, China, of which the Sale to be disposed of did not contribute to this increase. The gradual increase in the proportion of revenue that the Group's freight and logistics business brings juxtaposed with the gradual decrease in the proportion of revenue that the Group's real estate business brings also demonstrates the Group's effort to recalibrate its revenue streams for the Group, so as to deliver positive value to the Company's shareholders.

(d) **The Sale Shares Transaction, the Sale Units Transaction, and the Transactions would not result in a material change to the Group's nature of business, or change the risk profile of the Group.**

As mentioned in Section 7.2(c) of this Announcement, given that the proportion of revenue that the Group's real estate business (which SIP Group are part of) contribution has been small in proportion relative to the Group's core business, the Company does not expect the Transactions to have a significant adverse impact on the earnings, the net tangible assets or the net asset value of the Group.

In addition, the risk profile of the Group will not change as the Group has been consolidating and focusing on developing its freight and logistics business; the Group has established new footholds worldwide including in the Czech Republic, Poland, Slovenia where the Group has been able to secure more cargo, more customers and more agency partnerships; the Group will seek opportunities arising from the One Belt One Road initiative.

(e) **The Transactions will bring financial benefit to the Group.**

As mentioned earlier, the net proceeds of the Transaction will be used to conduct a partial redemption of the Series 003 Notes and to repay an existing banking facility the Company has obtained from United Overseas Bank Limited with a surplus of S$19,537,326.24 after repayment.

In this regard, the Transactions will enable the Group to minimise its liabilities, strengthen the Group's financial and liquidity positions as there would be a positive impact on the working capital and gearing of the Group. This would free up the Group's resources and capital for allocation to the Group's core business and towards satisfying the Group's debts.

(f) **The Transactions are of a price-sensitive and time-sensitive nature.**

If an extraordinary general meeting ("**EGM**") needs to be convened, this may be detrimental to the Group and, accordingly, its shareholders as the delay caused by the convening of an EGM may jeopardise the Transactions as speed and deal certainty are important considerations to InfinitySub and E-Shang Infinity.

If the Group is not able to sell the Sale Shares and the Sale Units to InfinitySub and E-Shang Infinity, there is a risk that the Group may not be able to obtain a similar commercially favourable offer in the near future. As at the date of the Waiver Application, the Company has not received any other offers which are more favourable than the one offered by InfinitySub and E-Shang Infinity. Thus, it is imperative that the Company completes the Transactions expeditiously so as to take advantage of this opportunity and minimise transaction, completion, and/or enforcement risks.

(g) **The Transactions are not prejudicial to the interests of the minority shareholders of the Company.**

The terms of the Transactions are negotiated based on normal commercial terms and on an arm's length basis.

7.3 Grant of Waiver

The Company has obtained the Waiver from the SGX-ST, subject to the following:-

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual, and if the Waiver conditions have been satisfied as SGX-ST considers appropriate; and

(b) the Company making an immediate disclosure via SGXNet if it is / will be in contravention of any laws and regulations governing the Company and the constitution of the Company arising from the Waiver.

If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the Waiver conditions have all been met. The Waiver will not be effective if the Waiver conditions have not been fulfilled.

7.4 Fulfilment of Waiver Conditions

Pursuant to Section 7.3 of this Announcement, the Company wishes to announce that all the Waiver conditions have been fulfilled. As the SGX-ST has granted the Waiver, the Company will not be convening an EGM to obtain the approval of shareholders of the Company for the Transactions.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, Eric Khua Kian Keong and Khua Hock Su are directors and controlling shareholders of the Company. Eric Khua Kian Keong holds directly 3.12% of, and is deemed to be interested in 48.44% of the total number of issued shares in the capital of the Company. Khua Hock Su is deemed to be interested in 48.44%of the total number of issued shares in the capital of the Company.

Based on the information available to the Company, Eric Khua Kian Keong and Khua Hock Su have entered into a sale and purchase agreement with E-Shang Infinity, where Eric Khua Kian Keong and Khua Hock Su have agreed to sell, and E-Shang Infinity has agreed to purchase, 18,442,960 Units and 1,745,180 Units respectively, representing approximately 1.75% and 0.17% of the total issued Units respectively.

Save as disclosed above, none of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Transactions (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 Transactions and no service contracts in relation thereto will be entered into by the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA (Shares), and the SPA (Units - Corporations) and the SPA (Units – DIS) 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.

BY ORDER OF THE BOARD

Eric Khua Kian Keong
Executive Director & CEO
22 May 2019