



ENTRY INTO A SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF THE REMAINING 49% OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL OF LTH LOGISTICS (SINGAPORE) PTE LTD

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Vibrant Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company, has on 7 November 2019, entered into a sale and purchase agreement (the "**SPA**") with Lim Song Wang (the "**Seller**") to acquire 4,049,850 shares in LTH Logistics (Singapore) 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

The Target was incorporated in Singapore on 23 April 1997. As at the date of this Announcement, the Company is the legal and beneficial owner of 4,215,150 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 4,049,850 ordinary shares, representing 49% of the total issued and paid up share capital in the Target. The Target is mainly in the business of providing chemical storage and logistics and warehousing services. The Target and its subsidiaries are the Group's sole dedicated chemical logistics and distribution line of business which handles both hazardous and non-hazardous chemicals and their derivatives in Singapore and Malaysia. The latest available unaudited net tangible asset value and net book value attributable to the Sale Shares as at 31 July 2019 is S\$40,053,638. No independent valuation was conducted on the Sale Shares.

3. SALIENT INFORMATION OF THE PROPOSED TRANSACTION

3.1 Consideration

Under the Proposed Transaction, the Seller has agreed to sell, and the Company has agreed to purchase 4,049,850 shares representing 49% of the total issued and paid up share capital in the Target for a purchase consideration of S\$13.5 million (the "**Purchase Consideration**"), which was arrived at following arm's length negotiation, on a willing buyer willing seller basis. Upon completion of the Proposed Transaction ("**Completion**"), the Company shall become the sole shareholder of the Target.

- 3.2 The Purchase Consideration shall be satisfied by the Company as follows:

(a) the sum of S\$5,500,000 in cash to be paid to the Seller on Completion;

- (b) the sum of S\$1,500,000 in cash to be satisfied by way of cashier's orders to be paid to the Seller six (6) months after the date of Completion (the "**Second Payment Date**");
- (c) the sum of S\$1,500,000 in cash to be satisfied by way of cashier's orders to be paid to the Seller six (6) months after the Second Payment Date (the "**Third Payment Date**") or 12 months after the date of Completion;
- (d) the sum of S\$1,500,000 in cash to be satisfied by way of cashier's orders to be paid to the Seller six (6) months after the Third Payment Date (the "**Fourth Payment Date**") or 18 months after the date of Completion;
- (e) the sum of S\$1,500,000 in cash to be satisfied by way of cashier's orders to be paid to the Seller six (6) months after the Fourth Payment Date (the "**Fifth Payment Date**") or 24 months after the date of Completion;
- (f) the sum of S\$1,000,000 in cash to be satisfied by way of cashier's orders to be paid to the Seller six (6) months after the Fifth Payment Date (the "**Sixth Payment Date**") or 30 months after the date of Completion; and
- (g) the sum of S\$1,000,000 in cash to be satisfied by way of cashier's orders to be paid to the Seller six (6) months after the Sixth Payment Date or 36 months after the date of Completion.

3.3 The Purchase Consideration will be satisfied out of the Group's internal resources.

3.4 **Conditions Precedent**

The completion of the Proposed Transaction is conditional upon the fulfilment of certain conditions. The material conditions are, *inter alia*, as follows:

- (a) neither the Company nor the Seller having received notice of any claim, action, injunction, order, directive or notice from any governmental authority restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (b) no applicable laws having been enacted, amended or proposed which would prohibit, materially restrict or materially delay the implementation of the transactions contemplated in the SPA; and
- (c) there being no material breach of the representations, warranties or covenants in the SPA, each as at the date of the SPA and as at completion of the sale of the Sale Shares.

3.5 The Company will make further announcements upon the completion of the Proposed Transaction contemplated above.

4. RATIONALE FOR THE PROPOSED TRANSACTION AND USE OF PROCEEDS

The Proposed Transaction will result in the Target becoming the Company's wholly owned subsidiary. The Proposed Transaction will also allow the Group to have complete control of the Target's cash stream of approximately S\$114.0 million, which are the net proceeds arising from the sale and leaseback of the property, plant and equipment (also known as Jurong Island Chemical Hub) located on 121 Banyan Drive, which was completed on 10 May 2019. The Group will also be able to gain full control of the Target, as its sole shareholder, and accordingly streamline and increase efficiency in the use of the financial resources related thereto.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

5.1 The financial effects of the Proposed Transaction on the Group set out below have been calculated using the audited consolidated financial statements of the Group for financial year ended 30 April 2019 ("FY2019"). 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 Proposed Transaction.

5.2 Effects on net tangible assets ("NTA")

Had the Proposed Transaction been effected on 30 April 2019, the financial effect on the NTA of the Group is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$'000)	204,609	193,367
Number of issued shares ('000)	692,491	692,491
NTA per share (S\$ in cents)	29.55	27.92

5.3 Effects on earnings per Share ("EPS")

Had the Proposed Transaction been effected on 1 May 2018, the financial effect on Company's earnings per share for the financial year ended 30 April 2019 is as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Net profit after tax (S\$'000)	7,690	7,470
Weighted average number of issued shares ('000)	692,642	692,642
EPS (S\$ in cents)	1.11	1.08

5.4 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.

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

The relative figures for the Proposed Transaction 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 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. This basis is not applicable to an acquisition of assets.	n.a.
1006(b)	The net profits attributable to the assets acquired, or disposed of ⁽¹⁾ , compared with the Group's net profits.	34.1%
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 ⁽²⁾ .	15.2%
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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	n.a.

Notes:

- (1) "Net profits" means profit or loss before income tax, minority interests and extraordinary items. The net profits attributable to the assets acquired of under the Proposed Transaction is S\$17,179,822 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.
- (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\$0.128 per share on 5 November 2019, being the last full market day preceding the date of the SPA on which the Company's shares were traded, as there were no trading of the Company's shares on the market day immediately preceding the date of the SPA.

Based on the above figures, the Proposed Transaction is a discloseable transaction under Rule 1010 of the Listing Manual and is not subject to shareholders' approval under Rule 1014(2) of the Listing Manual. Pursuant to Rule 1014(2) of the Listing Manual, the requirement for shareholders' approval does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b).

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8. SERVICE CONTRACT

No person will be appointed to the Board of Directors of the Company in connection with the Proposed Transaction.

9. DOCUMENTS AVAILABLE 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.

10. 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
7 November 2019