VIBRANT GROUP LIMITED
Company Registration Number: 198600061G

PROPOSED SALE OF SHARES IN PLAZA VENTURES PTE. LTD.

1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Vibrant Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its 51%-owned subsidiary, Vibrant DB2 Pte. Ltd. ("**Vibrant DB2**"), together with GSH Properties Pte. Ltd. ("**GSH Properties**") and TYJ Group Pte. Ltd. ("**TYJ Group**", and together with GSH Properties and Vibrant DB2, the "**Vendors**"), have entered into a binding term sheet ("**Term Sheet**") dated 6 February 2017 with Fullshare Holdings Limited ("**FHL**") for:

(a) the proposed sale by the Vendors of the entire issued and paid-up share capital of Plaza Ventures Pte. Ltd. ("**Plaza Ventures**") to FHL or any company nominated by FHL and agreed to by the Vendors (the "**Purchaser**") ("**Proposed Sale**"); and

(b) the proposed assignment of the Shareholder Loans (as defined below) to the Purchaser ("**Proposed Assignment of Shareholder Loans**").

1.2 In accordance with the Term Sheet, the Vendors and FHL shall use their best endeavours to, and in good faith, negotiate, finalise and enter into a sale and purchase agreement ("**SPA**") for the Proposed Sale by 3 March 2017, which terms thereof shall supersede all terms in the Term Sheet.

2. INFORMATION ON PLAZA VENTURES

2.1 Plaza Ventures is a private company limited by shares incorporated in Singapore and the registered owner and developer of the development project known as GSH Plaza which is situated at 20 Cecil Street, Singapore 049705 ("**Project**").

2.2 Plaza Ventures is a 35%-owned associated company of Vibrant DB2, with GSH Properties and TYJ Group holding the remaining 51% and 14% of the shares in Plaza Ventures respectively.

2.3 Upon completion of the Proposed Sale ("**Completion**"), Plaza Ventures shall cease to be an associated company of the Company.

3. INFORMATION ON FHL

FHL is listed on the Main Board of the Hong Kong Stock Exchange. FHL is principally engaged in (a) property development, (b) provision of green building services, (c) investment, (d) healthcare products and services business, and (e) research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use.

4. SALIENT TERMS OF THE TERM SHEET

4.1 Conditions Precedent

The Proposed Sale is conditional upon, *inter alia*, the following conditions (collectively, "**Conditions Precedent**") being fulfilled or waived, on or before 28 April 2017 (or such other date as the parties may agree in writing) ("**Back-Stop Date**"):

(a) all approvals, consents, statement of no objection, waivers, licences, authorizations, orders, grants, confirmations, permissions and/or registrations as required for or in relation to the Proposed Sale:

(i) under all applicable laws and regulations to which the Vendors are subject; and/or

(ii) of any government and/or regulatory bodies or competent authorities having jurisdiction over the Vendors,

being obtained;

(b) (if applicable) approval by the shareholders of the Company (being the ultimate parent company of Vibrant DB2), and/or shareholders of GSH Corporation Limited (being the parent company of GSH Properties), to the extent required under listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as applicable thereto, being obtained;

(c) all approvals, consents, statement of no objection, waivers, licences, authorizations, orders, grants, confirmations, permissions and/or registrations as required for or in relation to the Proposed Sale:

(i) under all applicable laws and regulations to which the Purchaser is subject; and/or

(ii) of any government and/or regulatory bodies or competent authorities having jurisdiction over the Purchaser,

being obtained;

(d) all approvals, consents, statement of no objection, waivers, licences, authorizations, orders, grants, confirmations, permissions and/or registrations as required for or in relation to the Proposed Sale:

(i) under all applicable laws and regulations to which Plaza Ventures is subject; and/or

(ii) of any government and/or regulatory bodies or competent authorities having jurisdiction over Plaza Ventures,

being obtained;

(e) delivery of a formal valuation report on the unsold units within GSH Plaza (which would exclude the Retail Units) ("**Unsold Units**") to the Purchaser, prepared by an independent Singapore professional valuer engaged by the Purchaser and the value of the Unsold Units as stated in such valuation report to be no less than S$2,900 per square foot;

(f) temporary occupation permit for GSH Plaza being issued by the Building and Construction Authority;

(g) there having been no restriction, prohibition, injunction, invalidation or others which prevent (or seek to prevent) the Proposed Sale or other transactions contemplated under the SPA by any government authorities; and

(h) (i) Plaza Ventures not being engaged in, or having taken any steps to defend or strike off, any material litigation or arbitration proceedings as defendant (other than those of a frivolous or vexatious nature), which might materially and adversely affect the financial position of Plaza Ventures; and (ii) Plaza Ventures and the directors of Plaza Ventures not being aware of any litigation, claim or proceeding or steps being taken to defend or strike off any litigation, claim or proceeding (other than those of a frivolous or vexatious nature) pending or threatened against Plaza Ventures or of any fact likely to give rise to any such proceeding, which might materially and adversely affect the financial position of Plaza Ventures.

The above Conditions Precedent are not exhaustive, and additional Conditions Precedent not in the Term Sheet may be inserted in the SPA as may reasonably be required by the Purchaser acting in good faith, arising from the results of the due diligence exercise to be conducted by the Purchaser. FHL has stated that it has reasonable grounds to believe that approval by its shareholders is not required for the Proposed Sale or the other transactions contemplated by the Term Sheet under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange or any applicable laws and regulations.

4.2 Sale of Retail Units

Contemporaneous with the execution of the SPA, Vibrant DB2 shall procure that Dennis Leong Chee Seng (being an ultimate shareholder of Vibrant DB2) or a corporate entity thereof acceptable to the Purchaser ("**Retail Units Purchaser**"), duly executes sale and purchase agreements for the purchase by Retail Units Purchaser of all retail units located at the first and second floors of GSH Plaza ("**Retail Units**") from Plaza Ventures at a consideration of S$75,591,420 plus the goods and services tax thereon, with such purchase to be completed as soon as practicable on or after Completion.

4.3 Proposed Assignment of Shareholder Loans

Subject to Completion, the Vendors agree to transfer and assign to the Purchaser, and the Purchaser agrees to accept the assignment of the following shareholder loans (including accrued interest, if any) (collectively, "**Shareholder Loans**"):

(a) the loan(s) from GSH Properties to Plaza Ventures, amounting to S$69,142,606;

(b) the loan(s) from TYJ Group to Plaza Ventures, amounting to S$18,410,000; and

(c) the loan(s) from Vibrant DB2 to Plaza Ventures, amounting to S$46,025,000,

together with all rights and advantages attaching thereto.

The aggregate amount of the Shareholder Loans shall be paid by the Purchaser to the Vendors within five (5) Business Days after Completion. Assignment of the Shareholder Loans by the Vendors to the Purchaser shall be subject to, and shall take place contemporaneously with, payment of the Shareholder Loans by the Purchaser to the Vendors.

4.4 Consideration

The consideration for the Proposed Sale ("**Consideration**") shall be S$231,943,895, subject to any adjustments as may be agreed among the parties. Such adjustments shall include adjustments for any payments made or costs or other liabilities incurred by Plaza Ventures prior to Completion which had not been taken into account in the determination of the Consideration, adjustments for the construction costs of the Project to be accrued in the unaudited management accounts of Plaza Ventures as at 30 November 2016, and adjustments arising from the differences in the final construction costs arising from construction costs accrued as at 30 November 2016 and the final construction costs in the final accounts of Plaza Ventures.

The Consideration is based on, *inter alia*, the net asset value of Plaza Ventures based on the unaudited management accounts of Plaza Ventures as at 30 November 2016. The mode of satisfaction of the Consideration shall be in accordance with the terms in the SPA.

4.5 Exclusivity Period

The Vendors and FHL agree that, for the period commencing from the execution of the Term Sheet and expiring on 2359 hours (Singapore time) on 3 March 2017 or (if the SPA is entered into by 3 March 2017) the Back-Stop Date (the "**Exclusivity Period**"):

(a) it will work exclusively with the other parties on the Proposed Sale with a view to entering into the SPA; and

(b) in furtherance of such exclusivity, the parties shall not during the Exclusivity Period:

(i) participate in or continue discussions in relation to, or accept, any expression of interest, proposal, negotiation or offer, or take any action to solicit, initiate, knowingly encourage or assist the submission of any expression of interest, proposal, negotiation or offer, regarding the Proposed Sale; and

(ii) permit or authorise any of their representatives, advisers, directors, officers or employees to do any of the foregoing.

4.6 Expiration of Term Sheet

The Term Sheet is legally-binding and shall be valid from the date of execution, and will automatically expire and be of no further force and effect on the earliest to occur of:

(a) the expiration of the Exclusivity Period; or

(b) the execution of the SPA in relation to the Proposed Sale; or

(c) such earlier date as may be mutually agreed, in writing, upon by the Vendors and FHL.

5. DISCHARGE OF BANK LOANS

It is currently envisaged between the Vendors and the Purchaser that the bank loans of the Company amounting to S$359,691,367 will be redeemed or assumed by the Purchaser at Completion.

6. RATIONALE FOR THE PROPOSED SALE

The Group acquired the 28-storey GSH Plaza in 2014 with the intention to retrofit the building to be on par with the top buildings in the Raffles Place precinct. Its refurbishment commenced in early 2015, which involved a total revamp to its exterior, and a reconfiguration of its interior spaces to 259 strata office units, and two floors of retail space comprising 21 shops.

The Proposed Sale presents a good opportunity for the Group to realise its investment in the Project, which is in line with the Group's strategy.

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**") in respect of the Proposed Sale and based on the unaudited consolidated financial statements of the Group for the period ended 31 October 2016 as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	4.00%
Rule 1006(b)	Net profits attributable to the assets to be disposed of, compared with the Group's net profits	11.50%
Rule 1006(c)	The aggregate value of the consideration to be received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	38.15%(1)
Rule 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
Rule 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

Note:

(1) The aggregate value of the consideration for the purposes of this calculation comprises the Consideration and the Shareholders' Loan of Vibrant DB2 (being S$46,025,000) which shall be paid to Vibrant DB2 by the Purchaser.

As the Proposed Sale is in line with the Group's ordinary course of business and is of a revenue nature, Chapter 10 of the Singapore Exchange Securities Trading Limited's listing manual, in particular, seeking Shareholders' approval under Rule 1014, where the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, does not apply to the Proposed Sale.

8. FINANCIAL EFFECTS OF THE PROPOSED SALE

The financial effects of the Proposed Sale on the Group set out below are presented for illustration purposes only and are not intended to reflect the actual future financial performances or position of the Group after Completion. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 April 2016.

8.1 Share Capital

There is no effect of the Proposed Sale on the issued share capital of the Company.

8.2 Net Tangible Assets ("**NTA**")

The effect of the Proposed Sale on the NTA per share of the Group shown below is based on the assumption that the Proposed Sale had been completed on 30 April 2016.

	Before the Proposed Sale	**After the Proposed Sale**
NTA (S$'000)	370,699	398,450
Number of shares ('000)	553,787	553,787
NTA per share (S$ cents)	66.94	71.95

8.3 Earnings Per Share ("**EPS**")

The effect of the Proposed Sale on the EPS of the Group shown below is based on the assumption that the Proposed Sale had been completed on 1 May 2015.

	Before the Proposed Sale	**After the Proposed Sale**
Net profit attributable to shareholders (S$'000)	10,023	37,774
Weighted average number of shares ('000)	539,636	539,636
EPS − basic (S$ cents)	1.86	7.00

8.4 Net Gearing Ratio

The effect of the Proposed Sale on the net gearing ratio of the Group shown below is based on the assumption that the Proposed Sale had been completed on 30 April 2016.

	Before the Proposed Sale	**After the Proposed Sale**
Total borrowings (S$'000)	448,916	448,916
Total equity ('000)	451,459	505,872
Gearing (times)	0.99	0.89

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors and controlling shareholder(s) of the Company has any interest, direct or indirect, in the Proposed Sale (other than through their respective shareholdings in the Company).

10. SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Sale. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DOCUMENTS FOR INSPECTION

A copy of the Term Sheet is available for inspection at the Company's registered office at 51 Penjuru Road #04-00 Singapore 609143 during normal business hours for a period of 3 months from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements (including on the net proceeds to be received by the Group from the Proposed Sale and the intended use of such proceeds) upon the execution of the SPA and/or when there are material developments in respect of the Proposed Sale and/or the Proposed Assignment of Shareholder Loans.

13. CAUTIONARY STATEMENT

Shareholders should be cautioned that there is no assurance that the SPA will be entered into, that the terms of the Proposed Sale and the Proposed Assignment of Shareholder Loans will not change from that in the Term Sheet, and that the Proposed Sale and the Proposed Assignment of Shareholder Loans will proceed.

Shareholders ought to exercise caution when trading or dealing in their shares of the Company. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubts about the actions they should take.

By Order of the Board

Eric Khua Kian Keong
Executive Director & CEO

6 February 2017