

VIBROPOWER CORPORATION LIMITED

(Company Registration No.: 200004436E)
(Incorporated in the Republic of Singapore)

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- (1) **PROPOSED SUBSCRIPTION OF 2,500,000 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF VIBROPOWER CORPORATION LIMITED (THE "COMPANY")**
 - (2) **PROPOSED CONVERTIBLE LOAN OF AGGREGATE PRINCIPAL AMOUNT OF S\$1,000,000 CONVERTIBLE INTO NEW ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY**
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1. **INTRODUCTION**

The Board (the "**Board**") of Directors (the "**Directors**") of the Company wishes to announce that the Company has, on 26 September 2016, entered into an agreement (the "**Subscription Agreement**") with Chua Keng Woon and Soh Choon Leong (each a "**Subscriber**" and collectively, the "**Subscribers**") pursuant to which the Company has agreed to allot and issue to the Subscribers an aggregate of 2,500,000 new ordinary shares (the "**Subscription Shares**") in the share capital of the Company, at an issue price of S\$0.24 (the "**Issue Price**") for each Subscription Share by way of a private placement, amounting to an aggregate amount of S\$600,000 (the "**Proposed Subscription**").

Further, the Board wishes to announce that the Company has, on 26 September 2016, entered into an agreement (the "**Convertible Loan Agreement**") with Jackspeed Corporation Limited and Nai Boon Lan (each a "**Lender**" and collectively, the "**Lenders**"), pursuant to which the Lenders have agreed to grant the Company an unsecured loan of S\$1,000,000 (the "**Loan**"), convertible, in whole (and not in part) into such number of new ordinary shares in the capital of the Company (the "**Converted Shares**") at an exercise price of S\$0.24 (the "**Conversion Price**") (the "**Convertible Loan**", and together with the Proposed Subscription, the "**Proposed Transactions**").

2. **PROPOSED SUBSCRIPTION**

The Subscribers have agreed to subscribe for Subscription Shares in the proportion as set out against their respective names below, at the Issue Price for each Subscription Share, on the terms and subject to the conditions set out in the Subscription Agreement:

	Number of Subscription Shares	% of Subscription Shares as a percentage of existing issued share capital⁽¹⁾	% of Subscription Shares as a percentage of enlarged issued share capital⁽²⁾
Chua Keng Woon	1,666,667	4.98%	4.15%
Soh Choon Leong	833,333	2.49%	2.08%
Total	2,500,000	7.47%	6.23%

Notes:

- (1) Based on the Company's existing issued share capital ("**Existing Issued Share Capital**") comprising 33,450,856 ordinary shares ("**Shares**") in the capital of the Company after excluding 1,076,800 treasury shares.
- (2) Based on the Company's enlarged issued share capital comprising 40,117,523 Shares (which excludes treasury shares) after taking into account the Existing Issued Share Capital of 33,450,856 Shares and the proposed issuance of the Subscription Shares and the Converted Shares.

The Issue Price represents a premium of approximately 9.09% to the volume weighted average price of S\$0.22 for trades done on 26 September 2016 (being the full market day on which the Subscription Agreement was signed). The Issue Price was arrived at based on a willing buyer, willing seller basis. In agreeing to the Issue Price, the Board took into consideration the historical volume weighted price of the shares of the Company in the preceding month before the signing of the Subscription Agreement.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares, except for any dividends, distributions or entitlements the record date of which falls on or before the date of issue of the Subscription Shares.

Background on Subscribers

No subscription agent has been appointed by the Company. The Subscribers were referred to the Company by Benedict Chen Onn Meng, a Director of the Company, and are his business associates. No introducer fee or placement commission has been paid or will be payable by the Company for the Proposed Subscription.

Chua Keng Woon is a private investor and is subscribing for the Subscription Shares purely for investment purposes. Chua Keng Woon is a retiree.

Soh Choon Leong is a private investor and is subscribing for the Subscription Shares purely for investment purposes. Soh Choon Leong is a businessman.

The Proposed Subscription is transacted on a willing-buyer-willing-seller basis. Each of the Subscribers has represented to the Company that they are subscribing for the Subscription Shares purely for investment purposes.

Pursuant to the Subscription Agreement, each of the Subscribers has represented that each of them is not a person to whom the Company is prohibited from issuing shares to, as provided by Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

In addition, pursuant to the Subscription Agreement, each of the Subscribers has represented that each of them is not acting in concert with any other Subscriber or substantial shareholder of the Company and they do not act in accordance with the instructions of any other Subscriber or substantial shareholder of the Company.

The Proposed Subscription would also not result in any transfer of controlling interest in the Company.

Conditions Precedent

The Proposed Subscription is subject to certain conditions more particularly set out in the Subscription Agreement, including an in-principle approval being granted by the SGX-ST for the listing and quotation of the Subscription Shares on the SGX-ST.

If completion of the Proposed Subscription does not occur on or before one (1) month (or such other date as the parties may mutually agree) from the date of the Subscription Agreement, the Subscription Agreement will terminate pursuant to the Subscription Agreement.

Completion

Under the terms of the Subscription Agreement, it is provided that the completion of the Proposed Subscription shall take place within seven (7) business days (or such other date as the parties may agree) after the date of fulfilment of the conditions precedent.

3. CONVERTIBLE LOAN

The Conversion Price represents a premium of approximately 9.09% to the volume weighted average price of S\$0.22 for trades done on 26 September 2016 (being the full market day on which the Convertible Loan Agreement was signed).

Background of Lenders

No subscription agent has been appointed by the Company. The Lenders were referred to the Company by Benedict Chen Onn Meng, the Director of the Company.

Jackspeed Corporation Limited is a company listed on the mainboard of SGX-ST. Nai Boon Lan is a private investor and has entered into the Convertible Loan Agreement purely for investment purposes. Nai Boon Lan is a businesswoman.

No introducer fee or commission has been paid or will be payable by the Company for the Convertible Loan.

The Lenders are not related to any of the Directors, substantial shareholders of the Company or their respective associates. The Lenders are not substantial shareholders of the Company or any other person falling within the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST.

Principal Terms of the Convertible Loan Agreement

The principal terms of the Convertible Loan Agreement are as follows:

Aggregate Loan Amount	:	S\$1,000,000, of which S\$700,000 shall be lent by Jackspeed Corporation Limited and S\$300,000 shall be lent by Nai Boon Lan
Drawdown	:	Pursuant to the terms of the Convertible Loan Agreement, the Company may during the period from the date of the Convertible Loan Agreement and expiring seven (7) days thereafter (both dates included) on any day (other than a Saturday, Sunday or a gazetted public holiday) that banks are open for general business in Singapore (the " Business Day "), or such other date the parties may agree in writing, drawdown the Loan in full (the " Drawdown ") and the Lenders shall, subject to the other provisions of the Convertible Loan Agreement advance the Loan to the Company.
Interest	:	The Loan bears an interest at the rate of 1% per month from the date of Drawdown until the date that the Converted Shares are allotted to the Lenders or Repayment Date (as defined below), as the case may be, and payable by the Company to the Lenders monthly in advance (the " Interest ").
Default Interest	:	In the event that any payment due under the Convertible Loan Agreement is not made on or before the due date for payment, interest shall accrue on such unpaid amounts at the rate of 12% per annum from the due date for payment up to the date of actual payment.
Repayment	:	The Company shall repay the outstanding Loan and all interests, fees, costs, expenses and other moneys whatsoever which are expressed to be payable by the Company under the Convertible Agreement (the " Total

	<p>Indebtedness") on the date which is 12 months from the date of the Drawdown of the Loan, unless otherwise extended by the Company with the Lenders' written consent.</p> <p>The Company shall at least one (1) month prior to the Repayment Date, issue an announcement notifying the shareholders of the Company of the Repayment Date and shall dispatch to the Lenders, a notice of the Repayment Date.</p>
Conversion	<p>: The Lenders shall have the right to convert the whole (and not part) of the Loan for ordinary shares in the total share capital of the Company at the time when the Lenders convert the Loan, at any time during the period of twelve (12) months commencing from the date of first Drawdown of the Loan until and inclusive of the Repayment Date based on the following formula:</p> $A = \frac{B}{C}$ <p>Where: A = the number of Shares to be issued on the conversion of the outstanding Total Indebtedness (the "Converted Shares"); B = the outstanding Total Indebtedness; and C = the Conversion Price of S\$0.24.</p> <p>On conversion, the Total Indebtedness so converted shall cease to be payable by the Company.</p> <p>Based on the Convertible Loan amount of S\$1,000,000 and the Conversion Price of S\$0.24, the number of Converted Shares is 4,166,667, of which 2,916,667 Converted Shares will be issued to Jackspeed Corporation Limited and 1,250,000 Converted Shares will be issued to Nai Boon Lan.</p>
Status of the Converted Shares	<p>: The Converted Shares will be issued by the Company as fully paid up and shall rank pari passu with all the existing issued and paid up shares of the Company, save for any dividends, rights, allotments or any distributions, the record date of which falls before the date of conversion of the Total Indebtedness.</p>
Alteration to Terms	<p>: Any material modification to the terms of the Loan to the advantage of the Lenders shall be approved by shareholders of the Company, except where such alterations are made pursuant to the terms of the Convertible Loan Agreement.</p>
Adjustment	<p>: There are provisions for adjustment in the Convertible Loan Agreement which shall take effect upon the occurrence of certain dilutive events, for example the capitalisation of profits or rights issue.</p> <p>The Company will announce any such adjustment made.</p>

Conditions Precedent

The Convertible Loan is subject to certain conditions more particularly set out in the Convertible Loan Agreement, including but not limited to, the following:

- (a) all representations, warranties and statements contained in the Convertible Loan Agreement or otherwise made in writing in connection therewith or in any certificate or statement furnished pursuant to any provisions thereof or in any document or instrument referred to therein be true and correct in all material respects with the same effect as though made on the date on which the Drawdown was made; and
- (b) the Lenders being satisfied (acting reasonably) that there is no material adverse effect on (i) the ability of the Company to perform and comply with its obligations under the Convertible Loan Agreement and (ii) the validity, legality or enforceability of the Convertible Loan Agreement.

4. SHARE ISSUE MANDATE

The Subscription Shares and Converted Shares will be allotted and issued pursuant to the general share issue mandate obtained from shareholders of the Company, by way of ordinary resolution, at the annual general meeting ("**AGM**") of the Company held on 28 April 2016 ("**General Mandate**"). Pursuant to the General Mandate, the Directors of the Company are authorised to *inter alia*, issue new shares, other than on a pro rata basis to the shareholders of the Company, of up to 20% of the total number of issued Shares (excluding treasury shares) of 33,450,856 shares (the "**Share Capital**") as at the date of the said resolution.

The Subscription Shares and Converted Shares represent approximately 7.5% and 12.5% respectively of the existing issued share capital of the Company (excluding treasury shares) (the "**Shares**") as at the date of this Announcement of 33,450,856 Shares and approximately 6.2% and 10.4% respectively of the enlarged issued share capital of the Company (excluding treasury shares) of 40,117,523 Shares following the completion of the Proposed Transactions (assuming that the Loan is fully converted into Converted Shares). Accordingly, the proposed issue of the Subscription Shares and Converted Shares will be within the limits of the General Mandate.

5. RATIONALE OF THE PROPOSED TRANSACTIONS AND USE OF PROCEEDS

The Board is of the view that the Proposed Transactions are beneficial to the Group as they will allow the Group to strengthen its cash position and allow the Group to be less reliant on external sources of funding.

The proceeds to be raised from the Proposed Subscription and Convertible Loan, after deducting estimated expenses, will amount to approximately S\$1,550,000 (collectively, the "**Total Net Proceeds**").

The Company intends to utilise the Total Net Proceeds as follows:

Use of Proceeds	Percentage Allocation (%)
Financing of new businesses	90
General working capital purposes	10

Pending the deployment of the Total Net Proceeds for the purposes mentioned above, the Total Net Proceeds may be placed as deposits with financial institutions or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit in the interest of the Company.

The Company will make periodic announcements on the use of the proceeds from the Proposed Transactions as and when such proceeds are materially disbursed, and provide a status report on the use of such proceeds in the Company's annual report. The Company will disclose a breakdown with specific details on the use of such proceeds for working capital in such announcements and annual reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The financial effects of the Proposed Transactions set out below are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Company following the Proposed Transactions. The table below set out the financial effects of the Proposed Transaction based on the following bases and assumptions:

- (a) unaudited consolidated financial statements of the Company for the half year ended 30 June 2016;
- (b) the full conversion of the Loan at the Conversion Price;
- (c) the financial impact on the net tangible assets per Share (the "NTA") is computed based on the assumption that the Proposed Transactions were completed on 30 June 2016; and
- (d) the financial impact on the earnings per share (the "EPS") is computed based on the assumption that the Proposed Transactions were completed on 30 June 2016.

Share Capital

	Before the Proposed Transactions	After the Proposed Transactions (assuming the Loan is converted into Converted Shares)
Issued and paid-up share capital (S\$)	14,379,000	15,979,000
Number of Shares (excluding treasury shares)	33,450,856	40,117,523

EPS

	Before the Proposed Transactions	After the Proposed Transactions (assuming the Loan is converted into Converted Shares)
Earnings attributable to Shareholders	208,000	158,000
Weighted average number of Shares	33,450,856	40,117,523
Earnings per Share (cents)	0.62	0.39

NTA

	Before the Proposed Transactions	After the Proposed Transactions (assuming the Loan is converted into Converted Shares)
NTA (S\$'000)	14,923,000	16,473,000
Number of issued Shares	33,450,856	40,117,523
NTA per Share (cents)	44.61	41.06

7. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Subscription will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Subscription.

8. ADDITIONAL LISTING APPLICATIONS

An application to the SGX-ST will be made, for the listing of and quotation for the Subscription Shares. Further, an application to the SGX-ST will be made, for the listing of and quotation for the Converted Shares, in due course. The Company will make the necessary announcements upon the receipt of the in-principle approvals ("**AIP**") from the SGX-ST for the listing of and quotation for the Subscription Shares and Converted Shares (as the case may be).

9. CONFIRMATIONS BY DIRECTORS

The Directors are of the opinion as at the date of this Announcement, after taking into consideration the cash and cash equivalents, cash generated from operations and available banking facilities of the Group, that the working capital available to the Group is sufficient to meet its present requirements.

The Directors are of the opinion as at the date of this announcement, after taking into consideration the cash and cash equivalents, cash generated from operations and available banking facilities of the Group, that the Total Net Proceeds after deducting estimated expenses from the Proposed Subscription and Convertible Loan is sufficient to meet its present requirements.

10. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Subscription Shares and the Converted Shares will be placed and/or issued by the Company to any person who is a director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST. None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription and Convertible Loan.

Shareholders of the Company and potential investors should exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

11. DIRECTORS' RESPONSIBILITY STATEMENT

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 Subscription and Convertible Loan, and the Company, and its subsidiaries 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.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement and Convertible Loan Agreement will be made available for inspection during normal business hours at the Company's registered office at 11 Tuas Avenue 16 Singapore 638929 for a period of three (3) months commencing from the date of this Announcement.

By Order of the Board

Benedict Chen Onn Meng
Chief Executive Officer
26 September 2016