



**PROPOSED INCORPORATION OF A NEW SUBSIDIARY COMPANY AND PROPOSED SUBSCRIPTION TO SHARES AND PROVISION OF LOAN BY THE SUBSIDIARY COMPANY**

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**1. INTRODUCTION**

The Board of Directors (the "**Board**") of Vibrant Group Limited (the "**Company**") and, together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 18 November 2014 (the "**18 Nov 2014 Announcement**"), 8 December 2014, 31 December 2014 (the "**31 Dec 2014 Announcement**") and 16 March 2015. Unless otherwise defined, all capitalised terms and references used in this announcement shall have the meanings ascribed to them in the 18 Nov 2014 Announcement.

The Board wishes to announce that it has, on 31 March 2015, entered into a binding term sheet (the "**Term Sheet**") with (a) Mega Rainbow Holdings Limited, a company incorporated in the British Virgin Islands ("**Mega Rainbow**") and (b) OBCS Limited, a company also incorporated in the British Virgin Islands ("**OBCS**") and, together with Mega Rainbow, the "**Existing Shareholders**").

Under the terms of the Term Sheet, Mega Rainbow and OBCS shall incorporate a new company in the British Virgin Islands ("**M BVI**").

The Company shall incorporate a new wholly-owned subsidiary in the British Virgin Islands ("**NewCo**") and procure that NewCo subscribes for new shares in M BVI (the "**Subscription of Shares**") and makes available a loan to M BVI (the "**Loan**") and, together with the Subscription of Shares, the "**Transaction**").

The Transaction is not an interested person transaction under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**").

**2. INFORMATION ON THE EXISTING SHAREHOLDERS**

Mega Rainbow and OBCS are wholly-owned by Dr Alex Tan Pang Kee, the Chief Executive Officer, Managing Director and controlling shareholder of Matex International Limited ("**Matex**") and Ms Weng Yu Min respectively.

As stated in the 31 Dec 2014 Announcement, pursuant to LionHeart's exercise of the Right to Nominate, LionHeart has nominated Matex to purchase the BGG HK Shares from BGG.

There is no connection or business relationship between the Company or the directors of the Company (the "**Directors**") and Mega Rainbow and OBCS and their respective shareholders and directors. To the best of the Company's knowledge, there is no connection or business relationship between the substantial shareholders of the Company and Mega Rainbow and OBCS and their respective shareholders and directors.

### 3. PRINCIPAL TERMS OF THE TRANSACTION

#### 3.1 Structure of M BVI on its Incorporation

The first subscribers of shares in M BVI shall be Mega Rainbow and OBCS. Mega Rainbow shall subscribe for 6,533 ordinary shares for a cash consideration of US\$1.00 per share amounting to 90.736% of the issued share capital of M BVI. OBCS shall subscribe for 667 ordinary shares for a cash consideration of US\$1.00 per share amounting to 9.264% of the issued share capital of M BVI.

#### 3.2 Subscription of Shares

NewCo shall subscribe for 2,800 new ordinary shares of M BVI (the "**Investment Shares**") for a cash consideration of US\$2,800.00, being US\$1.00 for each Investment Share (the "**Consideration**"). Following the Subscription of Shares, the shareholding of M BVI shall be as follows:

<b>PARTY</b>	<b>SHAREHOLDING PROPORTION</b>
NewCo	28.00%
Mega Rainbow	65.33%
OBCS	6.67%

#### 3.3 Terms of the Loan

##### (a) Principal Amount of the Loan

It is intended that M BVI shall hold 100% of the issued share capital of M Global Limited ("**M Global**"), a company incorporated in the Cayman Islands, and that M Global shall in turn hold 100% of the issued share capital of a company incorporated in the British Virgin Islands ("**Disposal SPV**").

M Global has entered into a conditional sale and purchase agreement (the "**Disposal SPA**") dated 31 March 2015 with Matex pursuant to which M Global shall incorporate Disposal SPV and Disposal SPV shall purchase and Matex shall sell Matex's entire equity interest in Matex Holdings Pte. Ltd. ("**Matex SPV**"), which holds certain subsidiaries, associated companies, business, assets and liabilities of Matex. Further details on the subsidiaries, associated companies, business, assets and liabilities of Matex that will be held by Matex SPV are set out in Matex's announcement dated 1 April 2015.

NewCo shall make available to M BVI the Loan which shall be for a principal amount equivalent to the lower of:

- (i) the consideration price to be paid by Disposal SPV under the Disposal SPA; and
- (ii) Singapore Dollars Twenty-Five Million (S\$25,000,000).

##### (b) Use of Proceeds

The whole of the Loan shall be applied by M BVI to the sole purpose of Disposal SPV acquiring the business and assets of Matex by way of the acquisition of the entire

equity interest in Matex SPV.

(c) Repayment of the Loan

It is intended the Loan shall be repaid by M BVI on the date following 24 months after the date of the disbursement of the Loan (the "**Initial Repayment Date**") or earlier if certain conditions are fulfilled, provided that the Initial Repayment Date may be extended for an additional period of 12 months or such other period as may be agreed between M BVI and the Company if certain conditions are fulfilled.

(d) Interest on the Loan

The rate of interest on the Loan shall be 7.5% per annum and shall accrue from the date of the drawdown of the Loan.

The interest accrued on 28% of the Loan shall be payable whenever the Loan is repaid. The interest accrued on the remaining 72% of the Loan shall be payable as follows:

- (i) the first repayment of the interest shall be paid within 12 months from the date of the drawdown of the Loan; and
- (ii) subsequent repayments of interest shall be paid semi-annually thereafter.

(e) Security for the Loan

As security for the Loan, upon the Subscription of Shares, each Existing Shareholder shall charge its shares in M BVI to NewCo as security for the Loan (the "**Share Charges**").

Each Existing Shareholder shall also enter into a deed of assignment with NewCo to assign to NewCo their rights to dividends paid by M BVI for the tenure of the Loan (the "**Existing Shareholders' Deeds of Assignment**"). M BVI shall similarly enter into a deed of assignment with NewCo to assign to NewCo its rights to dividends paid by its subsidiaries for the tenure of the Loan (the "**M BVI Deed of Assignment**").

### 3.4 Rights Granted to NewCo

As shareholder of M BVI, NewCo shall be entitled to a number of rights including, without limitation, rights of first refusal, pre-emption rights and tag-along rights. Further, certain corporate exercises of M BVI and each of its subsidiaries shall require the affirmative vote of NewCo or a director nominated to be appointed by NewCo on the board of M BVI or such subsidiary (as the case may be).

### 3.5 Conditions Precedent

Completion of the Subscription of Shares by NewCo and disbursement of the Loan is conditional upon, *inter alia*, the following having been fulfilled (or waived by NewCo):

- (a) all consents and approvals required under any and all applicable laws for the Subscription of Shares and to give effect to the Transaction being obtained;
- (b) Mega Rainbow and OBCS charging their entire shareholding interest in M BVI to NewCo by way of the Share Charges;

- (c) Mega Rainbow and OBCS assigning their rights to dividends declared and payable by M BVI to NewCo by way of the Existing Shareholders' Deeds of Assignment;
- (d) M BVI assigning its rights to dividends declared and payable by its subsidiaries to NewCo by way of the M BVI Deed of Assignment;
- (e) the execution of the Disposal SPA;
- (f) completion of the acquisition of BGG's entire equity interest in BGG HK by Matex; and
- (g) the execution and delivery of the following definitive agreements:
  - (i) an investment agreement between NewCo, M BVI, Mega Rainbow and OBCS in relation to the Subscription of Shares in M BVI and thereafter, to regulate the relationship of the parties *inter se*;
  - (ii) a shareholder's loan agreement between NewCo and M BVI in relation to the provision of the Loan by NewCo to M BVI; and
  - (iii) the Share Charges;
  - (iv) the Existing Shareholders' Deeds of Assignment; and
  - (v) the M BVI Deed of Assignment,
 (collectively, the "**Definitive Agreements**").

The Company, M BVI and the Existing Shareholders undertake to procure the fulfillment of the conditions precedent set out above within 12 months from the date of the Term Sheet (the "**Long-Stop Date**"), subject to any extension as such parties may mutually agree in writing. Unless specifically waived by NewCo or the Company, if any of the conditions precedent set out above are not fulfilled on or before the Long-Stop Date or such other date as such parties shall mutually agree in writing, the Term Sheet and the Definitive Agreements shall *ipso facto* cease and determine.

If required under the Listing Manual, the Company shall make further announcements in due course if NewCo subsequently subscribes to the Investment Shares and disburses the Loan to M BVI.

#### 4. SOURCE OF FUNDS

The Company intends to finance the Transaction by way of internal funds and bank borrowings.

#### 5. RATIONALE

The Board is of the view that the Transaction is in the best interests of the Company and the shareholders of the Company as this will enable the Company to invest in an established business in specialty chemicals for the textile industry. The Transaction is also in line with the Group's investment strategy to pursue growth opportunities with a view to enhancing shareholder value.

## 6. CHAPTER 10 OF THE LISTING MANUAL

The relative figures computed on the bases as set out in Rule 1006 of the Listing Manual and based on the latest announced audited consolidated accounts of the Group for the financial year ended 30 April 2014 are as follows for the Transaction:

<u>Listing Rule</u> <sup>(i)</sup>	<u>Bases</u>	<u>Relative Figures</u>
1006(a)	The net asset value (" <b>NAV</b> ") of the assets to be disposed of, compared with the Group's NAV	Not applicable.
1006(b)	The net profits <sup>(ii)</sup> attributable to the Transaction, compared with the Group's net profits	2.9%
1006(c)	The Consideration and the Loan compared with the Group's market capitalisation <sup>(iii)</sup>	9.4%
1006(d)	The number of equity securities issued by the Company as consideration for the Transaction, compared with the number of equity securities of the Company previously in issue	Not applicable as no equity securities shall be issued by the Company in connection with the Transaction.

### Notes:

- (i) Rule 1006(e) is not applicable as no mineral, oil or gas assets will be disposed of by a mineral, oil and gas company.
- (ii) The Group's net profits attributable to the Transaction is based on the sum of the net profits attributable to the Investment Shares acquired and the net interest income attributable to the Loan.
- (iii) The Group's market capitalisation is based on a total number of 2,607,096,333 ordinary shares in the share capital of the Company ("**Shares**" and each, a "**Share**") in issue, excluding 14,602,800 treasury shares, as at the date of this Announcement, and the volume weighted average price per Share of S\$0.102 transacted on 30 March 2015, being the last market day preceding this Announcement.

Based on the above, the Transaction constitutes a "Discloseable Transaction" for the purpose of Rule 1010 of the Listing Manual and is not subject to the approval of the shareholders of the Company as the relative figures under Rule 1006 are less than 20%.

## 7. FINANCIAL EFFECTS

The pro forma financial effects of the Transaction on the Group have been prepared based on the audited financial statements of the Group for the financial year ended 30 April 2014 and are for illustrative purposes only.

7.1 Effect of the Transaction on the Net Tangible Asset per Share

Assuming that the Transaction had been completed on 30 April 2014, the Transaction has no material impact on the consolidated net tangible asset ("**NTA**") of the Group. The consolidated NTA of the Group is S\$357,755,000.

7.2 Effect of the Transaction on Earnings per Share

Assuming that the Transaction had been completed on 1 May 2013, the pro forma effect of the Transaction on the earnings per Share ("**EPS**") of the Group is as follows:

	<b>Before the Transaction</b>	<b>After the Transaction</b>
Profit attributable to Shareholders (S\$'000)	42,658	43,847 <sup>(i)</sup>
EPS (Singapore cents)	1.72	1.77

**Note:**

- (i) Computed based on the sum of the profits attributable to the Investment Shares acquired and the interest income attributable to the Loan less interest expense.

**8. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling shareholders of the Company who have, any interest, direct or indirect, in the Transaction, save in respect of their shareholdings (if any) in the Company.

**9. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Term Sheet may be inspected at the registered office of the Company at 51, Penjuru Road, #04-00, Singapore 609143 during normal business hours for a period of three months from the date of this Announcement.

**By Order of the Board**

Eric Khua Kian Keong  
Executive Director and CEO  
1 April 2015