



DISPOSAL OF SHARES IN A SUBSIDIARY

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 its 60% indirectly owned subsidiary, Vibrant Properties Pte. Ltd. (“**VPPL**”), has entered into an agreement (the “**Sale Agreement**”) with Jiangsu Yingshi Real Estate Co., Ltd. (江苏萤石置业有限公司) (the “**Purchaser**”) in relation to the proposed disposal of VPPL’s entire 60% equity interest in DP-Master-Vibrant (Jiangyin) Real Estate Development Co., Ltd (“**DPMV**”) (the “**Proposed Disposal**”).

2. INFORMATION ON THE PURCHASER

The Purchaser is a private company limited by shares incorporated under the laws of the People’s Republic of China (“**PRC**”).

For the avoidance of doubt, the Purchaser is a third party which is not an interested person (as defined in the Listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Proposed Disposal is therefore not an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

3. INFORMATION ON DP-MASTER-VIBRANT (JIANGYIN) REAL ESTATE DEVELOPMENT CO., LTD

DPMV is a private company limited by shares incorporated under the laws of the PRC. The registered share capital of DPMV is RMB 200 million.

DPMV is a joint venture company in which VPPL owns 60% equity interest, with Jiangyin Demasite Investment Co., Ltd (江阴德玛斯特投资有限公司) holding the remaining 40% of the shares. DPMV’s principal activity is in the business of real estate development. In particular, DPMV constructed and completed two (2) government-approved resettlement housing development projects in Jiangyin province in the PRC.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1 Consideration

The consideration of approximately S\$28,059,000¹ for the Proposed Disposal (the “**Consideration**”) was agreed between the Purchaser and VPPL. As the Company indirectly owns only 60% of the equity interest in VPPL, it will be indirectly entitled to up to S\$16,835,400 (being 60% of the Consideration) upon completion of the Proposed Disposal.

The Consideration was arrived at after arm’s length negotiations and on a willing-buyer-willing-seller basis, taking into account the unaudited net asset value of DPMV and the rationale for the Proposed Disposal (as set out in paragraph 6 below).

¹ The consideration received in Singapore is obtained using the exchange rate of SGD0.199 to RMB1, and an approximate consideration of RMB141 million.

The payment terms are as follows:

- (i) 10% of the Consideration shall be payable upon signing of the Sale Agreement;
- (ii) 70% of the Consideration shall be payable upon the hand-over of management control to the Purchaser; and
- (iii) 20% of the Consideration shall be payable upon completion of the Proposed Disposal (i.e. completion of the registration of the change of ownership in DPMV with the local governmental authorities).

4.2 Completion

Subject to the terms and conditions of the Sale Agreement, completion of the Proposed Disposal shall take place on a date no later than 28 February 2019 (the “**Long-Stop Date**”).

5. VALUE OF THE DISPOSAL SHARES

5.1 Book value, net asset value and open market value

Based on the latest unaudited consolidated financial statements of the Group for the first half year ended 31 October 2018 (the “**1HYFY2019 FS**”), the book value of the shares to be transferred pursuant to the Proposed Disposal (the “**Disposal Shares**”) as at 31 October 2018 is the same as the DPMV’s net asset value, which was S\$18,323,773 (calculated based on the Company’s 36% indirect equity interest in DPMV). To date, no open market valuation has been carried out in respect of DPMV as all development projects have been concluded, and no new developments are planned. DPMV’s net assets mainly consist of receivables and payables, which book value approximates its fair value.

5.2 Net profits

The net profits attributable to DPMV for the period of 1 May 2018 to 31 October 2018, calculated based on the Company’s 36% indirect equity interest in DPMV, is approximately S\$137,468.

5.3 Loss on disposal

Based on the 1HYFY2019 FS, the Proposed Disposal represents a deficit of approximately S\$1,488,373 of the book value or the net tangible asset value of the Disposal Shares (calculated based on the Company’s 36% indirect equity interest in DPMV). The book value or the net tangible asset value of the Disposal Shares had accounted for the accumulated profit of RMB55 million derived from the two completed development projects.

6. RATIONALE OF THE PROPOSED DISPOSAL AND INTENDED USE OF PROCEEDS

To date, all development projects carried out by DPMV have been completed and there are no other development projects planned. The Proposed Disposal will allow the Group to realise a profit over the Group’s investment into DPMV.

In addition, the Proposed Disposal will create opportunities for the Group to recycle its capital to maximise overall returns to shareholders as a result of the release of proceeds to the Group. Portions of the proceeds can be deployed towards: (i) investing in property development; (ii)

funding the Group's future business plans; and/or (iii) repayment of debts and borrowings.

7. **RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL IN RELATION TO THE PROPOSED DISPOSAL**

For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual based on the Company's 36% indirect equity interest in DPMV and the 1HYFY2019 FS are set out below:

Rule 1006	Bases	Relative Figures
(i)	Net asset value of the assets to be disposed of ⁽¹⁾ , compared with the Group's net asset value of S\$301,135,000.	6.08%
(ii)	Net profits attributable to the assets to be disposed of ⁽²⁾ , compared with the Group's net profits of S\$14,017,000 ⁽³⁾ .	0.98%
(iii)	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.	17.24% ⁽⁴⁾
(iv)	Number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁵⁾
(v)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽⁶⁾

Notes:

- (1) The net asset value attributable to the assets disposed of under the Proposed Disposal, calculated based on Company's 36% indirect equity interest in DPMV, is S\$18,323,773.
- (2) The net profits attributable to the assets disposed of under the Proposed Disposal for the period of 1 May 2018 to 31 October 2018, calculated based on Company's 36% indirect equity interest in DPMV, is S\$137,468.
- (3) The unaudited net profits of the Group for the period of 1 May 2018 to 31 October 2018 is S\$14,017,000.
- (4) Calculated based on the consideration of S\$16,835,400 (i.e. the portion of the Consideration which the Company is entitled to) and market capitalisation of approximately S\$97,641,276. The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "Shares") in issue (692,491,317) (excluding treasury shares) by volume weighted average price of S\$0.141 per Share on 15 February 2019, being the full market day immediately preceding the signing of the Sale Agreement.
- (5) There will be no issuance of consideration shares in relation to the Proposed Disposal.
- (6) The Company is not a mineral, oil or gas company.

Based on the above, as the relative figures exceed 5% but do not exceed 20%, the Proposed Disposal falls under the definition of a discloseable transaction under Rule 1010 of the Listing Manual, and therefore does not require the approval of shareholders of the Company.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

For illustrative purposes only, the financial effects of the Proposed Disposal on the Group are as set out below (the “**Financial Effects**”). The Financial Effects do not necessarily reflect the exact future financial position and performance of the Group immediately after completion of the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Disposal. In accordance with Rule 1010(8) of the Listing Manual, the Financial Effects have been calculated using the audited consolidated financial statements of the Group for the financial year ended 30 April 2018.

Effects on net tangible assets (“NTA”)

Assuming that the Proposed Disposal had been completed on 30 April 2018, the effect of the Proposed Disposal on the NTA per Share of the Group is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	208,203	206,715
Number of Shares ('000)	692,763	692,763
NTA per Share (S\$ cents)	30.05	29.84

Effects on earnings per Share (“EPS”)

Assuming that the Proposed Disposal had been completed on 1 May 2017, the effect of the Proposed Disposal on the EPS of the Group is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss attributable to Shareholders (S\$'000)	(88,688)	(90,176)
Weighted average number of Shares ('000)	677,700	677,700
EPS – basic (S\$ cents)	(13.09)	(13.31)

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholder(s) of the Company have any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale Agreement will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Where in doubt as to the action they should take, Shareholders should consult their financial, tax legal or other professional advisors.

By Order of the Board

Eric Khua Kian Keong
Executive Director & CEO
18 February 2019