

**LETTER DATED 6 AUGUST 2014**

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Letter is issued by Vibrant Group Limited. If you are in any doubt as to the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Vibrant Group Limited, you should immediately forward this Letter, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.



**VIBRANT GROUP LIMITED**

(Formerly known as Freight Links Express Holdings Limited)  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 198600061G)

**LETTER TO SHAREHOLDERS**

**IN RELATION TO THE PROPOSED RENEWAL  
OF THE SHARE BUYBACK MANDATE**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgment of Proxy Form	:	19 August 2014 at 9.30 a.m.
Date and time of Annual General Meeting	:	21 August 2014 at 9.30 a.m.
Place of Annual General Meeting	:	51 Penjuru Road, #04-00 Freight Links Express Logisticentre Singapore 609143

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### VIBRANT GROUP LIMITED

(formerly known as Freight Links Express Holdings Limited)  
(Incorporated in the Republic of Singapore)  
Co. Reg. No. 198600061G

**Registered Office** : 51 Penjuru Road #04-00,  
Freight Links Express Logisticcentre,  
Singapore 609143

Board of Directors:

Khua Hock Su	(Non-Executive Chairman)
Eric Khua Kian Keong	(Executive Director and CEO)
Henry Chua Tiong Hock	(Executive Director and CCDO)
Thomas Woo Sai Meng	(Executive Director and CIO)
Sebastian Tan Cher Liang, PBM	(Independent Non-Executive Director)
Derek Loh Eu Tse	(Independent Non-Executive Director)

6 August 2014

To: The Shareholders of Vibrant Group Limited  
(the “**Shareholders**”)

Dear Sir/Madam,

#### 1. INTRODUCTION

We refer to item 9 of the Notice of the Annual General Meeting of the Company (the “**2014 AGM**”) which is an Ordinary Resolution (“**Resolution 9**”) to be proposed at the 2014 AGM for the renewal of the Company’s share buyback mandate (the “**Share Buyback Mandate**”). The purpose of this letter is to provide Shareholders with information relating to Resolution 9.

#### 2. RENEWAL OF THE SHARE BUYBACK MANDATE

##### 2.1 BACKGROUND

At the annual general meeting of the Company held on 30 August 2013 (the “**2013 AGM**”), Shareholders had, *inter alia*, approved the Share Buyback Mandate. The authority and limitations on the Share Buyback Mandate were set out in a letter dated 7 August 2013 which was enclosed together with the notice of the 2013 AGM (the “**2013 AGM Notice**”) and the Ordinary Resolution relating to the adoption of the Share Buyback Mandate was set out in item 9 of the 2013 AGM Notice. The Share Buyback Mandate was expressed to take effect from the date of the 2013 AGM at which the Share Buyback Mandate was approved (the “**2013 Approval Date**”) up to the earliest of:-

- (i) the date (being a date after the 2013 Approval Date) on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date (being a date after the 2013 Approval Date) on which the share purchases are carried out to the full extent mandated under the Share Buyback Mandate; or

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- (iii) the time when the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders of the Company in general meeting.

Accordingly, the Directors propose that the Share Buyback Mandate be renewed at the 2014 AGM.

Under the existing Share Buyback Mandate approved at the 2013 AGM, Shareholders authorised the buyback of up to 242,564,583 Shares. As at 25 July 2014 (the “**Latest Practicable Date**”), the Company had purchased or acquired an aggregate of 12,083,000 Shares by way of On-Market Purchase (as defined in paragraph 2.3.3 below) pursuant to the Share Buyback Mandate approved by Shareholders at the 2013 AGM. The highest and lowest price paid was S\$0.1003 and S\$0.053 per Share respectively and the total consideration paid for all purchases was S\$848,111.64. As at the Latest Practicable Date, 12,083,000 Shares purchased or acquired by the Company were held as treasury shares.

Any purchase or acquisition of its Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Companies Act, Cap. 50 of Singapore (the “**Companies Act**”), the listing rules (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and such other laws and regulations as may for the time being be applicable. During the validity period of the Share Buyback Mandate, the directors of the Company (the “**Directors**”) may exercise the authority conferred by the Share Buyback Mandate from time to time or at any time, in accordance with its terms, to purchase or otherwise acquire issued Shares.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate would only be made by the Directors as and when (i) the Company is solvent; (ii) circumstances permit; and (iii) only if the Directors are of the view that such purchases or acquisitions are in the best interests of the Shareholders. No purchases or acquisitions of Shares would be made in circumstances which would have a material adverse effect on the financial position of the Company or the Company and its subsidiaries (the “**Group**”). It should also be noted that purchases or acquisitions pursuant to the Share Buyback Mandate may not be carried out to the full extent mandated, or to such an extent that would, or in circumstances which might, result in a material adverse effect on the financial position of the Company or the Group.

For the purposes of the foregoing paragraph, the Company is deemed “solvent” if:-

- (a) the Company is able to pay its debts in full at the time of the payment for the purchase or acquisition of the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of 12 months immediately following the date of the payment; and
- (b) the value of the Company’s assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase or acquisition become less than the value of its liabilities (including contingent liabilities).

In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of assets or liabilities that are reasonable in the circumstances. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

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### 2.2 RATIONALE

The renewal of the Share Buyback Mandate will give the Company the flexibility to undertake share purchases or acquisitions up to the 10% limit described in paragraph 2.3.1 below at any time, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:-

- (a) In managing the business of the Group, management strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchase is one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Buyback Mandate is an expedient, effective and cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.
- (c) Share repurchase programmes help buffer short-term share price volatility and off-set the effects of short-term speculators and investors and, in turn, bolster shareholder confidence and employee morale.

### 2.3 AUTHORITY AND LIMITS ON THE SHARE BUYBACK MANDATE FOR WHICH RENEWAL IS SOUGHT

The authority and limitations placed on the Share Buyback Mandate for which renewal is sought are summarised below:-

#### 2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buyback Mandate shall not exceed 10% of the issued ordinary share capital of the Company as at the date on which renewal of the Share Buyback Mandate is approved, being the date of the 2014 AGM (the "**Approval Date**"). Following the introduction of the Companies (Amendment) Act, any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 2,525,060,157 Shares in issue as at the Latest Practicable Date (out of which 12,083,000 Shares were held in treasury as at that date), and assuming that no further Shares are issued or repurchased, or held by the Company as treasury shares, on or prior to the 2014 AGM, not more than 251,297,716 Shares (representing 10% of the Shares in issue as at that date and excluding the 12,083,000 shares held in treasury) may be purchased or acquired by the Company pursuant to the renewed Share Buyback Mandate.

#### 2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, by the Company on and from the Approval Date up to the earliest of:-

- (i) the date (being a date after the Approval Date) on which the next annual general meeting of the Company is held or required by law to be held;

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- (ii) the date (being a date after the Approval Date) on which the share purchases are carried out to the full extent mandated under the Share Buyback Mandate; or
- (iii) the time when the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders of the Company in general meeting,

(the “**Relevant Period**”).

The Share Buyback Mandate may be renewed at each annual general meeting or other general meeting of the Company.

### 2.3.3 Manner of Conduct of Share Buybacks

The Shares may be purchased or acquired by way of:-

- (i) an on-market purchase (“**On-Market Purchase**”) transacted through the SGX-ST’s Central Limit Order Book trading system, through one or more duly licensed dealers appointed by the Company for such purpose; and/or
- (ii) an off-market purchase (“**Off-Market Purchase**”) pursuant to an equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, of which such scheme(s) shall satisfy all the conditions pursuant to the Share Buyback Mandate,

and in accordance with the Companies Act, all laws, the Listing Manual and other rules and regulations of the SGX-ST.

On-Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:-

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:-
  - (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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Under the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company will issue an offer document containing, *inter alia*, the following information to all Shareholders:-

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed share purchase;
- (iv) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or any other applicable take-over rules;
- (v) whether the share purchase, if made, could have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any share buyback made by the Company in the previous 12 months (whether On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

### 2.3.4 Maximum Price to be paid for the Shares

The purchase price (excluding brokerage fees, stamp duties payable, applicable goods and services tax and other related expenses) to be paid per Share for any Share buybacks shall be determined by the Directors, subject always to a maximum price ("**Maximum Price**") which:-

- (i) in the case of an On-Market Purchase, shall mean the price per Share based on not more than 5% above the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, shall mean the price per Share based on not more than 10% above the Average Closing Price.

For the above purposes:

**"Average Closing Price"** means the average of the closing market prices of a Share over the 5 consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Manual, for any corporate action which occurs after the relevant 5 day period; and

**"date of the making of the offer"** means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

The Guidelines on Share Buybacks are set out in **Appendix A (Guidelines on Share Buybacks)** to this letter.

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### 2.4 STATUS OF SHARES BOUGHT BACK

Pursuant to the Companies Act, Shares purchased or acquired by the Company may be cancelled immediately on purchase or acquisition, and all rights and privileges attached to such Shares bought back shall expire upon cancellation unless held by the Company as treasury shares.

All Shares purchased or acquired by the Company where not held as treasury shares in accordance with the Companies Act will be automatically de-listed by the SGX-ST and certificates in respect thereof (where applicable) will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase or acquisition.

In such cases, where the Company decides to cancel the Shares bought back, the Company shall:-

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled. Where the purchased Shares are held in treasury, the total issued Shares of the Company remains unchanged.

### 2.5 TREASURY SHARES

Pursuant to the Companies Act, Shares repurchased by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised as follows:-

#### 2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

#### 2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid (whether in cash or otherwise), and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding-up) may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share(s) into treasury share(s) of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.



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### 2.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time conduct the following:-

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

### 2.6 SOURCE OF FUNDS

In purchasing of the Shares, the Company shall only apply funds legally available in accordance with its Articles of Association, and the applicable laws in Singapore.

The Company will use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance the Company's purchase or acquisition of the Shares. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will also consider the financial position of the Group, particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions of the Shares in circumstances that they believe will not result in any material adverse effect to the financial position of the Group.

The Companies Act currently provides that purchases and acquisitions of Shares:-

- (a) may be made out of the Company's capital or retained profits; and
- (b) only if the Company is solvent.

### 2.7 FINANCIAL EFFECTS OF THE SHARE BUYBACK

Where the Company cancels any of the Shares it repurchased, the Company shall:-

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or

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## LETTER TO SHAREHOLDERS

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- (c) reduce the amount of its share capital and profits proportionately where the Shares are purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will not affect the amount available for distribution in the form of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of retained profits, such consideration (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for distribution in the form of cash dividends by the Company.

The financial effects on the Group arising from the purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant times, the amount (if any) borrowed by the Group to fund the purchases or acquisitions, whether the Shares are purchased or acquired out of capital and/or retained profits of the Company and whether the Shares purchased or acquired are held as treasury shares or cancelled.

The purchase of Shares would result in the total number of issued Shares being diminished by the number of Shares repurchased by the Company which are not held as treasury shares.

Based on the existing issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date, and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the 2014 AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 251,297,716 Shares.

Assuming the Company purchases or acquires the 251,297,716 Shares at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:-

- (a) in the case of On-Market Purchases of Shares, approximately S\$33,193,915.31 based on S\$0.13209 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive trading days immediately preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchases of Shares, approximately, S\$34,774,577.94 based on S\$0.13838 for one Share (being the price equivalent to 10% above the Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive trading days immediately preceding the Latest Practicable Date).

For illustrative purposes only, on the basis of the assumptions set out above, and based on the audited financial statements of the Group for the year ended 30 April 2014 and assuming that:

- (i) the Share Buyback Mandate had been effective on the Latest Practicable Date being 25 July 2014; and
- (ii) the purchases or acquisitions of Shares are half financed by capital and half financed by profits,

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the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group for the financial year ended 30 April 2014 would have been as follows:

(i) **On-Market Purchases of Shares of up to 10% of its issued Shares with 5% financed out of profits and 5% financed out of capital and subsequently cancelled**

	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 April 2014</b>				
Shareholders' Funds	358,392	325,198	277,362	244,168
Net Assets	382,347	349,153	277,362	244,168
Current Assets	270,613	237,419	96,598	63,404
Current Liabilities	93,276	93,276	6,367	6,367
Total Borrowings <sup>1</sup>	217,504	217,504	109,503	109,503
Cash & cash equivalents	82,982	49,788	36,990	3,796
Number of shares ('000)	2,512,977	2,261,679	2,512,977	2,261,679
<u>Financial Ratios</u>				
NA per Share (cents)	15.21	15.44	11.04	10.80
Earnings per Share (cents)	1.72	1.89	0.53	0.59
Gearing (%) <sup>2</sup>	60.69	66.88	39.48	44.85
Gearing (net of cash) (%) <sup>3</sup>	37.53	51.57	26.14	43.29
Current Ratio (times) <sup>4</sup>	2.90	2.55	15.17	9.96

(ii) **Off-Market Purchases of Shares of up to 10% of its issued Shares with 5% financed out of profits and 5% financed out of capital and subsequently cancelled**

	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 April 2014</b>				
Shareholders' Funds	358,392	323,617	277,362	242,587
Net Assets	382,347	347,572	277,362	242,587
Current Assets	270,613	235,838	96,598	61,823
Current Liabilities	93,276	93,276	6,367	6,367
Total Borrowings <sup>1</sup>	217,504	217,504	109,503	109,503
Cash and cash equivalents	82,982	48,207	36,990	2,215
Number of shares ('000)	2,512,977	2,261,679	2,512,977	2,261,679

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	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
	\$'000	\$'000	\$'000	\$'000
<u>Financial Ratios</u>				
NA per Share (cents)	15.21	15.37	11.04	10.73
Earnings per Share (cents)	1.72	1.89	0.53	0.59
Gearing (%) <sup>2</sup>	60.69	67.21	39.48	45.14
Gearing (net of cash) (%) <sup>3</sup>	37.53	52.31	26.14	44.23
Current Ratio (times) <sup>4</sup>	2.90	2.53	15.17	9.71

- (iii) **On-Market Purchases of Shares of up to 10% of its issued Shares with 5% financed out of profits and 5% financed out of capital and subsequently held as treasury shares**

	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 April 2014</b>				
Shareholders' Funds	358,392	326,635	277,362	245,605
Net Assets	382,347	350,590	277,362	245,605
Current Assets	270,613	238,856	96,598	64,841
Current Liabilities	93,276	93,276	6,367	6,367
Total Borrowings <sup>1</sup>	217,504	217,504	109,503	109,503
Cash & cash equivalents	82,982	51,225	36,990	5,233
Number of shares ('000)	2,512,977	2,272,554	2,512,977	2,277,923
<u>Financial Ratios</u>				
NA per Share (cents)	15.21	15.43	11.04	10.78
Earnings per Share (cents)	1.72	1.88	0.53	0.58
Gearing (%) <sup>2</sup>	60.69	66.59	39.48	44.59
Gearing (net of cash) (%) <sup>3</sup>	37.53	50.91	26.14	42.45
Current Ratio (times) <sup>4</sup>	2.90	2.56	15.17	10.18

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- (iv) **Off-Market Purchases of Shares of up to 10% of its issued Shares with 5% financed out of profits and 5% financed out of capital and subsequently held as treasury shares**

	Group		Company	
	Before Share Buyback	After Share Buyback	Before Share Buyback	After Share Buyback
	\$'000	\$'000	\$'000	\$'000
<b>As at 30 April 2014</b>				
Shareholders' Funds	358,392	325,122	277,362	244,092
Net Assets	382,347	349,077	277,362	244,092
Current Assets	270,613	237,343	96,598	63,328
Current Liabilities	93,276	93,276	6,367	6,367
Total Borrowings <sup>1</sup>	217,504	217,504	109,503	109,503
Cash and cash equivalents	82,982	49,712	36,990	3,720
Number of shares ('000)	2,512,977	2,272,554	2,512,977	2,277,923
<u>Financial Ratios</u>				
NA per Share (cents)	15.21	15.36	11.04	10.72
Earnings per Share (cents)	1.72	1.88	0.53	0.58
Gearing (%) <sup>2</sup>	60.69	66.90	39.48	44.86
Gearing (net of cash) (%) <sup>3</sup>	37.53	51.61	26.14	43.34
Current Ratio (times) <sup>4</sup>	2.90	2.54	15.17	9.95

Notes:-

- (1) Total borrowings comprise liabilities arising from borrowings from banks and other financial institutions and outstanding debt securities.
- (2) Gearing is computed based on the ratio of total borrowings divided by shareholders' funds.
- (3) Gearing (net of cash) is computed based on the ratio of total borrowings after deducting cash and cash equivalents divided by shareholders' funds.
- (4) Current ratio is derived based on current assets divided by current liabilities.

For illustrative purposes, it has been assumed that the purchases or acquisitions of Shares are half financed by capital and half financed by profits. Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on, inter alia, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

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## LETTER TO SHAREHOLDERS

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**SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATIVE PURPOSES ONLY (BASED ON THE AFOREMENTIONED ASSUMPTIONS). THE ACTUAL IMPACT WILL DEPEND ON, INTER ALIA, THE NUMBER AND PRICE OF THE SHARES PURCHASED OR ACQUIRED (IF ANY), THE AMOUNT (IF ANY) BORROWED BY THE COMPANY TO FUND THE PURCHASES OR ACQUISITIONS AND WHETHER THE SHARES TO BE ACQUIRED OR PURCHASED ARE CANCELLED OR HELD IN TREASURY. IN PARTICULAR, SHAREHOLDERS SHOULD NOTE THAT THE ABOVE ANALYSIS IS BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014 AND IS NOT NECESSARILY REPRESENTATIVE OF FUTURE FINANCIAL PERFORMANCE.**

The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of its issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased as treasury shares.

### **2.8 LISTING RULES**

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares (a) in the case of an On-Market Purchase, not later than 9.00 a.m. on the trading day following the day of the On-Market Purchase of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, not later than 9.00 a.m. on the second trading day after the close of acceptances of the offer. Such notification currently requires the inclusion of details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase any Shares during the period commencing two weeks before the announcement of the Company’s financial results for each of the first three quarters of the financial year, and one month before the announcement of the Company’s full year results, as the case may be, and ending on the date of announcement of the relevant results.

### **2.9 TAXATION**

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

### **2.10 REPORTING REQUIREMENTS**

The Companies Act and/or the Listing Manual require the Company to make the following reports in relation to the renewal of the Share Buyback Mandate:-

**2.10.1** To lodge a copy of the Shareholders’ resolution approving the renewal of the Share Buyback Mandate with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) within 30 days of the passing of such resolution.

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## LETTER TO SHAREHOLDERS

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**2.10.2** To notify ACRA of the purchase or acquisition of Shares on the SGX-ST or otherwise within 30 days. Such notification shall be in the prescribed form and shall include:-

- (i) the date of the acquisition or purchase of Shares;
- (ii) the number of Shares acquired or purchased;
- (iii) the number of Shares cancelled;
- (iv) the number of Shares held as treasury shares (if applicable);
- (v) the Company's issued share capital before the purchase or acquisition;
- (vi) the Company's issued share capital after the purchase or acquisition;
- (vii) the amount of consideration paid by the Company for the purchase or acquisition of the Shares;
- (viii) whether the Shares were purchased or acquired out of the profits or the capital of the Company; and
- (ix) such other particulars as may be required.

**2.10.3** Pursuant to the Listing Manual, to report purchases of Shares to SGX-ST in the forms prescribed:-

- (i) in the case of On-Market Purchases, not later than 9.00 a.m. on the trading day following the day on which the Company makes an On-Market Purchase; and
- (ii) in the case of Off-Market Purchases, not later than 9.00 a.m. on the second trading day after the close of acceptances of the offer made by the Company.

**2.10.4** To disclose in its annual report and accounts, all details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

### **2.11 LISTING STATUS ON SGX-ST**

The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public Shareholders. As at the Latest Practicable Date, approximately 43.73% of the issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

### **2.12 TAKE-OVER IMPLICATIONS UNDER THE TAKE-OVER CODE**

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

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## LETTER TO SHAREHOLDERS

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### 2.12.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purpose of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or a group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

### 2.12.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, inter alia, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:-
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;



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## LETTER TO SHAREHOLDERS

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- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:-
  - (i) an individual;
  - (ii) the close relatives of (i);
  - (iii) the related trusts of (i);
  - (iv) any person who is accustomed to act in accordance with the instructions of (i);
  - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

### 2.12.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold not less than 30% but not more than 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder already holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate unless so required by the Companies Act.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.**

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## LETTER TO SHAREHOLDERS

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### 2.12.4 Application of the Take-over Code

The interests of the Directors and Substantial Shareholders are set out in **Appendix B (Shares Held by the Directors and Substantial Shareholders)**. In the event the Company undertakes Share purchases within the Relevant Period, or within the current financial year of the Company, whichever expires earlier, of the maximum amount of 10% of the issued Shares of the Company as permitted by the Share Buyback Mandate, the shareholdings and voting rights of:-

- (a) the Directors and their concert parties (as defined in the Take-over Code) will remain above 50%; and
- (b) the Substantial Shareholders and their concert parties (as defined in the Take-over Code) will remain above 50%,

and accordingly, no general offer is required to be made pursuant to the Take-over Code.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases or acquires the maximum number of Shares under the Share Buyback Mandate.

### 2.13 APPROVALS

The renewal of the Share Buyback Mandate is subject to the approval of the Shareholders at the 2014 AGM.

**SHAREHOLDERS SHOULD NOTE THAT THE APPROVAL OF THE RENEWAL OF THE SHARE BUYBACK MANDATE WILL CONSTITUTE A WAIVER BY THE SHAREHOLDERS IN RESPECT OF THEIR RIGHT TO A GENERAL OFFER AT THE REQUIRED PRICE FROM THE AFFECTED PARTIES AND PARTIES ACTING IN CONCERT WITH THEM IF THEIR SHAREHOLDING CROSSES THE THRESHOLDS UNDER THE TAKE-OVER CODE (SET OUT IN PARAGRAPH 2.12.3) PURSUANT TO SHARE REPURCHASES MADE BY THE COMPANY.**

### 3. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Buyback Mandate is in the best interests of the Company.

Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 9 relating to the renewal of the Share Buyback Mandate at the forthcoming 2014 AGM.

### 4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the letter constitutes full and true disclosure of all material facts about the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading.

Where information in this letter 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 such sources and/or reproduced in this letter in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 5. **DISCLAIMER**

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take, should consult their stockbrokers or other professional advisers immediately.

### 6. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) up to and including the date of the 2014 AGM:-

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Annual Report of the Company for the financial year ended 30 April 2014.

Yours faithfully  
For and on behalf of the Directors

Eric Khua Kian Keong  
Executive Director and CEO  
**VIBRANT GROUP LIMITED**

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## APPENDIX A – GUIDELINES ON SHARE BUYBACKS

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### 1. Shareholder Approval

- (a) Purchases of Shares by the Company must be specifically approved in advance by the Shareholders at a general meeting of the Company, by way of general mandate.
- (b) A general mandate authorising the purchase of Shares by the Company will expire on the earliest of:-
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held;
  - (iii) the date on which the share purchases are carried out to the full extent mandated under the Share Buyback Mandate; or
  - (iv) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.

The authority conferred on the Board by the Share Buyback Mandate to purchase Shares may be renewed at the next annual general meeting of the Company.

### 2. Manner of Purchase

The Shares may be purchased or acquired by way of:-

- (i) an on-market purchase (“**On-Market Purchase**”) transacted through the SGX-ST’s Central Limit Order Book trading system, through one or more duly licensed dealers appointed by the Company for such purpose; and/or
- (ii) an off-market purchase (“**Off-Market Purchase**”) pursuant to an equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, of which such scheme(s) shall satisfy all the conditions pursuant to the Share Buyback Mandate,

and in accordance with the Companies Act, all laws, the Listing Manual and other rules and regulations of the SGX-ST.

### 3. Funding of Share Buybacks

- (a) In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Articles of Association and the applicable laws in Singapore.
- (b) Any purchases by the Company may be made out of its capital or profits as long as the Company is solvent.

### 4. Trading Restrictions

- (a) The aggregate number of Shares which can be repurchased pursuant to the Share Buyback Mandate is such number which represents up to a maximum of 10% of the issued share capital of the Company as at the date of the 2014 AGM.

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## APPENDIX A – GUIDELINES ON SHARE BUYBACKS

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- (b) In making the decision to effect a Share repurchase, the Board shall use its best efforts to ensure that the number of Shares remaining in the hands of the public will not fall to such a level as to reduce market liquidity of the Shares and adversely affect the listing status of the Company.

### 5. Price Restrictions

Purchases of Shares by the Company shall be at any price up to but not exceeding the Maximum Price.

### 6. Status of Repurchased Shares

Shares purchased or acquired are deemed cancelled immediately on purchase or acquisition unless such Shares are held by the Company as treasury shares. All rights and privileges attached to such cancelled shares shall expire upon cancellation.

### 7. Reporting Requirements

- (a) Within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with ACRA.
- (b) The Company must notify ACRA, within 30 days of the purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchase, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase of Shares, the amount of consideration paid by the Company for the purchase of the Shares, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required.
- (c) Purchases of Shares on the SGX-ST must be reported to the SGX-ST in the forms prescribed:-
  - (i) in the case of On-Market Purchases, not later than 9.00 a.m. on the trading day following the day on which the Company makes the On-Market Purchase; and
  - (ii) in the case of Off-Market Purchases, not later than 9.00 a.m. on the second trading day after the close of acceptances of the offer made by the Company.
- (d) In its annual report and accounts, the Company shall make disclosure of all details pertaining to purchases of Shares made during the year, including the total number of Shares purchased during the financial year under review, the purchase price per Share or the highest and lowest prices paid for the purchases, and where relevant, the total consideration paid.

### 8. Interested Persons

The Company is prohibited from knowingly purchasing Shares on the SGX-ST from an interested person, that is a Director, the CEO or a Substantial Shareholder of the Company or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

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## APPENDIX A – GUIDELINES ON SHARE BUYBACKS

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### 9. Suspension of Repurchase

In making share buybacks, the Company will have to comply with the provisions of the Securities and Futures Act, Cap. 289 of Singapore relating to insider trading.

The Company may also not purchase Shares on the SGX-ST during such periods (“**Black Out Periods**”) as may from time to time be prescribed by the SGX-ST under the Listing Rules as best practices on dealings in securities. Currently, the Black Out Period is the period commencing two weeks before the announcement of the Company’s financial results for each of the first three quarters of the financial year, or one month before the half year or full year results, as the case may be, and ending on the date of announcement of the relevant results.

### 10. Listing Rules and Companies Act

These guidelines are supplemental to the Listing Rules and subject to the Companies Act. In the event of any inconsistency between these guidelines and the Listing Rules, the Listing Rules will prevail and in the event of inconsistency between these guidelines and the Companies Act, the provisions of the Companies Act shall prevail.

No amendments, deletions or additions which may be inconsistent with the Listing Rules or the Companies Act shall be made to these guidelines.

## APPENDIX B - SHARES HELD BY THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### Number of Shares

	Direct Interest	%	Deemed Interest	%	Total Interest	%
<b><u>Directors</u></b>						
Eric Khua Kian Keong	69,050,823	2.7478	1,340,721,985	53.3519	1,409,772,808	56.0997
Khua Hock Su	-	-	1,340,752,081	53.3531	1,340,752,081	53.3531
Henry Chua Tiong Hock	4,011,787	0.1596	-	-	4,011,787	0.1596
Thomas Woo Sai Meng	311,292	0.0124	-	-	311,292	0.0124
<b><u>Substantial Shareholders</u></b>						
Vibrant Capital Pte Ltd	1,340,721,985	53.3519	-	-	1,340,721,985	53.3519
Eric Khua Kian Keong <sup>1</sup>	69,050,823	2.7478	1,340,721,985	53.3519	1,409,772,808	56.0997
Lian Hup Holdings Pte Ltd <sup>2</sup>	-	-	1,340,721,985	53.3519	1,340,721,985	53.3519
Khua Hock Su <sup>3</sup>	-	-	1,340,752,081	53.3531	1,340,752,081	53.3531
Vincent Khua Kian Ann <sup>4</sup>	-	-	1,340,721,985	53.3519	1,340,721,985	53.3519
Khua Kian Hua <sup>4</sup>	-	-	1,340,721,985	53.3519	1,340,721,985	53.3519

Notes:-

- (1) Mr Eric Khua Kian Keong is deemed to be interested in 1,340,721,985 Shares held by Vibrant Capital Pte Ltd ("**Vibrant**") by virtue of his controlling interest in Vibrant.
- (2) Lian Hup Holdings Pte Ltd ("**Lian Hup**") is deemed to be interested in 1,340,721,985 Shares held by Vibrant by virtue of its shareholding interest in Vibrant.
- (3) Mr Khua Hock Su is deemed to be interested in a total of 1,340,752,081 Shares, of which 1,340,721,985 Shares are held by Vibrant by virtue of his shareholding interests in Lian Hup and 30,096 Shares are held directly by his wife, Madam Lee Siew Geok.
- (4) Messrs Vincent Khua Kian Ann and Khua Kian Hua are deemed to be interested in 1,340,721,985 Shares held by Vibrant by virtue of their respective shareholdings interests in Lian Hup.

