**VIBRANT GROUP LIMITED**
Company Registration Number: 198600061G

**RESPONSES TO SGX-ST QUERY**

The board of directors (the "Board") of Vibrant Group Limited (the "Company" and together with its subsidiaries, the "Group") refers to the query from the Singapore Exchange Securities Trading Limited ("SGX-ST") on 26 September 2023 in relation to the Company's announcements as follows:

1) Dated 13 September 2023, titled "Update on legal proceedings commenced by subsidiaries of the Group" (the "13 Sep 2023 Announcement")
2) Dated 28 June 2023, titled "Full Yearly Results"
3) Dated 14 August 2023, titled "Annual Reports and related Document" (the "14 Aug 2023 Announcement")
4) Dated 28 April 2023, titled "Responses to SGX-ST queries" (the "28 Apr 2023 Announcement")

The Company's responses to the query are set out below.

**Query 1**

It is disclosed in the annual report that, "During the current financial year, the Group and the Company recognised impairment losses on the investments in associates amounting to $2.6 million and $7.5 million in the financial statements of the Group and the Company, respectively. The impairment loss primarily arose from the Group's and the Company's interest in Vibrant Pucheng Logistics (Chongqing) Co., Ltd ("Vibrant Pucheng") amounting to $4.2 million and $7.5 million, respectively." and that, "The net carrying amount of the Group's interests in and loans to Vibrant Pucheng after accounting for impairment losses, amounted to $0.8 million and $26.8 million, respectively, as at 30 April 2023. In the event the Group does not succeed in the above claims or the Group succeeds in the claims but does not recover the full amounts owed by Vibrant Pucheng, there may be a material impact on the financial performance of the Group for the financial year ending 30 April 2024. Notwithstanding the above, management assessed that the carrying amount of the Group's interest in the associate and the related loans are recoverable based on the valuation of property held by Vibrant Pucheng."

It is disclosed in the 13 Sep 2023 Announcement that, Vibrant Pucheng be required to repay (i) Vibrant Development an aggregate amount of RMB 22,371,425.90; (ii) New Vibrant Jiangsu an aggregate amount of RMB 112,335,758.21; and (iii) Sinolink Financial the sum of the principal amount of RMB 5,000,000.00, interest accrued and court fees.

Please disclose:

(a) whether any valuation was conducted on the property held by Vibrant Pucheng. If yes, please disclose the value placed on the asset, the party who commissioned the valuation, the basis and date of such valuation, and assumptions made.

(b) whether there are any other on-going claims made against Vibrant Pucheng. If yes, please elaborate accordingly.

(c) the board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used and assumptions made to determine amount of impairment arising from the Company's interest in and loans to Vibrant Pucheng.

(d) an update on the status of Vibrant Pucheng and whether it is still in operation.

(e) the amount of impairment losses recognized in respect of the Group's loans to Vibrant Pucheng and the financial impact on the Group in respect of the interest in and loans to Vibrant Pucheng in the event the Group does not recover the full amounts owed by Vibrant Pucheng.

**Company's Response**

(a) Vibrant Pucheng has engaged Cushman & Wakefield's Shenzhen Office (the "Valuer") to perform a valuation of the Property located at Liang Jiang New Area (两江新区) as at 30 April 2023 with the information as follows:

i. The Valuer has applied the cost approach to determine the market value of the Property of RMB 364,050,000.00 as at 30 April 2023. The cost approach of valuation is premised on the economic principle that a buyer will pay no more for a property than the cost of the property of equal utility. The value of the Property is comprised of 2 components, (i) the value of the land and (ii) the value of the improvements. The value of the land and improvements in turn is made up of the land cost, expected construction cost of the improvements, management fee, interest costs, development profit, sales and agency fees. Once the improvement costs are determined, they are added to the land value to derive the capital value of the Property. No depreciation and obsolescence is deducted or reduced from the cost of improvement to arrive at the depreciated replacement cost as the Property remains under construction.

ii. The basis of the valuation is fair value and is defined in International Financial Reporting Standards (IFRS) 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(b) The following are the on-going legal proceedings made against Vibrant Pucheng:

i. Legal proceedings commenced by 中铁建工集团有限公司 (the "Contractor") for the claimed amount of RMB 59,385,282.00 and accrued interest. The Contractor has applied to the Court to enforce its right against Vibrant Pucheng's property due to its failure to comply with the terms of the previous court order.

ii. Figtree Projects (Shanghai) Co., Ltd currently has the right to enforce its rights against Vibrant Pucheng for the claimed amount of RMB 67,134,799.46 comprising the loan principal and interest accrued.

(c) The Board has had prior discussion with the management and the external auditors over the impairment assessment methodologies and the Board is satisfied with the reasonableness of the methodologies used and assumptions made to determine the amount of impairment arising from the Company's interest in and loans to Vibrant Pucheng.

(d) The construction works for the Project was suspended during the financial year 30 April 2021 as updated in the Group's full year results announcement announced on 29 June 2021.

Apart from the suspension of the construction works for the Project, Vibrant Pucheng is currently in operation of leasing out its existing warehouses.

(e) As at 30 April 2023, an impairment loss of S$10,686 on the outstanding receivables due from Vibrant Pucheng to Sinolink Financial was recognized. Apart from the loan amount of RMB 5,000,000.00 plus any accrued interest due by Vibrant Pucheng to Sinolink Financial, the remaining loans to Vibrant Pucheng were previously funded by a corresponding amount due to a related party by the Group. The repayment of the amount due to the related party is subject to and conditioned upon the Group's recovery of the amounts from Vibrant Pucheng. If the Group does not recover the amounts

from Vibrant Pucheng, the Group is not obliged or required to repay the amount due to the related party.

Accordingly, in the event the Group does not recover the full amounts owed by Vibrant Pucheng, the maximum impact or exposure of the Group will be limited and confined to the loan due to Sinolink Financial, i.e. RMB 5,000,000.00 and interest accrued on the loan.

**Query 2**

It is disclosed in the 28 Apr 2023 Announcement that, "The financing bank had granted a loan facility of up to RMB 200 million to Vibrant Pucheng. In connection with the loan facility, the Group, together with other shareholders of Vibrant Pucheng, has extended a corporate guarantee for an amount of up to RMB 200 million to the financing bank. The total amount disbursed by the financing bank to Vibrant Pucheng was RMB 30 million and as at 31 March 2023 the outstanding amount owed by Vibrant Pucheng is RMB 29 million."

Please disclose whether there is any financial impact on the Group arising from the corporate guarantee. If yes, please elaborate accordingly.

**Company's Response**

As disclosed in our FY2023 Annual Report, the corporate guarantee provided has been disclosed as contingent liabilities and is therefore exposed to credit risk in connection with the corporate guarantee it has issued to the financing bank. In the event of default by Vibrant Pucheng and a call on the corporate guarantee by the financing bank, the financial impact on the Group arising from the corporate guarantee will be limited to the outstanding amount due by Vibrant Pucheng to the financing bank.

**Query 3**

Please provide the Board's assessment of the recoverability of the non-current trade and other receivables amounting to $18,164,000 as at 30 April 2023.

**Company's Response**

As at 30 April 2023, non-current trade and other receivables which amounted to $18,164,000.00 primarily comprised of $18,015,000.00 due from Vibrant Pucheng. As disclosed in our response to query 1(e) above, this amount due from Vibrant Pucheng were funded by a corresponding amount due to a related party by the Group. The repayment of the amount due to the related party is subject to and conditioned upon the Group's recovery of the amounts from Vibrant Pucheng. Consequently, the management has determined an expected credit loss of nil on these receivables as at financial year ended 30 April 2023.

The Board has also assessed the basis of the assessment of the recoverability of the non-current trade and other receivables, after taking into consideration of the management's assessment.

**BY ORDER OF THE BOARD**

Eric Khua
Executive Director & CEO
28 September 2023