VIBRANT GROUP LIMITED
Company Registration Number: 198600061G

RESPONSE TO SGX-ST QUERIES

The Board of Directors (the "**Board**") of Vibrant Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries from Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 10 September 2020 and 18 September 2020 and sets out its response as follows:

Query 1

We refer to the Company's announcement on 24 August 2020 titled "Response to SGX Queries" (the "Announcement") and our previous queries which states:

"It is disclosed on page 1 of the unaudited financial statements that the Company has recognised an impairment loss on trade and other receivables of $17,455,000.

Please disclose (vi) Whether there are any remaining receivables due from (a) China GSD Logistics Pte Ltd and (b) third parties which the Company has provided loans to, and the amount outstanding, where applicable. Please provide the background and rationale for extending loans to third parties and details, including the nature, of such loans; and (viii) The Board's assessment of the recoverability of the remaining trade and other receivables."

For query (vi), we note that the response by the Company in the Announcement only explains that "For loan to third parties, after providing for impairment, the remaining outstanding amount due from third parties is approximately $2,444,000. The loan to third parties was mainly provided by the subsidiary of the Group in China which is in the business of financial services. The general manager of the said subsidiary that had previously approved the loan to third parties has been removed from his duties in early 2020."

Please disclose (i) the amount of impairment loss on the loans from third parties; (ii) the nature of such loans; and (iii) the identity of the subsidiary. Please also clarify whether the subsidiary possesses the requisite licence to conduct the business of financial services.

Company's response:

(i) The amount of impairment loss in respect of loans due from or payable by third parties was $8,159,000;

(ii) The subsidiary is in the business of providing financial leasing and this includes the provision of corporate lending;

(iii) The entity is Sinolink Financial Leasing Co., Ltd and the subsidiary has the requisite licence to conduct the business of financial leasing in China.

Query 2

For query (viii), we note that the response by the Company in the Announcement states that "It is sufficed to state that the Board is satisfied with the methodologies adopted by management on the assessment of the recoverability of the remaining trade and receivables."

Please address our previous query with respect to the Board's assessment of the recoverability of the remaining trade and other receivables.

Company's response:

Based on the methodologies adopted by the management in the assessment of the recoverability of the remaining trade and other receivables, if there is any indication of impairment, appropriate provisions would be made. Based on the information available at the date of the audited financial statement, that is 31 August 2020, the Board adopted the assessment of the recoverability of the remaining trade and other receivables made by the management and accepted the view that there is no indication to further impair the remaining trade and other receivables as at 30 April 2020.

Query 3

We refer to the Company's Annual Report for the year ended 30 April 2020.

Listing Rule 1207(10) states that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following: the board must comment on the adequacy and effectiveness of the issuer's internal controls (including financial, operational, compliance and information technology controls) and risk management systems. A statement on whether the audit committee concurs with the board's comment must also be provided. Where material weaknesses are identified by the board or audit committee, they must be disclosed together with the steps taken to address them.

Please disclose whether and how Listing Rule 1207(10) has been complied with.

Company's response:

In the Corporate Governance ("CG") Report in the Annual Report, the Group uses an "Enterprise Risk Management framework that is in line with ISO 31000 – Risk Management Principles and Guidelines and the recommended best practices standard. The framework is reviewed regularly taking into account the changes in the business and operation environments". The Group also engaged an independent professional firm with the requisite qualifications and experience as its internal auditors. The internal audit professionals report directly to the Audit Committee ("AC"). As mentioned in the CG Report the Group carries out periodic assessments of risks and controls to ensure the adequacy and effectiveness of the Group's risk management, financial and operational controls and compliance with those policies, procedures and controls. The systems that are in place coupled with close oversight by management serve to enable and ensure the adequacy and effectiveness of the Group's internal controls.

The CG Report contains the comment of the Board that "the Board is satisfied that adequate internal controls have been maintained on information technology and risk management system, and internal

controls (including financial, operational, compliance and information technology controls), and risk management systems are effective."

The Company would like to confirm that the AC concurs with the Board's comments.

The Management is responsible for the implementation of the various recommendations and will report the progress of implementation of these recommendations to the AC. No material high risk findings were identified or noted in the Internal Audit report for FY2020 and all other findings have been addressed or implemented by Management.

Query 4

Provision 2.4 of the Code of corporate governance 2018 (the "Code") states that, "The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report."

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. Please disclose how the Company has deviated from Provision 2.4 of the Code, and in particular, the required disclosure on board diversity policy and progress made towards implementing the board diversity policy, including objectives.

Company's response:

As disclosed on page 23 of the FY2020 Annual Report, the Nominating Committee ("NC") conducted its annual review on the composition of the Board which comprises members from different backgrounds whose core competencies, qualifications, skills and experiences are extensive. Taking into account the scope and nature of the operations of the Group, the NC's opinion is that the current Board composition and size are appropriate and as a group, the Directors provide relevant competencies to facilitate effective decision making for the existing needs and demands of the Group's businesses.

The Group recognises and embraces the benefits of diversity of experience, age, skill sets, gender and ethnicity on the Board ("Board Diversity") and views Board Diversity as an essential element to attain its strategic objectives and sustainable development. The NC is searching for a suitable candidate to be appointed as Independent Director onto the Board. The existing Board comprises only male Directors which diverges from the recommended practice. Nonetheless, the Board is committed to pursue gender diversity on the Board. In this connection, the NC will ensure that female candidates are included for consideration whenever it seeks appointment of a member to the Board. The core criteria for all new or potential member of the Board remains as skills, experience, knowledge, insights and relevance to the Board.

The Board is made up of 2 Executive Directors and 3 Non-Executive Directors. Of the three Non-Executive Directors, two of them, making up at least one-third of the Board, are independent. The Board

has an independent element that sufficiently enables it to exercise objective judgement and no individual or group of individuals dominate the Board's decision-making process. The Board believes that its current composition and size provide an appropriate balance and mix of skills, experience and knowledge of the Group (please refer to pages 14 and 15 of the Annual Report on the bio data of the Board members). The Directors provide core competencies such as accounting, finance, legal and human resource expertise, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge required for the Board to be effective. While the Group does not have a written policy on Board Diversity, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Group. The NC will continue to assess on an annual basis the diversity of the Board and ensure that the diversity would be relevant to the business of the Group. The Board believes that the practices adopted above are consistent with the intent of Provision 2.4 of the Code.

BY ORDER OF THE BOARD

Eric Khua Kian Keong
Executive Director & CEO
22 September 2020