VIBRANT GROUP LIMITED

Company Registration Number: 198600061G

RESPONSES 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 the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 10 October 2022 in relation to the Company's announcement titled "Notification of legal proceedings" dated 8 November 2021 (the "**8 November 2021 Announcement**") and the Company's announcement titled "Notification of legal proceedings" dated 2 September 2022 (the "**2 September 2022 Announcement**"). The Company's responses to the queries are set out below.

Unless otherwise defined, all capitalised terms used in this announcement which are not defined herein shall have the same meanings ascribed to them in the 8 November 2021 Announcement and the 2 September 2022 Announcement.

Query 1

Please provide details of the basis of the Claims. Please also state the date of Notice disclosed in both 8 November 2021 Announcement and 2 September 2022 Announcement, as well as explain why the Notices were only received in FY2022 for transactions from FY2017 to 2018.

Company's Response

(a) In relation to the 8 November 2021 Announcement

Between the years 2017 and 2018, the Subsidiary had entered into various business consulting agreements with the Plaintiff, pursuant to which, it was agreed that the Plaintiff would be paid consulting service fees for any customers referred to the Subsidiary by the Plaintiff. According to the provisions of the business consulting agreement, in the event that the Subsidiary defaults in its payment of the consulting service fees to the Plaintiff, the Subsidiary is liable to pay liquidated damages at the rate of 0.05% per day on the amount outstanding and payable to the Plaintiff.

On 12 October 2021, the Subsidiary received the Notice disclosed in the 8 November 2021 Announcement, which was dated 30 September 2021.

It was alleged that the Subsidiary had failed to make full payment of the consulting service fees to the Plaintiff since April 2018, and on this basis, the Plaintiff is claiming against the Subsidiary for an aggregate sum of RMB 7,176,726.48, comprising the sum of RMB 5,247,981.27 in unpaid business consulting fees, and RMB 1,928,745.21 in liquidated damages for breach of contract (assessed up to 28 May 2021).

Following the receipt of the Notice on 12 October 2021, the Group consulted its Chinese legal advisers and, in consultation with its legal advisers, reviewed the relevant documents and evaluated the merits of the Claim, and also challenged the jurisdiction of the Shanghai Jiading District People's Court.

On 4 November 2021, the Subsidiary received the civil ruling paper from the Shanghai Jiading District People's Court on the transfer of the case to the Shenzhen Longgang District People's Court.

(b) In relation to the 2 September 2022 Announcement

In 2018, the Subsidiary had entered into various intermediary services agreements with the Plaintiff, pursuant to which, it was agreed that the Plaintiff would provide certain intermediary services to the Subsidiary, including referring certain financial products offered by the Subsidiary to its users, and in consideration of the referrals, the Subsidiary would pay the Plaintiff intermediary service fees.

On 31 August 2022, the Subsidiary received the Notice disclosed in the 2 September 2022 Announcement, which was dated 29 August 2022.

It was alleged that the Subsidiary had failed to make payment of the intermediary service fees to the Plaintiff from April 2018 to May 2018, and on this basis, the Plaintiff is claiming against the Subsidiary for an aggregate sum of RMB 470,752.08, comprising the sum of RMB 403,955.26 in unpaid intermediary service fees, and RMB 66,796.82 in "capital occupation fee" (资金占用费) (assessed up to 28 May 2021).

Notwithstanding that the alleged breaches of the business consulting agreements and the intermediary services agreements took place from 2017 to 2018, the legal proceedings in respect of the two Claims were only commenced by the Plaintiff in 2021 and 2022 respectively. The reasons for the delay are not known to the Subsidiary. However, there were a number of changes to the Plaintiff's controlling shareholders since May 2019.

Query 2

Please elaborate and provide any material updates regarding the legal proceedings and from the advisers.

Company's Response

(a) In relation to the 8 November 2021 Announcement

In relation to the Claim disclosed in the 8 November 2021 Announcement, the Plaintiff had commenced legal proceedings in the Shanghai Jiading District People's Court. Subsequently, it was held that the Shanghai Jiading District People's Court did not have the jurisdiction to hear the case, and the case was transferred to the Shenzhen Longgang District People's Court. The Claim is due to be heard before the said Court on 17 October 2022.

(b) In relation to the 2 September 2022 Announcement

In relation to the Claim disclosed in the 2 September 2022 Announcement, the case was heard before the Shenzhen Longgang District People's Court on 23 September 2022. Following the court hearing, both parties are currently in the process of providing the Court with further supporting evidence and documentation, and a date for a further hearing has not yet been fixed.

The Company will make further announcements to update its shareholders when there are material updates as may be necessary or appropriate.

Query 3

Please clarify if the Company has any existing contracts with the Plaintiff. If yes, please disclose the nature of such agreements.

Company's Response

Save for the agreements as disclosed in the responses to Query 1(a) and (b) above, based on confirmation from the Subsidiary, there are no other existing contracts entered into between the Plaintiff and the Subsidiary. There are also no existing contracts entered into between the Plaintiff and other companies within the Group.

Query 4

Please provide the Board's assessment on the potential impact of the Claims to the Company.

Company's Response

(a) In relation to the 8 November 2021 Announcement

Pursuant to the Notice dated 30 September 2021, the Plaintiff is claiming against the Subsidiary for an aggregate sum of RMB 7,176,726.48, equivalent to approximately S$1.44 million. As the Subsidiary is 51.0% owned by the Group, the potential impact to the Group resulting from the Claim will be RMB 3,660,130.50, equivalent to approximately S$0.73 million. The legal proceedings are still ongoing, and the Board will provide further updates on material developments to the Claim as may be necessary or appropriate.

(b) In relation to the 2 September 2022 Announcement

Pursuant to the Notice dated 29 August 2022, the Plaintiff is claiming against the Subsidiary for an aggregate sum of RMB 470,752.08, equivalent to approximately S$0.09 million. As the Subsidiary is 51.0% owned by the Group, the potential impact to the Group resulting from the Claim will be RMB 240,083.56, equivalent to approximately S$0.05 million. The legal proceedings are still ongoing, and the Board will provide further updates on material developments to the Claim as may be necessary or appropriate.

BY ORDER OF THE BOARD

Eric Khua Kian Keong
Executive Director & CEO
14 October 2022