VIBRANT GROUP LIMITED
Company Registration Number: 198600061G

UPDATE ANNOUNCEMENT ON BLACKGOLD INTERNATIONAL HOLDINGS PTY LTD

1.1. The Board of Directors (the "**Board**") of Vibrant Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement on 13 July 2018, the announcement on 16 July 2018, the announcement on 18 July 2018 (the "**18 July Announcement**"), the announcement on 26 July 2018 (the "**26 July Announcement**"), and the announcement on 8 August 2018 (collectively, the "**Previous Announcements**").

1.2. Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the Previous Announcements.

2. **Fire Incident**

2.1. The Board wishes to announce that on 10 August 2018, they were informed that:

(i) an incident occurred in the afternoon of 9 August 2018, in which a motor vehicle (the "**Vehicle**") caught fire near the coal mine operated by Chongqing Caotang Coal Mine Resources Development Co., Ltd, a Heijin Subsidiary (as defined below) (the "**Fire Incident**"); and

(ii) the Vehicle was in the midst of transporting certain accounting records (the "**Records**") of Chongqing Heijin Industrial Co., Ltd ("**Heijin**"), the parent company of the operating companies within the Blackgold Subsidiaries (the "**Heijin Subsidiaries**", together with Heijin, the "**Heijin Group**"). The Vehicle was traveling to the new office premises leased by the Group in the city of Chongqing (the "**Vibrant Chongqing Office**") when the Fire Incident occurred. A chart setting out the relationships amongst the Company, Blackgold, Heijin and the Heijin Subsidiaries is attached to this announcement.

2.2. The Fire Incident has, as a matter of prudence, been reported by the Blackgold Group to the local police in Fengjie as a suspected deliberate act to destroy the Records. Investigations by the local fire bureau are currently ongoing as to the cause of the Fire Incident. Pending the outcome of the investigations, the extent of damage to the Records remains unknown. The Company will keep Shareholders updated on the outcome of the investigations, and will, together with the Proposed Special Auditors and the Auditors, ascertain the effects of the Fire Incident on the Special Audit and the audit of the Group's consolidated financial statements for the year ended 30 April 2018.

3. **Events leading up to the Fire Incident**

3.1. Based on the proper information presently available to the Board, the sequence of events leading to the Fire Incident is as follows:

(i) On 25 July 2018, the Special Committee was informed that:

(a) a verification exercise on payments due to the Heijin Group from its customers was to be conducted; and

(b) as part of this exercise, the portion of the Records stored in the Heijin office in the city of Chonqing (the "**Heijin Chongqing Office**") was to be transported to Fengjie for compilation with the rest of the Records stored in Fengjie.

The Special Committee immediately gave instructions that the Records were not to be moved out of the Heijin Chongqing Office prior to the Special Audit.

(ii) On 30 July 2018, the Special Committee discovered that the Records had been removed from the Heijin Chongqing Office and later found out that the Records were taken to Fengjie.

(iii) The Special Committee was told that the head of finance and accounts of Heijin Group (the "**HFA**") had possession of the Records. The Special Committee gave repeated instructions for the return of the Records to the Vibrant Chongqing Office immediately but the HFA did not comply.

(iv) On 8 August 2018, the Special Committee directed the chief financial officer of the Blackgold Group (the "**Blackgold CFO**") to personally head to Fengjie to secure the Records.

(v) In the morning of 9 August 2018, the Blackgold CFO was informed by the HFA that the HFA would arrange for the Records to be transported to the Vibrant Chongqing Office by the evening of the same day.

(vi) In the afternoon of 9 August 2018, at the instructions of the Special Committee, a senior finance executive of the Group had left the Vibrant Chongqing Office for Fengjie to secure the Records for the Group.

(vii) The Blackgold CFO was later told by the HFA of the Fire Incident in the afternoon of 9 August and the Blackgold CFO in turn informed the Special Committee.

4. **Actions taken in response to the Fire Incident**

4.1. At the Special Committee's instruction, computers used by the Heijin Group as well as the remaining accounting records of the Heijin Group have been retrieved and transported to the Vibrant Chongqing Office.

4.2. Further, the HFA has been placed on leave pending the outcome of investigations on the Fire Incident.

4.3. In addition, the Company has appointed Zhonghao Law Firm, a law firm with offices in the city of Chongqing (the "**PRC Counsel**") to, amongst others, follow up with the local police and fire bureau on their investigations as to the cause of the Fire Incident.

4.4. As and when required, the Company will seek the necessary approvals to extend the time for the matters and deadlines as described or set out in the 26 July Announcement.

5. **Updates on other actions taken**

5.1. To the best knowledge of the Board, the following actions have been carried out to secure the Group's interest in the Heijin Group:

(i) the company seals of the Heijin Group are now in the Group's possession;

(ii) all payments from the bank accounts of the Heijin Group need to be authorized by a senior executive of the Group;

(iii) while the cheque books of the Heijin Group have not been secured, the cheque books cannot be used without the respective company seals which have been secured as set out in paragraph 5.1(i);

(iv) the Group has secured computers found in the offices of the Heijin Group;

(v) the Heijin Group's accounting records for the months of May, June and July 2018 have been secured for some Heijin Subsidiaries;

(vi) five (5) additional senior executives of the Group, including the senior vice president of Greater China, the vice president of information technology and a senior finance manager, together with the two (2) senior finance executives are carrying out or executing the Special Committee's instructions;

(vii) the Special Committee is in consultations with the PRC Counsel regarding the replacement of the legal representatives of the Heijin Group;

(viii) the coal trading operations of the Heijin Group have been suspended since 20 July 2018 pending the outcome of the Special Audit; and

(ix) on 20 July 2018, the Special Committee met with the leadership of the Blackgold Group to require the full cooperation of the Blackgold Subsidiaries' management and finance teams.

5.2. The AC is in consultations with the Proposed Special Auditor and SGX-ST to finalise the terms of reference of the Special Audit.

5.3. The Board and the Special Committee, along with the Company's professionals, will use best endeavours to resolve the issues that have arisen from the Blackgold Group, including the Irregularities, the Order and the Fire Incident.

6. **Financial Effects**

Please see the contribution and financial effect of the Blackgold Group to the Group as set out in paragraph 4 of the 18 July Announcement.

7. **The Board**

7.1. Based on the information presently available to the Board in respect of (i) the Irregularities; (ii) the Order; and (iii) the Fire Incident, the Board confirms that all material disclosures have been provided for trading of the Company's shares to continue on an informed basis.

7.2. The Board will make further announcements on any material developments in connection with the above matters as and when appropriate.

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
Vibrant Group Limited

Eric Khua
Executive Director & CEO
15 August 2018

STRUCTURE OF THE BLACKGOLD GROUP

