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

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**RESPONSES TO SGX-ST QUERIES**

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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 21 January 2023 in relation to the Company's announcement titled "Commencement of Legal Proceedings" dated 18 January 2023. The Company's responses to the queries are set out below.

**Query 1**

It is disclosed that "The aggregate amount owed by Vibrant Pucheng to the Group arising from the Claims is RMB 137,386,722.54". Please disclose whether the Group has recognized any impairment losses in respect of the Claims. If yes, please disclose the amount of impairment recognized, the financial year it was recorded in, and the outstanding receivables due from Vibrant Pucheng.

**Company's Response**

(a) An impairment loss of RMB 55,370 on the outstanding receivables (RMB 5,265,833 as at 31 October 2022) due from Vibrant Pucheng to Sinolink Financial Leasing Co., Ltd ("**Sinolink Financial**") was recognized in the financial year ended 30 April 2022.

(b) No impairment loss was recognized for the balance of the outstanding receivables due from Vibrant Pucheng in the financial year ended 30 April 2022 and period ended 31 October 2022.

(c) As at 31 October 2022, the outstanding receivables due from Vibrant Pucheng is RMB 136,239,425.

**Query 2**

Please disclose the total claims amount as a percentage of the Group's net assets and the impact on the Group if the entire Claims amount is not recoverable.

**Company's Response**

(a) The total amount of the Claims as against the Group's net assets as at 31 October 2022 is approximately 11.6%.

(b) Apart from the claim amount of RMB 5,324,166.66 by Sinolink Financial ("**Claim 1**"), the remaining claim amount of RMB 132,062,555.88 ("**Claim 2**") were funded by a corresponding amount due to a related party by the Group ("**RP Amount**"). The repayment of the RP Amount is subject to and conditioned on the Group's recovery of the Claim 2 amounts from Vibrant Pucheng. If the Group does not recover the Claim 2 amounts from Vibrant Pucheng, then the Group is not obliged or required to repay the RP Amount.

(c) Accordingly, notwithstanding that the entire amount of the Claims might not be recoverable or recovered from Vibrant Pucheng, the maximum impact or exposure of the Group will be limited and confined to the Claim 1 amount i.e. RMB 5,324,166.66.

**Query 3**

It was disclosed that, "As at 30 April 2022, the property owned by Vibrant Pucheng was valued at RMB 404,440,000." Please disclose the basis of valuation of the Property, including the date of valuation and assumptions made.

**Company's Response**

(a) The valuation of the Property was undertaken by Cushman & Wakefield's Shenzhen Office (the "Valuer") as at 30 April 2022.

(b) The project undertaken on the Property is the development and construction of a Multi-Modal Logistics Distribution Centre to tap into the Chongqing Connectivity Initiative between the Government of Singapore and the People's Republic of China ("the Project"). The Project comprises 3 separate phases: Phase 1 consists of 2 units of double-storey warehouses; Phase 2 consists of 1 unit of administrative building and 1 unit of warehouse; and Phase 3 consists of 6 units of warehouses. As the development and construction of the Property is not complete and the Property has not been put in use, the Valuer has adopted the cost method to determine the market value of the Property on an as-if basis.

(c) 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.

(d) 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.

**Query 4**

Please clarify if these Loans to Vibrant Pucheng were secured. If yes, please disclose information on the collateral.

**Company's Response**

The loans extended to Vibrant Pucheng were and are unsecured.

**Query 5**

Please provide specific details of the due diligence, if any, conducted by the Company prior to remitting the Loans. If no due diligence was conducted, please explain why.

**Company's Response**

(a) The Group undertook its own due diligence process prior to the loans disbursement to Vibrant Pucheng.

(b) Apart from the loan of RMB 5,000,000 granted by Sinolink Financial, the remaining loans were for the financing of the acquisition of land use rights located in Yufu Industrial Park, Liang Jiang New Area, Chongqing, PRC. The Group's management undertook an internal feasibility study on the land and the proposed Project, including liaising with the local government as to the suitability of the land for the Project, and reviewed the relevant documents provided by the local government on the land use rights prior to the disbursement of the remaining loans.

(c) As for the loan of RMB 5,000,000 granted by Sinolink Financial, the Group reviewed the Project construction contracts and costs together with the cash flow requirement of Vibrant Pucheng prior to disbursement of this loan.

**Query 6**

Please disclose the status of Vibrant Pucheng and whether it is still in operation.

**Company's Response**

(a) 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. Approximately 50% of the construction works for phases 1 and 2 were completed when the Project was suspended.

(b) As announced by the Group in its previous announcements dated 25 February 2022, 4 March 2022, 4 May 2022 and 27 December 2022, Vibrant Pucheng was served with the judgement from the People's Republic of China Court for the legal proceedings commenced by 中铁建工集团有限公司 for the claimed amount of RMB 59,385,282 and accrued interest.

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

**BY ORDER OF THE BOARD**

Eric Khua Kian Keong
Executive Director & CEO
27 January 2023