

RESPONSE TO SGX QUERIES::

Issuer & Securities

Issuer/ Manager

VIBRANT GROUP LIMITED

Securities

VIBRANT GROUP LIMITED - SG1BJ7000008 - BIP

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No

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Response to SGX Queries

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Submitted By (Co./ Ind. Name)

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CFO

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Description (Please provide a detailed description of the change in the box below)

Please refer to the attachment.

Attachments

[Announcement.pdf](#)

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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 6 August 2021 regarding the Announcement in relation to the unaudited financial statements for the year ended 30 April 2021 and sets out its response as follows:

Query (a)

Please disclose;

- (i) the breakdown of the Group's current and non-current trade and other receivables as at 30/04/2021 and 30/04/2020 respectively;
- (ii) the nature of the non-current receivables; and
- (iii) the Board's assessment of the recoverability of the non-current trade and other receivables.

Company's response:

- (i) The breakdown of current and non-current trade and other receivables:-

	30 April 2021 (\$'000)	30 April 2020 (\$'000)
Non-current		
Loan to an associate	19,135	6,000
Deposits	-	38
Prepayments	261	287
	19,396	6,325
Current		
Trade receivables	57,577	47,816
Impairment losses	(20,899)	(20,232)
Net trade receivables	36,678	27,584
Loans to associates	5,074	33,013
Loans to non-controlling interests	1,134	6,211
Loans to third parties	10,868	10,603
Loan to a related party	820	800
Non-trade amounts due from associates	11,908	7,382
Non-trade amounts due from non-controlling interests	12,005	11,960
Non-trade amounts due from related parties	23	20
Deposits	886	767
Interest receivables	375	467
Other receivables	3,285	2,542

Impairment losses	(17,875)	(17,459)
Prepayments and advances	2,354	2,959
Tax recoverable	418	319
GST/VAT receivable	2,722	1,500
	70,675	88,668

- (ii) The non-current receivables relate mainly to loans extended to an associate, Vibrant Pucheng Logistics (Chongqing) Co., Ltd.
- (iii) In respect of the expected credit loss assessment for the Group's gross trade receivable amounting to \$57.6 million as at 30 April 2021, management uses an allowance matrix to measure the expected credit loss ("ECL") of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – respective ageing categories based on two years historical data. Management has assessed the impact of forward-looking factors based on industry forecast in the countries of operation are not material. Arising from this assessment, an impairment loss of \$0.2 million was recognised in the consolidated statement of comprehensive income.

In respect of the expected credit loss assessment for the Group's other receivables which include loans and non-trade amounts extended to associates, non-controlling interests and related parties, the Group allocates exposure to a credit risk grade based on data that is indicative of the risk of loss (including but not limited to external ratings if available, audited financial statements, management accounts and cash flow projections and available press information) and applies experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies such as Standards and Poor's. Arising from this assessment, a reversal of impairment loss of \$0.3 million was reversed in the consolidated statement of comprehensive income.

Based on the methodologies adopted by the management in the assessment of the recoverability of the 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 unaudited financial statement, the Board has adopted the assessment on the recoverability of the 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 2021.

Query (b)

Please disclose a breakdown of the Group's current and non-current trade and other payables as at 30/04/2021 and 30/04/2020 respectively. For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.

Company's response:

Breakdown of current and non-current trade and other payables:-

	Note	30 April 2021 (\$'000)	30 April 2020 (\$'000)
Trade payables			
Third Parties		12,170	13,822
Trade accruals		4,537	2,951
		16,707	16,773
Other payables			
Loan from related parties	(a)	250	3,582
Loans from non-controlling interests	(b)	12,396	20,768
Loans from related party	(c)	20,205	21,452
Non-trade amounts due to an associate	(d)	26	4
Non-trade amounts due to non-controlling interests	(b)	964	1,162
Non-trade amounts due to related parties	(a)	4,989	3,073
Other payables	(e)	1,810	2,877
Deferred consideration payable	(f)	9,003	12,003
Long-term employee benefits	(g)	1,069	1,002
Accrued interest expense	(h)	126	305
Accrued operating expenses	(i)	6,250	5,492
Contract liabilities		994	1,357
GST/VAT payable		3,348	2,155
Refundable deposit		4,040	6,063
Withholding tax payable		978	952
		66,448	82,247
Current trade and other payables		59,881	69,521
Non-current trade and other payables		23,274	29,499
		83,155	99,020

Notes:

- (a) Loans and non-trade amounts due to related parties are amounts due to Vibrant Capital Pte Ltd, Cargo Distribution Pte Ltd and Figtree Projects Pte Ltd. They are unsecured, repayable on demand and interest-free.
- (b) Loans and non-trade from non-controlling interests are amounts owing to Figtree Developments Pte Ltd and Desa Tiasa Sdn Bhd. The amounts are unsecured, interest-free and expected to be repaid within the next twelve months.
- (c) Loans due to Cargo Distribution Pte Ltd are unsecured, bore interest at 6.00% per annum and repayable by June 2029.

- (d) Amounts due to Ececil Pte Ltd is unsecured, interest-free and repayable on demand.
- (e) Other payables are non-trade in nature, unsecured, interest-free and repayable on demand.
- (f) Deferred consideration payables arose from the Group's acquisitions of the remaining 49% equity interests in (i) LTH Logistics (Singapore) Pte Ltd amounting to \$5 million and (ii) Shentoncil Pte. Ltd. amounting to \$4 million respectively in FY2021.
- (g) Long-term employee benefits are in relation to retirement benefits that may be entitled to receive after retirement age.
- (h) Relates to interest accrued on bank borrowings and loans which will be settled on the interest payment date.
- (i) Accrued operating expenses relate mainly to accrued professional fees, unconsumed leave, directors' fees, sales commission, and other expenses.

Query (c)

Please provide further information on the nature of other investments and explain the decrease in other investments from \$42,159,000 as at 30/04/2020 to \$26,244,000 as at 30/04/2021.

Company's response:

As at 30 April 2021, other investments consists of club membership, quoted and unquoted equity investments measured at FVTPL.

The decrease in other investments is mainly due to (i) redemption of Notes of \$11.6 million issued by the Company under Series 003 S\$66 million Notes due in October 2020 that was classified as quoted debt investments at FVTPL held by a wholly owned subsidiary and (ii) partial disposal of unquoted equity investment in Sentosa Capital Asian Credit Offshore Feeder Fund of \$6.8 million.

Query (d)

It is disclosed on page 6 of the unaudited financial statements that, the bank borrowings of subsidiaries are guaranteed by the Company. Please disclose the relevant subsidiaries and the bank borrowings guaranteed by the Company for the respective subsidiaries. Please also disclose if these bank borrowings are secured or unsecured.

Company's response:

The subsidiaries bank borrowings guaranteed by the Company are as follows:-

Name of subsidiary	Amount (\$'000)	
Crystal Freight Services Distripark Pte Ltd	26,620	Secured
Crystal Freight Services Distripark Pte Ltd	5,000	Unsecured
Freight Links Express Pte Ltd	3,680	Secured
LTH Logistics (Singapore) Pte Ltd	5,000	Unsecured
Total	40,300	

Query (e)

It is disclosed on page 15 of the unaudited financial statements that, the Group's investment in associated company, Vibrant Pucheng Logistics (Chongqing) Co., Ltd ("Vibrant Pucheng") involving multi-modal logistics warehouse distribution centre has seen a suspension of construction works. The financing bank, which has lent approximately RMB 30 million to Vibrant Pucheng has halted the financing of the development in connection with a perceived change in risk profile following a change in management staff. The shareholders of Vibrant Pucheng are presently looking at alternative financing options for the development, including borrowing from other banks, financial institutions and investors.

Please disclose the financial impact on the Group arising from the halt of financing to Vibrant Pucheng and whether the Company has provided any corporate guarantee to Vibrant Pucheng. If yes, please provide further information on the guarantees provided, including the relevant amounts.

Company's response:

As at the financial year ended 30 April 2021, the Group evaluates, amongst other factors, the suspension of construction works following the halt of financing. The Group estimated the recoverable amount of investment based on the Group's share of the associate's residual net asset value on Vibrant Pucheng and recognised an impairment loss of \$3.4 million in the consolidated statement of comprehensive income.

The Group together with other shareholders of Vibrant Pucheng have extended corporate guarantee for an amount of up to RMB 200 million to the financing bank. As at 30 April 2021, the total amount disbursed by the financing bank to Vibrant Pucheng was only RMB 30 million (equivalent to \$6.0 million).

BY ORDER OF THE BOARD

Eric Khua Kian Keong
Executive Director & CEO
11 August 2021