Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Vibrant Group Limited

Stock code: BIP

Meeting details:
Date: 27 August 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As shown in the financial highlights (page 11 of the annual report), the group recognised revenue of $162.9 million, 11.2% higher than in FY2020, with the freight & logistics segment being the main contributor accounting for 96% of the group's revenue.

The group offers a comprehensive range of integrated logistics services including international freight forwarding, chemical storage and logistics, warehousing and distribution, and record management. As stated in the message to shareholders, the pandemic and the closure of the Suez Canal, coupled with an increase in international shipping volume from e-commerce shipments, caused container shipping surcharges and premiums to surge and reach record freight prices (page 4).



FREIGHT & LOGISTICS

	FY2020 $'000	**FY2021 $'000**
Revenue	140,061	156,752
Profit for the year	40,939	9,986



FINANCIAL SERVICES

	FY2020 $'000	**FY2021 $'000**
Revenue	636	33
Profit for the year	3,140	(2,470)



REAL ESTATE

	FY2020 $'000	**FY2021 $'000**
Revenue	5,804	6,068
Profit for the year	(8,024)	86

* These segmental results exclude unallocated corporate costs and share profit of associates.

(Source: company annual report)

In FY2021, the group reported a segment profit of $9.99 million (before unallocated corporate costs) on higher revenue in the freight & logistics segment. In FY2020, the $40.9 million in segment profit was boosted by the one-off gain of $41.3 million from the sale (and leaseback) of 121 Banyan Drive. In FY2019, the segment profit was $3.75 million.

(i) **For the benefit of new and long-standing shareholders, can management elaborate further on the business model in the Freight & logistics segment? What are the key value drivers and how does management capture value in the segment? How has the group adapted to the challenges caused by the pandemic?**

(ii) **What was the proportion of revenue derived from freight forwarding? In particular, what is the group's value proposition in the freight forwarding business?**

(iii) **How much of the increase in revenue can be attributed to the higher freight rates (and how much to the increase in the business volume)?**

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(iv) **Separately, can management elaborate further on the situation in Vibrant Pucheng Logistics (Chongqing) Co., Ltd?**

Q2. As at 30 April 2021, the group has segment assets amounting to $500.4 million (page 133 – Operating segments). Segment assets in the real estate and financial services segments were $160.2 million and $45.1 million, or 32% and 9% respectively.

In addition, the company has investments in associates with carrying value of $61.7 million as at the end of the financial year. Details of the associates can be found in Note 9 (pages 101 to 108 of the annual report).

(i) **Can management elaborate further on the plans for the group's investments in Changshu Fervent Industrial Park 1 & 2? Are there opportunities to crystallise the value once the assets have matured?**

(ii) **What is the current status of 139 Cecil Street? What is the level of influence and control over the day-to-day and strategic matters of Ececil Pte Ltd given that the group's ownership interest in the associate is 40%? Similarly, is the group looking to monetise the investment?**

In addition, as noted in the review of operations, the group has halted its leasing activities in China during the year due to significant business risks posed by the uncertainties amidst the Covid-19 pandemic (page 14). The financial services segment reported a net loss of $(2.5) million as compared to net profit of $3.1 million mainly due to the tax credit and the exceptional one-time gain from the disposal of subsidiaries in the previous financial year.

(iii) **What is the group's competitive advantage in the leasing business in China?**

(iv) **Who is driving the group's financial services segment? Has the board evaluated the long-term results in the financial services segment?**

Q3. On 11 August 2021, the company announced that there are material variances between the unaudited financial statements and the audited financial statements for the financial year ended 30 April 2021 following the finalisation of audit.

The announcement on unaudited financial results for the financial year ended 30 April 2021 was first released via SGXNet on 29 June 2021. The announcement on material variance came more than 6 weeks after the company first announced the unaudited financial statements.

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Some of the changes and reclassifications that were made following the finalisation of audit include:

- understatement of government grant income recognised and received
- reclassification of government grant received from financing to operating activities
- increase in amount paid for the purchase of intangible asset
- reclassification of advances received from a related party from trade and other payables under operating activities to financing activities.

The announcement by the company did not clearly explain why some of these accounting entries were wrongly recorded or classified. For instance, the amount of government grant received was increased from $3.03 million to $3.39 million while the group had initially recognised advances from a related party as "trade and other payables" in cash flow from operating activities instead of cash flow from financing activities.

The company also announced material discrepancies between the unaudited and audited accounts for the financial years 30 April **2020** and 30 April **2019**, making it three consecutive years of announcing material variances following the finalisation of audit.

The audit committee comprises Mr. Sebastian Tan Cher Liang (as chairman), Mr. Khua Hock Su and Mr. Derek Loh Eu Tse.

(i) **Can the audit committee (AC)/management elaborate further on the underlying reasons for the material changes following the finalisation of audit?**

(ii) **Is the group (including its officers) familiar with the Singapore Financial Reporting Standards (International) (SFRS(I))?**

(iii) **What were the deliberations by the AC in its review of the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements?**

(iv) **How can shareholders get assurance from management that the financial statements are prepared in accordance with the relevant Act and financial reporting standards?**

(v) **Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**

(vi) **What changes have been made/will be made to the group's financial reporting systems and processes?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)