



(Incorporated in the Republic of Singapore on 20 October 2010)
(Company Registration Number 201022364R)

**BINDING LETTER OF INTENT
WITH RESPECT TO PROPOSED INVESTMENT INTO LIBRA GROUP LIMITED**

1. INTRODUCTION

- 1.1 The Board of Directors ("**Board**") of Libra Group Limited (the "**Company**") wishes to announce that the Company has on 6 September 2021 entered into a legally-binding letter of intent ("**Letter of Intent**") with Tianci International Pte Ltd ("**Potential Investor**", together with the Company collectively, the "**Parties**") in relation to a proposed investment by the Potential Investor ("**Proposed Investment**") in connection with the financial restructuring of the Company, to be pursued by way of a scheme of arrangement under section 210 of the Companies Act (Cap.50) ("**Scheme**"). The Parties have agreed to negotiate, agree and finalise the definitive agreements for the Proposed Investment ("**Definitive Agreements**") within the period commencing on the date of the Letter of Intent up to **31 October 2021** (both dates inclusive) or such later date as the parties may agree in writing ("**Specified Period**"). If the Proposed Investment materialises, the Company will be able to resolve the outstanding debts owed to its creditors. For the avoidance of doubt, the Proposed Investment is only in respect of the Company and will not include the Company's subsidiaries.
- 1.2 The Potential Investor is in the business of, among others, the provision of management consultancy services. The Potential Investor is leading the Proposed Investment with the intention for the Company to be a reliable supplier of building materials and supplies for the Singapore construction industry. Upon entering into the Definitive Agreements, the Potential Investor will leverage on its pre-existing network and connections within the construction industry to assist the Company achieve this objective. This will also assist the Company prepare for the resumption of trading upon completion of the Proposed Investment. The Potential Investor is an unrelated third party which has no connection (including business relationships) with the Company, its directors and substantial shareholders. The Potential Investor does not hold any shares in the Company at the date of this announcement and had approached the Company independently without any third-party intermediary.
- 1.3 The Letter of Intent sets out the mutually agreed key terms of the Proposed Investment and financial restructuring of the Company between the Company and the Potential Investor. Although, the Letter of Intent forms the basis for entry into the Definitive Agreements and all of the terms within the Letter of Intent are legally binding on the Parties, it does not set forth exhaustively all the material business terms and conditions for the Proposed Investment or the financial restructuring of the Company, and the Proposed Investment is subject to customary due diligence, final agreement and documentation.
- 1.4 None of the directors or current controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Investment, other than through their respective directorships and shareholdings in the Company.

2. SALIENT TERMS OF THE LETTER OF INTENT

The salient terms of the Letter of Intent are set out in the table below.

Investment Amount	<p>The investment amount is a cash amount of S\$2,000,000 ("Subscription Consideration").</p> <p>The Subscription Consideration shall be utilised in the following manner :</p> <ul style="list-style-type: none"> (i) S\$1,000,000 to be utilised to fund the Scheme to pay the Company's creditors; (ii) the remaining amount to be utilised to repay all preferential debts; and (iii) the remaining amount to be utilised to discharge and settle the following debts in the following order: (a) the restructuring expenses, (b) the excluded debts and (c) the Temporary Financing (as defined below).
Cashier's Order	<p>The Potential Investor shall provide an amount of S\$400,000 by way of a cashier's order to be released to the Company upon the completion of the Proposed Investment (i) as part payment of the consideration for the Subscription Consideration, or (ii) in the event of the Potential Investor's material breach of its obligations under the Letter of Intent, provided always that the unreleased Cashier's Order shall be returned to the Potential Investor if (1) the conditions precedent to the Scheme are not satisfied or waived; (2) the Definitive Agreements are not signed within the Specified Period; or (3) the Definitive Agreements are terminated.</p>
Temporary Financing	<p>Pending the signing of the Definitive Agreements, the Potential Investor will provide temporary interest-free financing up to S\$300,000 to the Company ("Temporary Financing") to be utilised for the purpose of payment of the restructuring expenses incurred in connection with the implementation of the Proposed Investment.</p> <p>Unless repaid by the Subscription Consideration, the outstanding amount under the Temporary Financing shall (i) be repaid by way of the issue and allotment of New Shares (as defined below) issued and allotted to the Potential Investor provided that such outstanding amount shall be irrevocably waived, released or discharged, or (ii) at the earlier of (a) the lapsing or termination of this Letter of Intent; and (b) the termination of the Definitive Agreements in accordance with their respective terms, be irrevocably waived, released and discharged.</p>
Subscription	<p>In consideration of the Subscription Consideration, the Potential Investor shall be issued such number of new ordinary shares in the capital of the Company ("New Shares") such that it holds at least 70.0% of the enlarged share capital of the Company ("Subscription Transaction").</p>

	<p>The Potential Investor is agreeable to the Company issuing New Shares constituting not more than 5% of the enlarged share capital of the Company in connection with the Scheme.</p> <p>Employees who are excluded from the Scheme shall be issued such number of New Shares such that the aggregate number of such shares shall not be more than 5% of the enlarged share capital of the Company.</p> <p>The Company's professionals shall be issued such number of New Shares, as payment of professional fees and restructuring expenses incurred, such that the aggregate number of such shares shall not be more than 12% of the enlarged share capital of the Company.</p> <p>Subject to further discussions, it is envisaged that the current shareholders of the Company would hold the balance of 8% of the enlarged share capital of the Company.</p>
Injection of new businesses	<p>It is the intention of the Potential Investor, through the Proposed Investment, for the Company to be a reliable supplier of building materials and supplies for the Singapore construction industry. The Potential Investor shall use reasonable endeavours to procure the injection of new businesses into the Company or its subsidiaries. While there will be the injection of new businesses into the Company, the Proposed Investment is not intended to be a reverse take-over of the Company.</p>
Board representation	<p>The Potential Investor shall be entitled to appoint two directors to the board of directors of the Company as representatives of the Potential Investor upon completion of the Subscription.</p>
Conditions Precedent	<p>The completion of the Subscription Transaction is conditional upon the following conditions having been fulfilled and/or waived by the Potential Investor:</p> <ul style="list-style-type: none"> (i) satisfactory completion of due diligence by the Potential Investor on the Company; (ii) the Company obtaining all required regulatory approval(s) for the allotment and issuance of New Shares and the listing of such shares on the SGX-ST, including the approval-in-principle from the SGX-ST for the resumption of trading of the shares in the Company on the Catalist Board of the SGX-ST; (iii) the Potential Investor obtaining a waiver from the Securities Industry Council from any requirements under the Take-Over Code to make an offer for the shares or other securities of the Company ("Whitewash Waiver") in connection with the allotment and issuance of the New Shares; (iv) the Company obtaining shareholders' approval for the allotment and issuance of the New Shares and the Whitewash Waiver for the New Shares issued pursuant to the Subscription Transaction (if required);

	<p>(v) the Company obtaining shareholders' approval for the transfer of controlling interest arising from the allotment and issuance of the New Shares;</p> <p>(vi) the approval of the Scheme by the requisite majority of creditors of the Company; and</p> <p>(vii) the sanction of the Scheme by the Court.</p> <p>The implementation of the Scheme is conditional upon the following conditions having been fulfilled and/or waived by the Company respectively:</p> <p>(i) the completion of the Subscription Transaction;</p> <p>(ii) the approval of Scheme by the requisite majority of creditors of the Company;</p> <p>(iii) the sanction of the Scheme by the Court; and</p> <p>(iv) the Scheme becoming effective.</p>
Termination	<p>The Letter of Intent shall lapse and cease after the Specified Period unless extended by the Parties in writing.</p> <p>The Company may terminate the Letter of Intent by written notice to the Potential Investor if (i) the Company or the Potential Investor is in material breach of any of the provision in the Letter of Intent or (ii) the funds received from the Potential Investor under the Temporary Financing is insufficient to fund the restructuring expenses.</p>

3. GENERAL

3.1 Shareholders of the Company should note that the Proposed Investment is subject to Parties entering into the Definitive Agreements, and other conditions precedent (including, without limitation, those noted above). There is no certainty or assurance as at the date of this announcement that the Definitive Agreements or the Proposed Investment will be completed, or other conditions precedent will be satisfied, or that no changes will be made to the terms of the Letter of Intent.

3.2 The Company will make further announcements to update its shareholders upon execution of the Definitive Agreements and will make such further update announcement(s) from time to time.

Any creditor who has any queries with respect to the Court Applications may contact KordaMentha Pte. Ltd. at (+65) 6593 9333 or via email at libra@kordamentha.com.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the

Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
LIBRA GROUP LIMITED

Christine Liu Yang
Chief Executive Officer and Executive Director

8 September 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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